

MOGINIE JAMES

Costs of buying



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It is commonplace for sellers of a property to be simultaneously buying another property. A breakdown of anticipated costs associated with buying a property is provided below.

Mortgage

There can be a number of costs associated with a mortgage, ranging from valuation and arrangement fees to early redemption penalties. Mognie James recommends speaking to a mortgage advisor as early as possible, this will help you budget effectively and give you an idea of your options, ensuring your time is not spent looking in the wrong price bracket. Note about MJ mortgage advice.

Stamp Duty Land Tax

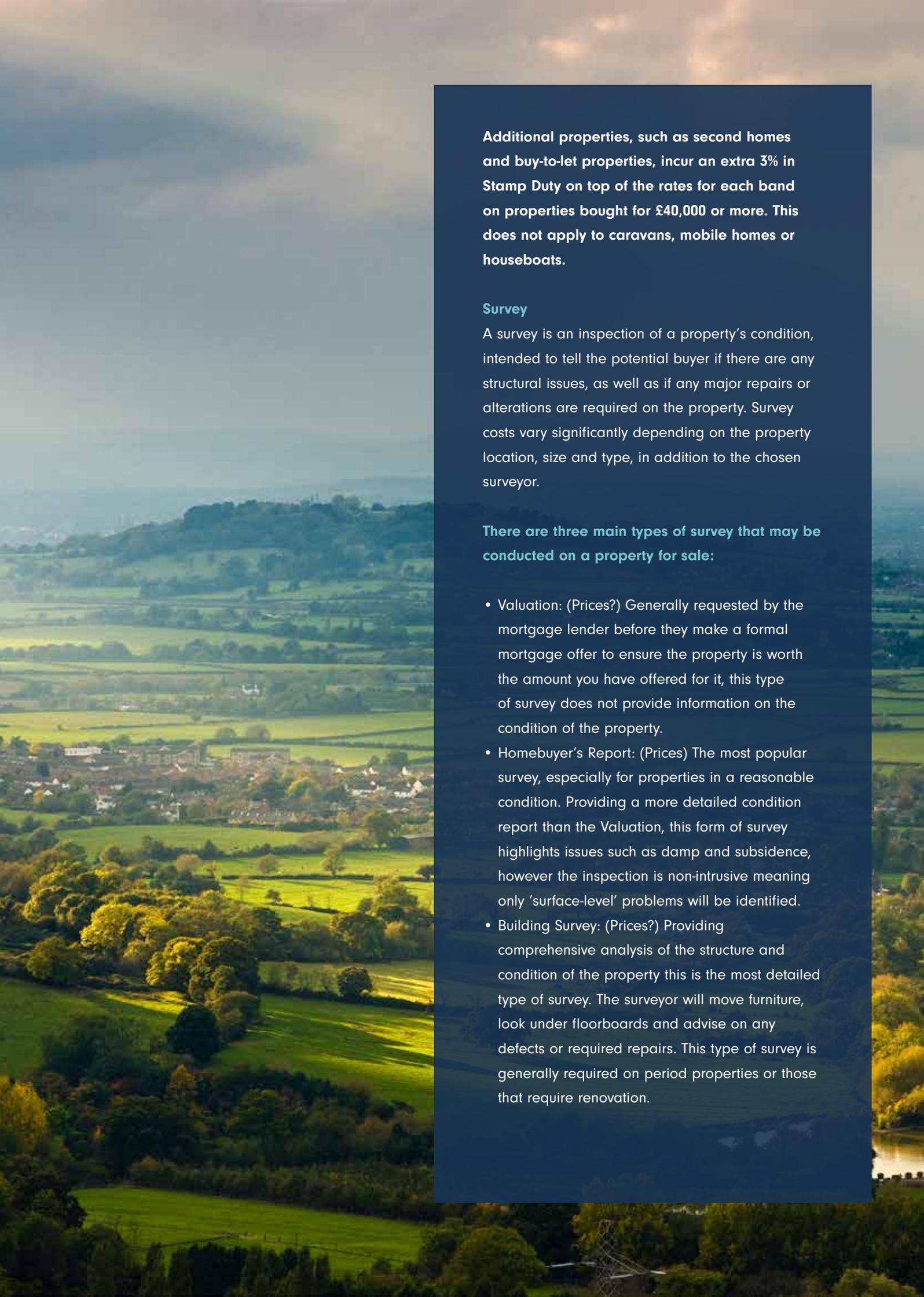
Stamp Duty is a tax that applies to both freehold and leasehold properties that cost more than £125,000, whether you are buying outright or with a mortgage.

There are several rate bands with the tax calculated on the part of the property purchase price that falls within each band. For instance, if you buy a house for £300,000 the Stamp Duty payable would be £5,000. The example calculation, as well as further Stamp Duty rates, is provided on the following page.

0% on the first £125,000 = £0
2% on the next £125,000 = £2,500
5% on the final £50,000 = £2,500

Minimum Property Sale Price	Maximum Property Sale Price	Stamp Duty Rate For the part of the property that falls within each band
£0	£150,000	0%
£150,001	£250,000	2%
£250,001	£925,000	5%
£925,001	£1.5 million	10%
Over £1.5 million		12%

*Stamp duty for residential leasehold properties is charged differently.

An aerial photograph of a lush green valley. In the foreground, there are rolling green fields and a line of trees. In the middle ground, a small town or village is visible, surrounded by more greenery. In the background, there are hills and a river winding through the landscape. The sky is overcast with soft, grey clouds.

Additional properties, such as second homes and buy-to-let properties, incur an extra 3% in Stamp Duty on top of the rates for each band on properties bought for £40,000 or more. This does not apply to caravans, mobile homes or houseboats.

Survey

A survey is an inspection of a property's condition, intended to tell the potential buyer if there are any structural issues, as well as if any major repairs or alterations are required on the property. Survey costs vary significantly depending on the property location, size and type, in addition to the chosen surveyor.

There are three main types of survey that may be conducted on a property for sale:

- **Valuation: (Prices?)** Generally requested by the mortgage lender before they make a formal mortgage offer to ensure the property is worth the amount you have offered for it, this type of survey does not provide information on the condition of the property.
- **Homebuyer's Report: (Prices)** The most popular survey, especially for properties in a reasonable condition. Providing a more detailed condition report than the Valuation, this form of survey highlights issues such as damp and subsidence, however the inspection is non-intrusive meaning only 'surface-level' problems will be identified.
- **Building Survey: (Prices?)** Providing comprehensive analysis of the structure and condition of the property this is the most detailed type of survey. The surveyor will move furniture, look under floorboards and advise on any defects or required repairs. This type of survey is generally required on period properties or those that require renovation.

