

How To Buy A Home – And Get It Right

by *Cunningtons Solicitors* – www.cunningtons.co.uk

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Introduction

The property market's been in the news again – and prices are rising, again.

We talk you through this stressful process, giving you advice about finances, viewing, negotiating, finding the right home for you. It's impossible not to be emotionally involved, but to get things right you should not let yourself be bullied by the media or anyone else. It's your money, after all !

Whether you're buying your first flat, hunting for a family house or finally retiring to your dream village, buying a home is one of life's most important milestones.

There's no denying that it can be stressful (particularly if you're in the wrong hands). Here at Cunningtons we don't see it that way though: after all, we've been around since 1748, helping generations of families with their property needs. For us, helping to make sure the whole process moves as smoothly as possible is simply part of our job. We know what it takes to keep a property purchase on track. Here's *our* guide to what's involved – and what you need to be thinking about.

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1 - First Things First: The Finances

Get finance in place early – and be realistic

Get your mortgage in place early. The reason for this will become all too clear when it comes to actually making an offer on a property. Obviously, being a 'cash buyer' is the dream position to be in. For the rest of us, the next best thing is to be able to show the seller a mortgage decision *in principle*.

Merely being able to say you've got finance "more or less sorted" won't inspire much confidence and could mean being beaten to your ideal property by another buyer who really *does* have the finance in place.

A firm mortgage offer serves as a useful point in your favour when it comes to negotiating a discount on the asking price.

Finding a mortgage

If you're financially savvy, you may be inclined to research and source your own mortgage. If you're not confident doing this – or if you simply don't have the time – you're likely to benefit from independent advice. The key here is 'independent' as opposed to an advisor tied to specific institutions. Rather than a 'general' independent financial advisor, look for a specific mortgage broker.

If you're self-employed, if you've had problems obtaining credit in the past, or if you only have a limited deposit, you may find your choice of lender is limited. In these situations, the services of a reputable mortgage broker are likely to be especially useful.

In any event, from 26th April 2014, around 50 per cent of borrowers will be required to meet a qualified mortgage advisor before they enter into a mortgage; they provide advice on whether a specific product (or range of products) is appropriate for you.

Do you look financially healthy?

The problem:

There's no denying that the last recession was a huge wake-up call for lenders and borrowers alike. The impression was that too many people were being talked into taking on too much – and that not enough was being done to check what borrowers could afford. Although the mortgage market had been working well for many people, others found themselves faced with severe hardship – particularly if the market stalled or if their situations changed unexpectedly.

The Government realised something had to be done to constrain high-risk lending and borrowing; that's why the [Mortgage Market Review](#) was introduced in October 2012. Most of the changes come into effect on 26 April 2014 and in essence buyers can expect much more thorough affordability checks than existed previously. In particular:

- Lenders are now fully responsible for assessing whether the customer can afford the loan they are taking out, and they have to verify the customer's income.
- Lenders are still allowed to grant interest-only loans, but only where there is a credible strategy for repaying the capital.

- Fast-track or self certification mortgages will soon be outlawed.
- Full evidence of the borrower's income will be required, as well as full details of expenditure, including committed expenditure (such as loans, credit cards and child support), basic essential expenditure (including utility bills, council tax and insurances) and basic quality of living costs (clothing, commuting costs, food etc.).



We all want to agree a successful purchase, but what is the best way of achieving this goal?

'Clear the decks' before applying for a mortgage

These days, lenders are likely to delve deeper than ever before into your financial situation before agreeing to set up your mortgage. Here are a few tips on how to reduce the chances of being turned down:

- Check your credit report. An ignored credit hire agreement, a gym membership you forgot to cancel, a bill that went to the wrong address: lenders will look at your credit history and these are the type of entries that can result in a negative score. Check your history and deal with any mistakes or any outstanding entries.
- Get your paperwork in order. If you're self-employed, you'll need evidence of sufficient income for at least two years. If you're a contract worker you'll need to prove that your earnings will continue.
- If possible, pay off any outstanding loans before you apply for a mortgage.
- Think about any unnecessary expenditure which can be cut out at least three months before your application to make your financial position look as healthy as possible.
- Avoid drastic changes in circumstances before applying for a mortgage. Remember; lenders are looking for a 'settled' financial history.
- Check you are on the electoral roll. Lenders will need to verify your identity, and getting listed can avoid delays further down the line.

