

## Steps to Buying a Home in the UK

1. Contact a solicitor.
2. Work out your finances. The starting point for buying property is working out for yourself how much you can afford to pay for any property. How much free cash do you have to pay for a deposit? How much guaranteed income do you have to first obtain a mortgage and make the repayments? When you have these figures you can move on to the other steps in this process.
3. Arrange a Mortgage Offer. Arrange for an "in principle" mortgage offer to be made to you. This involves usually seeing a mortgage advisor, sometimes lenders directly. During this process you will find out the total amount you can borrow. You will also find out the costs of a valuation and the costs of any higher lending fee (sometimes called an additional security fee) if you need to borrow a high percentage of the value of the house.
4. Find the property you want to buy. This bit is the best fun! Nowadays most property sales agents advertise their properties on the internet and using the internet is the quickest way of seeing what properties are on the market in your price range and in the area where you want to live. Newspapers of course also carry lots of property adverts and indeed sales agents offices display property details. It is generally a quick learning experience for new buyers in the market to see what is on offer. Get to know the market – it is not always the case that you can find something quickly that fits your criteria. Many selling agents have "contact" or "mailing" lists. These agents will send you details of properties which might suit you as soon as they come on the market. Once you find a potentially suitable property the selling agent will arrange the viewing for you. Often it may take many viewings before you find a property you like and can afford. In Scotland when acquiring property details you can also request a copy of the Home Report which every seller is required to provide to potential buyers.
5. Offering for the property. In England and Wales (unlike Scotland which has quite different laws) the offer is usually made informally verbally to the selling agent. There may be some negotiation on price – but not always. If the price is accepted verbally you should move on to the next step – but at this stage even although you have reached verbal agreement there is no legally binding agreement and either party can pull out. The verbal deal you have entered into is not legally binding till "exchange of contracts" which will not happen possibly for some time.
6. Valuing the property. At this stage your lender will want to value the property to confirm the actual amount which can be lent to you. You have to pay for the valuation – and you may not see the report – although most lenders will tell you the main points in it. It is often a sensible precaution at this point to have your own survey report obtained – many buyers are happy with what is called a "home buyers report" but fuller surveys are sometimes appropriate depending on the age and condition of the property. Problems can sometimes arise at this stage – maybe the lender will not lend as much as you want – maybe the survey shows up serious repair work is required on the property. In these cases maybe the price can be renegotiated or maybe the problems force the buyer to pull out. It is also fair to say however that more often than not the survey result is not problematic and the deal can go ahead.
7. Finalising the mortgage. If the buyer and lender are keen to go ahead – formal steps are now needed to ensure the mortgage is available. An application goes in to the lender with the valuation result and the lender will make a formal offer of loan to the buyer. This offer is called

an "offer of advance" and it will contain all the terms and conditions of the offer including the agreed repayments. The buyer must accept the offer of advance and once this is done the lender is bound to go through with the loan unless the conveyancing process throws up any legal difficulties.

8. Completing the Legal work. The work involved in legally transferring the property to the buyer is called 'conveyancing". It is usually carried out by solicitors or licensed conveyancers. There is a lot of detailed work done now – but the buyer may not be involved in much of it. The conveyancer will adjust with the sellers conveyancer the terms of the contract of sale, check the title to the property, check the sellers right to sell, check there are no adverse planning matters and so on. This is a complex process with lots of documents to be examined, searches to be made on registers, and this may be time consuming. In due course the conveyancers will prepare contract outlining the agreed terms of sale and the buyer and seller then sign that contract. The conveyancers then 'exchange contracts" and at that point both the seller and buyer are legally committed to the deal – with the buyer now normally paying a 10% deposit on the purchase price – and usually becoming responsible for insuring the property. The buyer's conveyancer will usually also be acting for the lender and will have the buyer sign at this point the formal mortgage deed.

9. Completion. The buyer becomes the true owner on this date which is usually agreed at the exchange of contracts stage. The money is paid to the seller, the keys are transferred and the buyer's solicitor will record the change of title with the Land Registry and register the mortgage deed.

10. Taking occupation. The buyer is now free to move in. There is a lot to remember to do at this time. Be in touch with all the utility companies serving the property, let all your friends, families and all other necessary parties know your new address. Well done – you've made it!

## **SCOTLAND**

In Scotland if you own a property which has being put up for sale on or after 1 December 2008 you must arrange for a Home Report to be prepared. You should contact a chartered surveyor who is a member of RICS before your home goes on the market in order to get this undertaken, your Solicitor and /or Estate Agent can advise and assist with arrangements. Any property you are viewing that has been placed on the market since this date should have a Home Report which you can obtain from the estate agent handling the sale. A Home Report will give potential buyers information upfront about the condition of the property and the energy ratings it achieves. Sellers will benefit from having a Home Report available to them when they are buying a house. First time buyers don't have to worry about finding the money to pay for surveys and valuations on any of the houses they are interested in buying because they will be provided with a Home Report by the seller. It should be noted however that some mortgage lenders may require their own survey and valuation report to be undertaken before an offer of mortgage is made.

1. Contact your solicitor as soon as you find a property you want

Your solicitor will carry out the whole negotiation process and submit an offer on your behalf. If you act quickly, the solicitor may be able to negotiate a deal before other buyers have had a chance to register their interest in the property.

2. Your solicitor will note interest with the seller's agent

The seller's agent will probably wait until several buyers have noted their interest before setting a closing date. This gives you time to arrange finance and have the property surveyed.

Occasionally the seller may negotiate with you, or even accept your offer, when you note interest.

### 3. The seller will set a closing date

All buyers should be notified of the date and time by which offers have to be submitted. Your solicitor will submit your offer, following your instructions.

### 4. The seller will accept an offer

The seller will usually accept the highest offer, but is not obliged to do so. You will find out whether your offer is accepted shortly after the closing date. If your offer is accepted, the seller's solicitor will negotiate to reach agreement on any conditions relating to the offer. Once all parties are in agreement, the contract (or "missives") can be concluded, constituting a binding contract between the buyer and seller.

### 5. Between the stage of offer and date of entry

Your solicitor will undertake several tasks during this period, including checking the title deeds, examining all relevant searches, drafting the deed that will transfer title to you, preparing the security documentation relative to your mortgage, liaising with your mortgage lender over the release of funds and generally ensuring that all obstacles to the sale are removed.

### 6. Date of entry

On the agreed date, your solicitor will transfer the purchase price to the seller's solicitor, accept in exchange the title deeds and keys to the property and arrange to have the property registered in your name.

*Disclaimer: This guide is purely for general information purposes and is correct at time of writing. You are advised always to check with your solicitor or IFA with regards the complexities and legal requirements involved when purchasing a property or moving house. It should be noted that the legal process for buying property in Scotland differs from the rest of the UK, but your own Scottish based Solicitor or Estate Agent will be able to provide accurate advice and guidance as to how to proceed.*