

## Tips for Buying a Property

**It's one of the most expensive purchases in life, and small mistakes can cost large. So, we've drawn up a house-buying battle plan, with top tips.**

*We've made every effort to ensure this guide's accuracy, yet it doesn't constitute advice tailored to your circumstances. If you act on it, without personal advice you do so at your own risk.*

### WORK OUT THE TRUE COST OF BUYING

**Mortgage arrangement fee.** Expect to pay your lender an arrangement fee. They vary but £1,000 is typical or 1%. In some cases this is non-refundable and payable at outset, and in some cases added to the loan. *Note: not applicable for cash buyers*

**Valuation fee.** This is the fee lenders charge for a valuation to check the property exists and that it also offers sufficient security for the loan. The cost varies according to lender and purchase price, but budget for £300 and you will not be far off. *Note: not applicable for cash buyers*

**Legal fees.** Many lenders will contribute to legal fees, although in that case you would have to use a solicitor approved by your lender. If you pay for your own conveyance, you're looking at around £650-£1000, depending on the purchase price, *Note: inclusive of disbursements and VAT*

**Stamp duty.** Buy a property as an investor and since 2016 you will pay SDLT of 3% for property at a price of £40,000 + up to £125,000. Above £125,000 you will pay 3% + the standard charge.

**Surveys.** These are another costly aspect to any purchase, with a typical survey costing £400 to £700. The cost is non-recoverable at any point, but is an important part of fully understanding the structural condition of your potential purchase.

**Refurbishment.** 10% of purchase price for cosmetic refurbishment is realistic if you buy a good condition property and would aim to achieve the higher end of the market rent... up to 50% of purchase cost for a full refurbishment including structural changes... make sure the potential capital gain is absolutely apparent before you even start!

### BOOST YOUR CREDIT SCORE

Expatriates should not apply for finance before checking your credit files held at Experian, Equifax or CallCredit. Are they error free? Do you appear at all in credit systems, or have you been out of the UK for so long you no longer have a credit-foot print? <sup>[1]</sup><sub>[5EP]</sub> No credit rating does not mean 'no credit' but it does mean that you are likely to be asked for further supporting evidence of your ID and your financial position.



## **HOUSE PRICES ARE MARKETS, JUST LIKE SHARES**

Remember, no one can tell you what's going to happen to house prices, Property is an asset just like any other. Just as no one can always guarantee to call the stock market right, the same is true of property."

## **USE THE RIGHT PROPERTY FINDERS**

Gone are the days when looking into estate agents' windows was the only way to see how much sellers were advertising a house for. There's a plethora of property search sites out there. Rightmove, Globrix, or Home are good places to start. . Always take note, that particularly in these markets asking prices are often wildly optimistic, showing what the seller wants for the property, not what they will ultimately sell for. We work hard to understand the seller, what is their motivation or driver for the Sale, is it a dream home aspiration, repossession, a divorce, a job moves. Understanding the seller is the primary way we assess price and process. We work hard to nurture the local estate agents to hear as soon as a place hits their books or hopefully just before

## **GATHER YOUR INFORMATION**

Before putting in an offer, pose as many questions as possible. Here are our top searching questions to ask:

- How long has the property been on the market?
- How many viewings has the property had?
- How many, if any, offers has the property had?
- How long has the vendor lived there or owned the property?
- Why are the vendors moving and are they sure they want to sell now? (What is the motivation to sell)
- Where are the vendors moving to - is there a chain? (We always insist on vacant possession)
- How old is the boiler and when was it last inspected? (Check the records)
- How old is the electrical wiring and when was it last inspected?
- Have there been any subsidence problems?
- If the property is Leasehold, how long is the lease and who is the Leaseholder? (most banks will not lend on leases with less than 75 years remaining) and how much are the service charges and ground rent?
- Who lives upstairs/downstairs/next door?
- What's included in the sale such as fixtures and fittings?
- Are there any parking issues or restrictions?



## TAKE PHOTOGRAPHS WHEN VIEWING

Take photos on your mobile, with the estate agent or vendors permission of course, as all properties start to look the same in your mind and they will be a useful reference point when all the homes blur into one. Vendors rarely mind, if they want to sell and understand that you are positive about their property.

## VIEW AT DIFFERENT TIMES OF DAY

**We always view all of our purchases a minimum of twice.** We view an awful lot only once, but we never go on to purchase them. A second viewing always provides more detail than **the first.**

## HOW WE SPOT DEAL BREAKERS

We do not waste our client's money on a survey to discover obvious problems. For second or third viewings, we are on the lookout for small issues such as a broken kitchen drawer will not be a deal-breaker. But there are some points that are:

**Damp.** We look for wet spots, mould, peeling wallpaper and condensation on windows. We check inside cupboards to, to see if it smells musty?