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2 - Key Decisions: Finding Your New Home

Thinking about what's important ...

How much can I afford ?

Where do I want to live?

These are the two main factors that determine most people's property search. There are other factors as well, of course. How long do you intend to stay in the home? A lot can happen in the space of a couple of years. For instance, that first-floor two-bed conversion flat may be ideal now, but are you going to be able to manage the stairs with a buggy?

Stop and think: you've found a dream home – but whose dream is it?

Sometimes a property gives you a wonderful first impression. After the first viewing, you walk away still thinking about that huge garden, the walk-in shower and state-of-the-art kitchen. When we think we've found our ideal home, it's all too easy to gloss over the negatives (or not even consider whether there might be any negatives).

The surveyor will make sure the building is structurally sound and a good solicitor will take care of the legal side. However, this still leaves plenty of things for you to be mulling over. It is astounding how often people buy a house or flat, go through the not inconsiderable expense and inconvenience of buying it and moving in, before realising they've made a mistake.

That idyllic location becomes less attractive if you're going to begrudge the half-hour drive to the nearest supermarket. Having shops and restaurants on your doorstep loses its appeal if you're still in bed when the delivery lorries roll up each morning. Formal enquiries will reveal issues such as risk of flooding, subsidence, access and potential developments on neighbouring sites – so expect to be asked to think carefully about any issues that arise. At the same time, there are lots of practical points to consider. Many people would no doubt enjoy living in this basement flat/converted barn/suburban semi with all of the practical and lifestyle implications that come with it. Are you one of those people?

Hasty decision making when buying makes for unhappy homeowners so ask yourself two questions:

- Have I considered all the potential negatives concerned with this property?
- Can I live with those negatives?

Here are some more points to think about:

- Measuring the floor space: this is particularly important if you're viewing an empty property where it can sometimes be difficult to visualise how the space will be used. Don't be afraid to bring (and use) a tape measure.

- How much work is actually involved before you can move in? Does renovation mean a few weekends of painting – or is it going to involve major work? Your surveyor will highlight structural issues, but in the meantime it's also worth making enquiries with local tradesmen.
- Check the locality. Just how long does that “5 minute walk to station” really take? What station does it get you in at, and how much is the season ticket? If you're paying a premium for a certain school catchment area, are you still likely to face hurdles in getting your children in? It's worth checking with the school and local authority.
- How much council tax are you going to have to pay? The [VOA website](#) gives council tax bandings for every area in England and Wales.
- If it's a leasehold property, how much time is left on the lease? When it comes to resale, is extension of the term going to be desirable and how much is that likely to cost?
- Is this really a place I want to live? The [Office for National Statistics website](#) is a useful source of information on a number of topics including crime, health, housing and population growth in each area of the country. It's also worth checking the local authority's website and 'what's on' guides for a general feel for the area. [The Environment Agency's site](#) is useful for specific issues, such as flooding risks.
- Explain clearly your requirements. There's no point wasting your time (or anyone else's) on looking at homes in the wrong price bracket or the wrong area.
- Give feedback on properties you view (what you liked or didn't like). That way, you can focus your search.
- Give correct information. Be honest about where you are with your chain and with your mortgage application. If you leave things out or are vague, it will be hard for the seller to take you seriously.

Estate agents: how far can you trust them?

Remember, as a buyer at least, you do not 'have' an estate agent. It's the estate agent's job to present a property in the best possible light – and to get the highest price possible on behalf of his client – i.e. the seller. This, in turn, usually increases his commission – depending on the deal he has with the seller.

It's fair to say estate agents don't enjoy the best reputation in the world. We all know the stereotype of the ultra-slick estate agent weaving his magic in a world where a shoebox-sized bed-sit is a “luxury self-contained apartment”, where “cosy” means tiny, and where a major construction project “may need some work”.

There may be more than a grain of truth in that stereotype – but the fact remains, a good estate agent can play an important part in ensuring the property purchase runs smoothly. So far as you're concerned, a “good” estate agent is one who shows you the properties on his books that match your profile, someone who's able to arrange viewings at a time that's convenient for you, and someone who's on hand to answer your specific questions. The estate agent is NOT your advisor.

