



The buying process – a summary

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- 08 - Vendor's solicitor provides seller's pack (draft contract, title deeds, etc.)
- 09 - Your solicitor applies for searches, raises queries and agrees contracts
- 10 - Contracts exchanged and completion date agreed
- 11 - Move preparation (removal company, insurances, etc.)
- 12 - Completion and keys

What is my budget?

Never guess. Speak to the professionals. One of our mortgage advisors will be able to find out exactly how much you can borrow and what you can afford to spend. Contact them today – they would be delighted to help and advise, and all of it for FREE. A mortgage lender or a mortgage broker can tell you exactly what you have to spend. At Castle Residential we champion the practice of prudent purchasing. We know how important it is for you to understand all of the costs involved in buying and owning when you create your budget, so here to consider is a list of the most common costs:

Selling fees

If you are not a first-time buyer, the likelihood is that you will have something to sell. It is worth noting that most estate agents will not consider you a 'proceedable buyer' if your purchase relies on the sale of a property that is not as yet on the market. Castle Residential can help you by professionally valuing and selling your home. Please call us for a **FREE** market appraisal on **0208 566 4499**

Mortgage arrangement fees

Before even looking for a property, you should consult a lender or mortgage advisor to establish how much you may borrow. It is important you do this before you start looking for a property as this will determine the budget you have. Most mortgage advisors will charge an arrangement fee so it's worth clarifying how much this is.



Stamp duty

This is a government tax.

Property or lease premium or transfer value	SDLT rate
Up to £125,000	Zero
The next £125,000 (the portion from £125,001 to £250,000)	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

Additional 3% for second homes

Legal costs

It is important to find a good solicitor to handle all of the elements involved in buying a property, as fees, speed of work and accessibility vary widely. Recommendation from a friend or colleague is a great way to find someone tried and tested and, if you like, we can provide you with the name and contact details of a reputable solicitor local to you.

Search fees

These are fees arising from searches carried out by your solicitor to ensure there are no potential problems, such as planning permissions or plans for nearby road construction.

Land Registry fee

A fee is charged for transferring the register to the new owner. The fee is charged according to the cost of the property and is only for properties registered in England and Wales.

Surveys

There are generally two types of survey: Homebuyer's Report, which will cost around £500; and the more comprehensive Building Survey, which can be nearer £1000, depending on the size and the age of the property. You can arrange for the survey through your lender or independently. If you wish, we can help by pointing you in the direction of one of our recommended surveyors.



Removal firm

A cost that many people forget, but if you are a first-timer you could always get your friends and family to help, as you'll have less stuff. Always ring around and try to get the cost of at least three different removal firms as prices can vary.

Monthly mortgage payments

Be sure that you understand the costs here and how they may change over time. If you take on a variable rate, remember that your monthly mortgage costs may go up as well as down, and if you take on a fixed rate you will have this only for a prearranged period, at which point your costs may well go up.

Insurances

Building and contents insurance.

Bills

Council tax, gas and electricity, water, telephone, cable/satellite TV, broadband and many more. If you own a leasehold property, there will also be an annual ground rent to pay and periodic service charges – these can sometimes be high and you are strongly advised to ask for average annual costs before going ahead with a purchase.

Contingency fund

There will be other fees such as bank transfers, company charges and land charges. In addition it is always wise to have a sizeable amount of spare money for any unforeseen occurrences or fees.

Why should I be interested in my credit rating?

Your credit score is important when you are looking to borrow money for any reason. The cleaner your credit history, the easier it will be for you to get a mortgage; conversely, the murkier it is, the more difficult it will be for you to attain the best rates. Your credit history can be tainted by anything from non-payment of loans to the poor credit record of someone who lived in your home before you. It is therefore prudent to speak to a credit expert before you start your search for a property, or even before you start your search for a mortgage, to discover whether there are any blemishes on your name and, if so, if they can be cleared.

What is a mortgage offer 'in principle'?



A mortgage offer in principle is one of the simplest, yet most important, things for you to secure early in the process. The first thing any mortgage broker or lender will do is to establish how much you can borrow. Once they have calculated this figure (and, in the case of a mortgage broker, found the most appropriate lender for your needs), they will apply for an offer in principle. This is a lender's confirmation that, subject to further investigation into you and the property you decide to buy, they will be prepared to provide you with the agreed mortgage. As it is agreed only 'in principle', you are not locked into borrowing from them and they are not obliged to lend to you, but it puts you in a strong bargaining position when you find a property, because it proves that you are a ready, willing and able purchaser.

For FREE mortgage advice, call one of our advisors!

