First-time buyers guide to purchasing your first house

Taking steps to buying your first home is an exciting milestone, but it can also be a daunting process. The following is an aide memoire to assist you in navigating each step of buying a property in the UK, from initial planning to finalising your purchase. Our Community has many tools to support you on this journey i.e. budgeting and mortgage calculators.

1. Assess Your Financial Situation

- Budgeting: Determine how much you can afford to spend on a property. Consider your savings, income, and any financial commitments.
- Check your credit rating score.
- Deposit: Aim to save at least 5-20% of the property's value. A larger deposit can give you access to better mortgage rates. The Lifetime Individual Savings Account (LISA) is a tax efficient savings vehicle for this especially as the government provide additional savings of 25% up to the £4K per annum limit.
- Additional Costs: Account for additional costs such as stamp duty*, legal fees, survey costs, and moving expenses.

*At time of writing the UK is in election mode and talk in manifestos have been on scraping stamp duty up to certain house purchase values – watch this space.

2. Understand Your Mortgage Options

- Types of Mortgages: Research different types of mortgages (fixed-rate, variable-rate, interest-only, etc.) to find one that suits your financial situation.
- Mortgage Agreement in Principle (AIP): Obtain an AIP from a lender, which gives you an idea of how much you can borrow and shows sellers that you are a serious buyer and can speed up your application.

3. Research the Market

- Property Search: Use online property portals (Rightmove, Zoopla), estate agents, and local listings to find properties within your budget.
- Location: Consider factors such as local amenities, schools, transport links, and future development plans.
- Property Types: Decide on the type of property you want (house, flat, new build, etc.) and its condition (ready to move in, needs renovation).

4. Viewing Properties

- Multiple Viewings: Visit several properties to compare and get a feel for what's available.
- Check for Issues: Look for potential problems such as damp, structural issues, and the condition of utilities.
- Ask Questions: enquire about the property's history, the reason for sale, and any included fixtures and fittings.

5. Making an Offer

- Offer Price: Decide on your offer based on market research and the property's condition. You can offer below, at, or above the asking price.
- Negotiation: Be prepared to negotiate with the seller. This may involve counteroffers and discussions about included items.

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6. Solicitors and Conveyancing

- Choose a Solicitor: Hire a solicitor or conveyancer to handle the legal aspects of the purchase.
- Legal Checks: Your solicitor will perform searches to check for any legal issues, such as property boundaries, planning permissions, and local developments.

7. Surveys and Valuations

- Mortgage Valuation: Your lender will require a valuation to ensure the property is worth the loan amount.
- Homebuyer's Survey: A more detailed survey can identify any structural issues or necessary repairs.
- Building Survey: For older or unusual properties, a comprehensive building survey is advisable.

8. Finalising the Mortgage

- Formal Mortgage Offer: Once satisfied with the survey, your lender will issue a formal mortgage offer.
- Review Terms: Carefully review the mortgage terms and conditions before signing.

9. Exchanging Contracts

- Contract Signing: Both parties sign the contract, and you pay the deposit. This makes the sale legally binding.
- Completion Date: Agree on a completion date when the property will officially become yours.

10. Completion

- Final Payment: Your solicitor will transfer the remaining purchase price to the seller
- Receive Keys: On the completion date, you'll receive the keys to your new home.
- Register Ownership: Your solicitor will register your ownership with the Land Registry.

11. Moving In

- Utilities and Services: Set up utilities (gas, electricity, water) and services (internet, council tax).
- Insurance: Ensure you have home insurance in place from the date of completion.
- Settling In: Plan your move and enjoy settling into your new home.

Additional tips to consider:

First-Time Buyer Schemes: Explore government schemes such as Help to Buy and Shared Ownership.

Stay Informed: Keep abreast of market trends and changes in government policies that may affect home buying.

Professional Advice: Consider seeking advice from Independent mortgage broker- DAM have our own specialist contact who can assist in this process.

We wish you well on your search for your first property. We are here to assist you on every step of this process as you head out on your exciting adventure!

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Please note that the information contained in this article is for information purposes only and should not be construed as individual advice. Please contact DAM directly to receive specific advice based on your own personal circumstances.