Some points to bear in mind when dealing with an estate agent:

- Explain *clearly* your requirements. There's no point wasting your time (or anyone else's) by looking at homes in the wrong price bracket or the wrong area.
- Give feedback on properties you view (what you liked or didn't like). That way, you can focus your search.
- Give correct information. Be honest about where you are with your chain and with your mortgage application. If you leave things out or are vague, it will be hard for the seller or their agent to take you seriously.
- Remember; there's no 'RRP' on property. A home is 'worth' however much someone is willing to pay for it at any given time. Don't be talked out of putting forward what you consider to be a sensible lower offer on the basis the estate agent has said the seller is "unlikely to budge".



Your conveyancing solicitors should be friendly and not pushy – buying a new home is an important business

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3 - The Nitty-Gritty: Negotiate an offer

There's no rulebook for putting forward an offer on a home. For instance, if you've found a great property that's well within budget and is priced completely in line with what other similar homes have gone for, there's nothing wrong with offering the asking price. Stay in control, stay on budget and don't get too disheartened if you can't reach agreement on the home you've got your heart set on. There are plenty more properties out there. Remember what we said earlier about being in a hurry?

Your goal is to get the property you want at the lowest possible price. Here are some points to bear in mind:

- Don't jump in. If you're keen on a property, now's the time to make enquiries that could help with negotiations. Ask about why it's being sold and if there are any other viewings planned. You may not get entirely accurate answers, but you may pick up some useful information.
- Do your homework. Check the asking prices for properties on that road and the ones nearby. Also, check on the [Net House Prices](#) and [Zoopla](#) websites for details of sale prices of properties in the area.
- Check the bigger picture. The regularly-updated [Hometrack survey](#) tells you what percentage of

the asking price sellers are typically achieving at any particular time.

- If putting forward a lower offer, give concrete reasons. Point to specific issues with the property itself and/or compare to similar, lower-priced locally situated properties to justify your offer.
- If the seller refuses to come down to a figure within your budget, don't be tempted to overstretch yourself financially.
- Once you've reached agreement, ask the seller to take the property off the market.

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4 - Talk to the Experts: Instruct a Conveyancing Solicitor

What's the point of a solicitor?

You've had an offer accepted; you and the seller are both keen to get things moving as quickly as possible and there's no real scope for argument. If you're new to house buying, you may well be asking why anyone else needs to get involved.

In theory at least, you can do your own conveyancing. The reality though, is that it's simply not worth the risk (not to mention the sheer hassle). When you're taking ownership of what's likely to be the most expensive item you'll ever own, it makes sense not to take any chances.

Here's why you need a solicitor:

- They keep things moving. Delays in paperwork are the biggest reasons why house purchases tend to stall. Whether the problem's with the lender, the seller, Land Registry or anyone else, a prod in the right direction from an experienced solicitor can make all the difference.
- They know the right questions to ask. They know what to look for in terms of potential problems with boundaries, the extent to which you'll be able to alter or improve the property, issues with the lease (if it's a long leasehold property) and many other potential pitfalls.
- They prevent nasty surprises further down the line. They handle all searches; they assess the contract on your behalf and they oversee the transfer of money to the seller. All of this helps ensure you take good legal title of the property you're buying.
- They are definitely on your side. Meeting with your conveyancing solicitor may well be the first contact you have with an experienced property professional whose interests are entirely with you.

How do I choose a conveyancing solicitor to instruct?

We have to admit that we're obviously biased here – and of course we'd be more than happy to have a word with you when the time comes to [instruct a solicitor](#).

Perhaps it's something to do with being over 250 years old, but we're not ashamed to say we're somewhat old-fashioned when it comes to client care. There's nothing quite like being able to pop into

your solicitor's office to deal with an issue – or even just to drop in some paperwork.

It's also rather reassuring if you're dealing with a solicitor who knows the local area, the estate agents, and, very likely, the seller's solicitors.

Wherever you're based, "think local" for convenience and personal service. Even then, quality can be mixed. Look for the [Law Society Conveyancing Quality Accreditation](#) (this tells you that lawyers in the firm are expert conveyancers). Also, keep an eye out for the Lexcel quality mark (this tells you the firm is managed to a very high standard – which means your calls are going to get answered and your file's highly unlikely to go astray!).



A handful of other awards are a pretty good indicator of quality too, and if your conveyancers have picked up any prestigious awards then you know you're in the right hands!



How much will it cost?

There's no excuse for a firm of solicitors not to give you a realistic quote right from the outset. Cunningtons, for instance provides a quote via their website. This is a quote, not an estimate: i.e. it is the figure you will pay barring unforeseen complications.