When should I instruct my solicitor?

Once you have found the property of your dreams, you will want to start proceedings as quickly as possible to prevent others from beating you to it. Choosing your solicitor early in your search not only speeds things up, but, along with a mortgage offer in principle, you prove that you are a serious buyer, which works in your favour once you decide to make an offer.

What can I expect from my estate agent?

Estate agents are your local property experts, the face of property sales in your region. A professional agent will try his best to satisfy both the seller's and buyer's needs, because one side cannot work without the other.

Once you are registered at Castle Residential our sales team will update you when any suitable properties arise. Stay in frequent contact to discover new properties and those we are about to value. Check the property agent's own websites to stay updated with their stock and to educate yourself on the prices in your chosen area(s). If you are keen to move quickly, it is best if you sign up to one of their instant property alerts such as emails or SMS.

Freehold or leasehold?

Put simply, a leasehold property is one that is sold with a right to live in the property for a specified number of years. After this time, it would return to the freeholder, who owns the land the property was built on. In practice, it is now very simple to extend leasehold agreements, so the questions you should be asking when buying a leasehold property are:



- How long is the lease? The longer the lease, the more the property is worth; the shorter the lease, the more interest you should have in the cost of extending it.
- What is the cost of extending the lease? Has the current owner ever enquired about extending the lease, and how helpful is the freeholder? Virtual freeholds on leasehold houses can be 999 years long when created, but a flat's lease is more likely to start at 99 or 120 years long.
- Who is the freeholder? A freeholder can be an individual or a company, or an individual who has set up a company to handle the legal and financial implications of being a freeholder.
- What are the costs of ownership? How much is the annual ground rent? Are there periodic service charges? Is there a residents' association, and/or a sinking fund to take care of unexpected costs? What has needed repairing or replacing in recent years?

What should I ask on viewings?

First viewings are all about first impressions. If you like what you see, ask questions (ask how good the schools are in the area, about the costs of running the property, what the neighbours are like, what council tax band it is in, etc.). Building a rapport with the owner and/or the agent is important. If you are still interested, arrange a second viewing and bring back anyone else whose decision is a factor in your purchase, or just simply someone whose opinion you respect. Our sales team will be on hand to advise of local schools, transport links and any other important local developments.

Please do try to be on time for viewings, as owners of some properties are extremely restrictive in their viewing times, especially if they are in the evening or at weekends.

How do I put in an offer?

Offers should always go through the estate agent. Research your offer thoroughly. There are plenty of websites out there that provide free Land Registry data on the prices of properties sold in your area. Look up the road where you are buying – you may even be able to find the price the seller paid for his property. Find out what else is on the market right now that is comparable, and be wary of sellers who have inflated their prices well above the market simply because they believe the hype of ever-expanding property profits.

It is advisable to put your offer to the agent both verbally and in writing. Castle Residential endeavours to put the offer to the vendor the very same day. Offers at this stage are not legally binding.

Why do lenders do their own survey?



A mortgage lender will always instruct its own surveyor to provide a valuation survey, to make sure that the property is worth at least the price you have offered on it. The cost of this survey will usually be passed to you the buyer.

Homebuyer's Report or full survey?

A general rule of thumb is that the older the property is, the more sensible it would be to opt for the full survey, which will provide a far more detailed report on the condition of the property. For qualified surveyors in your area, contact the Royal Institution of Chartered Surveyors (RICS).

What do my solicitors do?

They will negotiate contracts, investigate leases and carry out local authority searches to make sure that there is nothing in the past, present or future of the immediate surroundings of the property that should affect your decision to buy it. They will ask questions of the seller's solicitor, exchange, complete and transfer monies.

What is gazumping?

If your offer on a property is accepted, but someone else comes along later and (for whatever reason) the seller decides to proceed with them instead, this is called gazumping. You could minimise the possibility of this happening to you by insisting that your offer is subject to the seller removing the property from the market, but this does not prevent those who have already seen the property putting in an offer. Your relationship with the estate agent and the seller is your greatest defence against this happening.

What happens on exchange and completion?

At exchange agreed contracts are signed by both sides; you as the buyer pay over your deposit (10% is traditional, but there are times when solicitors can negotiate 5%) and a completion date is agreed. Upon exchange of contracts, you are legally obliged to purchase the property and renegeing after this will incur financial penalties.

Completion occurs when all outstanding legal elements of the sale have been completed and the mortgage lender's funds have been transferred to the seller's solicitor. Your solicitor will contact you to inform you that this has happened, and then all you need to do is to go to the estate agent and pick up your key.

Congratulations – you have bought a new home!