

UNDERSTANDING CONVEYANCING: FIRST TIME BUYERS GUIDE



Where to begin? The most important question is how much can you afford? Speak to a mortgage broker to find out what your options are and how much you could borrow. The larger the deposit you have, the more favourable the mortgage deals available to you will be. Shop around, speak to more than one broker. Are there any Government Schemes that you could benefit from? Previous schemes include Help to Buy Equity Loan and Help to Buy ISA. Shared Ownership is another option available whereby you buy a share of the property and pay rent to a landlord on the rest. There is often the option to buy further shares at a later date. Some lenders now offer “joint borrower sole proprietor” mortgages where you can add a friend or relative’s income onto your mortgage application making it easier to qualify for a mortgage but without them becoming owners of the property.

Freehold v Leasehold

Freehold

You own the property and the land it sits upon outright

There is no ground rent or service charges

You own the land indefinitely

Usually more expensive than Leasehold properties

Leasehold

You own the property but not the land it sits upon

You own the property for a number of years not indefinitely

You may have to pay ground rent and service charges

There may be restrictions on use, subletting, alterations etc

Your offer has been accepted... what's next?

1) Mortgage - Speak to your mortgage broker/lender and submit a full mortgage application

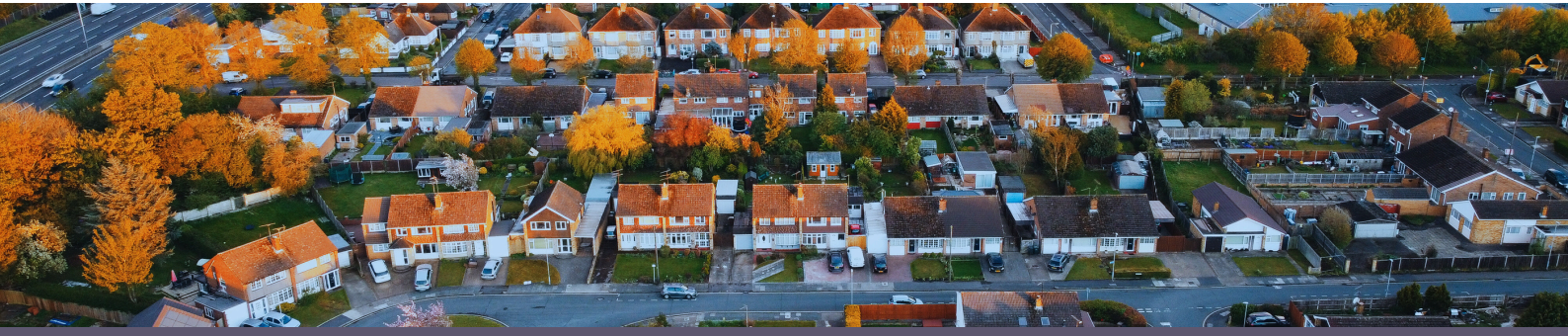
2) Survey – Your lender will carry out a valuation but this will not be in-depth and they may not even visit the property (“desktop valuation”). Therefore, it is important to look into your options when it comes to a survey. These can range from a condition report which is very basic to a full structural survey which is much more comprehensive.

3) Appoint a Legal Representative. There are a number of legal professionals who can carry out the legal work for you including solicitors, licensed conveyancers and chartered legal executives.



The conveyancing process

Your conveyancer will carry out all the necessary legal checks on the title to the property to ensure that both you and your lender are purchasing a property with a good marketable title. The process usually takes around 8-12 weeks depending on the complexities of the property and the length of the chain you are in. You will be asked to provide your ID, proof of where your funds are coming from, details of any gifts you are receiving and to place funds on account to cover the cost of searches and other services paid out initially by your conveyancer. Your conveyancer will carry out searches on the property including a Local Authority Search, Environmental Search and Water and Drainage Search. You will receive a Report on Title which will set out details of the property, its title, the results of the searches and further information provided by the sellers. This will include the sellers' replies to the Property Information Form and Fittings and Contents Form. If you are obtaining a mortgage, your conveyancer will provide you with their Mortgage Report and the Mortgage Deed to sign and return to them. You will also be sent the Contract to sign and return to your conveyancer. Your conveyancer will request your exchange deposit. This can sometimes be confused with the “deposit” referred to by your broker/lender. The exchange deposit is always 10% of the purchase price.



How will you own your property?

If you are not buying alone then you will need to consider how you will own the property.

Joint Tenants – You will both own the property jointly as a whole. You have equal rights to the whole property. Upon one owner's death, the property will automatically pass to the other without the need to obtain Probate.

Tenants in Common in Equal Shares – You will each own 50% of the property. Upon the death of one owner, their share will not automatically pass to the surviving owner, but will pass under the terms of their Will or intestacy rules should they not hold a valid Will.

Tenants in Common in Unequal Shares – You will each own a certain percentage of the property which will need to be documented either in the Transfer Deed or a Declaration of Trust. This is a good choice if one party is contributing a larger sum than the other.



Exchange of contracts

Exchange of Contracts is when the buyer and seller exchange their signed contracts and they become legally bound to them. Your conveyancer will notify you when they are ready to exchange contracts and advise you of the implications of doing so. Upon exchange of contracts you will become liable for buildings insurance (unless you are purchasing a leasehold property where this is likely to be the role of the Landlord). Liability is from exchange of contracts and NOT the date of completion. The completion date will be inserted into the Contract upon exchange and both the buyer and the seller will be bound to it. You can therefore start packing, book removals etc. knowing the date will not change.

Lightfoots

SOLICITORS

Completion

Prior to completion, your conveyancer will provide you with a Completion Statement. This will include all payments received or to be received and all costs incurred during the transaction including Stamp Duty, Legal Fees, Land Registry fees etc. You will need to make payment of the balance due a few days prior to completion to ensure your conveyancer has everything they need to complete the transaction. On the day of completion, your conveyancer will transfer the balance due to the sellers' conveyancer and once received, the sellers' conveyancer will confirm completion and arrange for the keys to be released by the estate agent or seller.



How can we help?

We've helped generations of clients buy and sell their homes and are proud of our unrivalled reputation of excellence. Our award winning residential conveyancing service is provided from both our Thame and Princes Risborough offices, helping clients buy and sell their homes in Oxfordshire, Buckinghamshire and across the UK. So whether it's your first home, new home or retirement home you'll be in safe hands. At both our Thame office and Princes Risborough office, you will have a dedicated, experienced and qualified Conveyancer or Solicitor acting on your behalf from day one until the day of completion.

YOUR RESIDENTIAL CONVEYANCING TEAM



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