

# First Time Buyers Guide

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## Part 1: Introduction

Purchasing your very first home is one of life's most exciting and fulfilling experiences. That's why at [reallymoving.com](http://reallymoving.com) we have used our experience to compile an extensive first time buyers section – a handy resource for anyone looking to buy a home for the first time.

We are delighted to provide these comprehensive first time buyer guides to help you take your first steps onto the property ladder.

### Guides

Our first time buyer guides cover everything from conveyancing to negative equity and our glossary is designed to help you understand all the different stages of buying a home:

- **First Time Buyer glossary**

Let us make things clearer for you with detailed articles to explain the finer details of the home removals process.

[First Time Buyer Glossary](#)

- **Before you buy**

These guides are perfect for first time buyers looking for advice and inspiration when taking their first steps towards buying a property, from saving for a deposit to comparing mortgage incentive schemes.

[How to save for a house deposit](#)

[Negotiating a house offer](#)

[Shared ownership versus shared equity](#)

[Mortgage incentive schemes for first time buyers](#)

[Freehold or leasehold – what is the difference?](#)

[Buying a new build home versus buying an existing home](#)

- **The buying process**

Once you have found your dream home use these guides to improve your understanding of home surveys, contracts, property searches and more.

[What is conveyancing?](#)

[Having an offer accepted on a house – what happens next?](#)

[Exchanging house contracts](#)

[What are searches when buying a house?](#)

[Why do I need a home survey?](#)

[Planning your removals for your first home move](#)

[What is negative equity?](#)

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## Part 2: First Time Buyer glossary

### Glossary

**Appreciation** – The increase in a property's value. This may be due to a number of factors, from a booming property market to recent home improvements or developments in the proximity of the property.

**Arrangement fees** – Fees which may apply to signing a particular mortgage deal. These are usually payable up front or simply added to the final loan amount. However adding them to the loan increases your mortgage debt, and so it's always cheaper over the long term to pay these as a lump sum at the time of purchase.

**Base rate** – The interest rate set by the Bank of England.

**Building insurance** – Designed to cover homeowners in the event of re-building property following a fire, flood or structural damage. This does not cover the contents of your house (See Contents insurance).

**Building survey** – See Surveys.

**Capital** – In the context of a mortgage, capital is the mortgage fee that needs to be repaid – not including interest rates.

**Chain** – A scenario involving several buyers and sellers whose purchases are inter-related. First time buyers are therefore usually the first link in a chain, enabling the owners of the house they wish to purchase to move up to a different property, and so on.

**Completion** – The date your property purchase is completed following the exchange of contracts between buyer and seller. This is typically the day that you'll move into the property once all legal matters are settled and the monies are transferred.

**Contents insurance** – An insurance policy that protects possessions within the home – different to buildings insurance which is purchased upon exchange to protect buyers in the event of structural damage to their new home.

**Conveyancing** – The legal process of transferring a property from one owner to another. Your property lawyer will deal with the majority of legal paperwork in relation to your house purchase.

**Deeds** – The document detailing the ownership of a property. Legal representatives of both parties will arrange the transfer of these when contracts have been exchanged.

**Deposit** – A percentage of the agreed purchase price that must be paid to the seller's property lawyer upon exchange of contracts.

**Depreciation** – The decreasing value of a property. This is usually attributed to a collapse in the UK housing market or issues within the local area.

**Disbursements** – Fees paid by a property lawyer on your behalf in order to carry out necessary checks such as local authority searches and stamp duty. These costs will then be invoiced to you at the end of the moving process.

**Energy Performance Certificate** – An official document detailing the energy efficiency of a property.

**Equity** – The overall value of the property, minus the mortgage or debt amount. A property owner may encounter negative equity if their home depreciates in value and is worth less than they owe on their mortgage.

**Freehold** – The title which confirms you as the owner of the property and the land it sits on. The alternative of a freehold property is a leasehold (See Leasehold).

**The Financial Services Authority (FSA)** – The UK's financial ombudsman. For further advice visit the Financial Services Authority website.

**Guarantor** – A person that agrees to meet mortgage repayments of the borrower if the borrower is unable to meet the repayment deadlines for any reason. A guarantor is usually a parent or guardian and can significantly increase the amount a first time buyer can borrow.

**Gazumping** – An unfortunate occurrence where a buyer has an offer on a property accepted, but the seller then chooses to sell to someone else who has offered more. Although gazumping is morally frowned upon it is not illegal and can happen at any time.

**HomeBuyer Report** – Type of survey that is cheaper than a Building Survey. It rates the condition of all permanent structures included in the property, e.g. garages etc, highlights important problems that could affect the property's value and includes a valuation.

**Interest rates** – The percentage of the mortgage that is charged to the borrower on top of the mortgage repayments. Interest rates charged by mortgage lenders are usually influenced by the Bank of England base rate.

**Leasehold** – First time buyers purchasing a leasehold property are only acquiring a lease from the owner for a right to occupy the property, and not the property itself. Typically when the lease expires the property will return to the owner, however it is possible to apply for an extension to a lease.

**Mortgage** – A special type of loan that enables buyers to pay for their new home. Mortgages make home ownership available to the masses.

**Negative equity** – See equity.

**Repayments** – Money repaid to the mortgage lender by the borrower along with any interest owing as part of the agreement.

**Shared equity** – A scheme enabling buyers to buy an equity share in a property with the aid of a mortgage, while the developer/housing association owns the remaining share. The developer/housing association would be entitled to their share of the equity of the property in the event it is sold at a later date.

**Shared ownership** – A scheme allowing buyers to purchase a property for as little as a 25 per cent share in a property. The rest of the share is paid over time in the form of subsidised rent.