**Ceilings.** We look for cracks, brown stains, slow drips and problem leaks.

**Doors and windows.** We shut every door behind us as we are being shown around to make sure they all work.

**Count power points.** Make a floor plan and mark out power point locations in each room

**Inspect the plumbing.** Flush toilets and turn taps on if possible, empty properties can regularly have the supply turned off.

**Watch out for woodchip.** Buying house with woodchip or other textured wallpaper all over it usually means excavating through layers of paper and probably re-plastering.

**The Attic.** Inspecting the loft in daylight is a great way to gauge the state of the property's woodwork. Check timbers for rot, as well as cracks or holes or indeed whether you can see daylight through the roof.

**Outside walls.** Check for wall cracks, mould and rotten woodwork.

**The roof.** Take binoculars and check for missing/slipped tiles. Eye up the gutters and woodwork for potential problems. If possible, go on a rainy day, to see if the gutters leak.

**Next door.** If you're buying a flat or terrace, alarm bells should ring if neighbours' properties are rundown. Their problems can quickly become your problems.

## CONSIDER RESALE POTENTIAL

Always enter a property transaction with the Exit or Resale in mind. If a property has been the market for a while, consider why? Does the street, the condition, put potential buyers off? If you hesitate about making an offer so will buyers when you come to sell.

## CAN YOU DO A PRIVATE DEAL?

If we have a client looking for a particular, style, location or size of property off market is always an option. A private deal brought about by word of mouth or simple letters in the most appropriate letter boxes, can save the seller Estate Agent fees and maybe get our clients a discount as well as a house suiting their precise requirements.

## FIND THE BEST CONVEYANCERS

Conveyancing's the legal process that transfers property from one person to another. As well as solicitors, there are licensed conveyancers, who are specialist property lawyers. It's about searching all the official files for hidden catches and ensuring the purchase is legit. They do all the legal paperwork, Land Registry and local council searches, draft the contract and handle the exchange of cash. This is not usually something you can do yourself and usually costs £100 to £1,500.

**DON'T assume they need to be nearby.** Consider someone from further afield. It's perfectly possible to use a solicitor in Newcastle when you live in central London, and it can be much cheaper.

**DON'T go for rock bottom price if you're in a rush.** The cheapest companies often work in bulk and can be slower. If time's an issue, that can be a problem. Pick a company that sounds professional and answers emails promptly.

**DO check for hidden extras.** Ask for a full fee breakdown. Do they include bank money transfer fees, stamp duty forms, land registration fees and drainage and environmental searches? Some firms even charge extra to verify your ID.

**DON'T automatically use the solicitor you have always used for different legal matters.** Pick a firm that specialises in conveyancing or at least has a specialist department.

**DO check they are regulated by a professional body.** Solicitors are regulated by the [Law Society](#) and conveyancers the [Council for Licensed Conveyancers](#). If they are, then they must have a clear complaints procedure in place.

## CHECK WHAT'S BEING BUILT IN THE AREA

Will that sea view be replaced by a high rise in a couple of months? For England and Wales, the Government's [Planning Portal](#) helps avoid nasty surprises by directing you to planning applications made in your area. You can search by postcode and area.

## HOW MUCH TO OFFER?

Never expect your first offer to be accepted, if it is "it was not low enough". Not everyone is good at negotiation or comfortable with naming the starting price, but the ball has to be pushed into the ring by someone.

### ASK FOR THEM TO 'TAKE IT OFF THE MARKET'

Make your offer on the condition that the seller "takes the home off the market". This cuts the chance of gazumping, where the seller accepts another higher offer after the sale has been agreed. Until contracts are exchanged, either party can pull out at any time.

### CHASE YOUR SOLICITOR

To put it politely, some solicitors "work at their own pace". Make regular phone calls to get papers processed quicker. Remember, you're paying them.

### CAN YOU BUY THE FREEHOLD?

Considering buying a leasehold flat? Some freeholders charge £10,000s in management fees for things you could do for a fraction of that. Yet in England and Wales, owners are often entitled to buy freeholds at a fair price - reducing outgoings and potentially adding to the sale value. <sup>(L)</sup><sub>SEP</sub>Buying freehold, if you can, costs about the same as extending your lease by 90 **years and you can usually then extend the lease for free, just paying legal fees.**

### GET THE RIGHT SURVEY

There are three main types of survey. The first is a homebuyer's report. This normally costs £300-£400 and is suitable for conventional properties less than 50 years old. For older or quirkiest residences, consider a full structural survey. These are super-detailed, and can cost up to £1,000, but often are well worth the expense. It could give you ammunition to haggle down the purchase price.

### GET QUOTES FOR WORK

If the survey finds any nasties, ask a reputable contractor or tradesman for repair costs. Then ask the vendor to either fix it before completion or knock the total off the price. Do get a second opinion, especially with damp. What might seem like minor work can be complex and expensive.