In a small minority of cases, issues may arise which means there is an inevitable costs overrun. If this is the case, you will be told in advance, and asked if you wish to proceed.

Costs will no doubt be an important factor in determining who to instruct – but look at expertise and reputation too. Ask yourself, "Do I feel at ease handing over the legal side of my house purchase to this firm?"

You should instruct a solicitor as soon as the offer is agreed. The seller will want to move fast, so instructing will show you mean business. At the same time, tell your lender.



Make sure you know all the fees involved: some solicitors under-quote just to get your business

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5 - Nearly There: The Final Straight

The Survey

It's easy to fall in love with a place and overlook the type of defects that can cause expensive problems further down the line. The surveyor exists to put you fully in the picture on the state of the property.

There's a choice of three different types of surveys:

- **Mortgage lender's Valuation Report.** This is essentially a valuation carried out on the mortgage lender's behalf. It reassures the lender that the property's not worth less than the amount of the proposed mortgage – but doesn't tell you much else . This is fine for a newbuild or a re-mortgage, but falls somewhat short for most other purchases.

Remember the valuer in this instance works for the *lender* and not for you, so you cannot rely on this report if something goes wrong later on and a hidden structural problem arises which would otherwise have been picked up by a more detailed report.

- **Homebuyer's Report.** The most popular type of assessment: suitable for modern buildings or 'standard' older buildings in reasonable condition.
- **Full Structural Survey.** Highly recommended for older properties.

The Searches

Your solicitor will request the contract pack from the seller's side. On assessing this, the solicitor will request various searches to see whether there are any adverse conditions that might affect the property.

No two purchases are exactly the same but an experienced conveyancer will know what to look for in each instance. These include *Local Authority, Environmental, Water and Drainage* searches – and sometimes more specialist searches such as a *Coal Mining Report* or a *Flood Check* search.

The Enquiries

“Were extensions or other building works carried out with planning permission?”

“What’s the position on flooding?”

“Will there be any problems getting insurance?”

These are the type of questions your solicitor will be asking. Your solicitor will also look at title: does anyone else have an interest in the property or a say on how it is enjoyed? Will you be restricted in what you can do with the property when it’s yours? Will you be allowed to build that workshop in the garden you always wanted?

Once all bases have been covered and you’re happy with everything, you’ll get the contract to sign (after checking through it). You’ll also get a formal mortgage offer – a copy of which will also go to your conveyancer.

Exchange and Completion

You’re almost there! Your solicitor will confirm that there’s no legal reason not to proceed. You are then clear to exchange contracts and agree the moving (“completion”) date.

On exchange, both parties become legally obliged to complete on that date. On that day, the balance of the purchase price is transferred to the seller’s conveyancer.



Getting your house purchase right is important for all your family!

Getting ready for the big move

A little bit of planning can take a lot of the stress out of moving home. If you can manage to arrange a mid-week move, you’ll find it’s easier (and generally cheaper) to get a good removal firm.

It’s cheaper still if you are able to do some of the packing yourself!

Redirecting your mail and your utilities are both things you can do as soon as you know your moving date.

If there is no chain, things ought to be straightforward from here on. However, there invariably is some sort of chain, and this is where things have the potential to go wrong at the last minute. This is where you need a solicitor who really is on the ball.

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To Recap ...

We hope you found our potted guide useful; buying a new home is a stressful time, no matter what the state of the market. With the large amounts of money at stake, making mistakes could have repercussions for you and your family for years to come – so following these simple guidelines will help you to avoid some of the most obvious pitfalls.

When you are ready to buy, you should be sure that you are doing the right thing and that you won't have any regrets later. Think about the consequences of moving and all the upheaval involved, and if you do decide to take the plunge:

- Find a good conveyancing solicitor who you can also trust.
- Be careful about the price – don't be in too much of a hurry at any stage of the process, as mistakes can be very costly.
- Make sure you take care of all the things that are up to you: sorting out the finances as early as possible, redirecting mail, sorting out removals ... a good property solicitor will make sure you haven't forgotten anything.

If you do everything right, the move to your new home can be exciting and come with minimum stress. Let's hope that's your experience too!

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*For information on any of the points raised in this article, please feel free to contact Cunningtons Solicitors on **0800 977 7887** – or find your nearest branch on their website www.cunningtons.co.uk*