**Staircasing** – Applies to first time buyers within shared equity mortgages who 'top up' the number of shares they own in their part-owned, part-rented property until they own all shares outright.

**Stamp Duty** – A Government 'Land' Tax (also known as SDLT) paid on top of the purchase price of your new property and its land. The money goes to HMRC and your property lawyer can handle payment on your behalf. This is a payment that must be made at the time of purchase, and cannot form part of your mortgage loan. There are different rates of stamp duty depending on the purchase price of a property.

**Surveys** – Property surveys are carried out by surveyors to inspect the property you intend to purchase and ensure there are no major issues with its structure such as damp, subsidence, woodworm etc. A HomeBuyer Report is the cheaper and more accessible version, whilst the Building Survey is a very in-depth report for properties older than 100 years or with some dilapidation.

**Valuation** – A search undertaken by the mortgage lender to ascertain whether a property is suitable security for their mortgage loan.

**Vendor** – The owner of the property available for purchase.

## Part 3: Before you buy

### How to save for a house deposit

It is a dream for most young couples and professionals to take their first steps onto the property ladder.

As a first time buyer, it's becoming increasingly challenging to acquire a mortgage without a good-sized deposit. In order to have the best chance of successfully applying for a mortgage, lenders now typically require around 20 per cent of the value of the property as a deposit, at the time of writing.

The average price of a home in England and Wales in May 2011 was £161,823. In order to successfully secure a mortgage for a property at this value a 20 per cent deposit of £32,364 would be required – a significant sum by anyone's standards.

So as a first time buyer how do you go about saving your first home deposit? What sacrifices will you have to make?

#### **Liase with mortgage lenders**

Don't be afraid to make tentative enquiries with various mortgage lenders and gather as much information as possible as to what you can and cannot afford. You should also investigate the various types of loans available that can be tailored to your income.

#### **Cutting out the 'extras'**

Are you partial to a regular midweek takeaway? Do you buy lunch at work rather than make your own sandwich at home? Could you do without your extravagant smartphone and monthly contract? As difficult as it may be, you should look to tighten your belt as much as possible. Whether that means scrapping your regular takeaways, downgrading your mobile phone contract or simply making your own sandwiches for lunchtime – every little helps!

#### **Learn to live without life's little luxuries**

Saving money for your first house deposit should unfortunately take precedence over life's little luxury items too. Whether it's the new car you had in mind to treat yourself, the glamorous round-the-world holiday or your extravagant weekly food shop, such indulgence should be placed strictly on the back burner until you have your down payment saved.

#### **Moving back with your parents**

Although you may consider this a backward step, moving back in with your parents is actually one of the most sensible decisions you could make when saving for a house deposit. If your parents appreciate your position they may assist by allowing you to pay just a small token sum toward living expenses. Moving back in with your parents is becoming increasingly common as house prices rise and mortgages are less easy to secure. This will enable you to quickly add to your savings whilst enjoying your mum's home cooking!

#### **Shop around for the best short-term savings accounts**

Discuss your savings options with your bank. Choose a savings account that offers the highest short-term interest rates as well as providing you with the ability to access your funds quickly in the event of finding the home of your dreams.

Aside from saving for your first house deposit, you should also factor in fees for [conveyancing quotes](#) and [home survey quotes](#). Purchasing your first home will undoubtedly be the biggest purchase you'll have made; therefore it is essential you pay for a survey to ensure the property is sound.

The advice of both a property lawyer and a Chartered Surveyor could save you thousands of pounds in expensive repair costs in the long run.

### Negotiating a house offer

For first time buyers the opportunity to finally make an offer on the house of your dreams is one you will grab with both hands. After spending months, possibly years, saving for a house deposit, finally placing an offer on a house is the last step to take before entering the buying process.

In the time between making an offer on a house and starting legal proceedings, there are a few hurdles to be aware of. Unfortunately there is no official manual that shows first time buyers how to negotiate a house offer. What we can do is

give you a few pointers on how to liaise and deal with sellers, understanding their mind-set and coping with a chain of sales.

### **Pre-offer advice**

When you find a home that meets your living requirements you should check the seller's asking price in relation to the local and national housing market. A brief look at Land Registry reports for houses in the same area can give you a rough guide as to what similar houses or flats in the immediate area have sold for.

You may also wish to check whether any surrounding properties have planning permission for any new developments that may affect your quality of living, or if there are development plans for local housing schemes. This should however be part of the conveyancing process known as 'searches' undertaken by your property lawyer. Knowing this information early on can be a good tool for negotiating.

### **Making your first bid**

Don't get bogged down too much by only comparing house prices of surrounding properties – no property has a fixed price tag and is only worth what a buyer is prepared to pay for it. When making an opening offer on a house you should often expect to bid as much as 10 per cent lower than the asking price. This is commonly knocked back by the seller, but both parties can use this offer as a starting point for future bids until an agreement is reached. Seek advice from friends or parents with experience of the local area as to opening offers, however don't feel you can't bid a lower amount, the worst is that they decline the offer.

A common pitfall of first time buyers is that they consider emotions too highly in their decision making process. It's the estate agents job to get the best price possible for a property so they will stress the lifestyle benefits of a property. However, you need to think realistically about how your lifestyle might change in the years you'll be in a property. Might there be a partner moving in and is there enough storage? Being close to a busy town centre is great for nights out but not necessarily for unbroken sleep? How does it affect a commute to work? Who else might want this property so how easy would it be to sell in a few years' time should you wish to move on?

The old adage is to always try and buy the worst house on the best street and it can certainly hold true. Every street has a "ceiling price", past which investment in a property is unlikely to add value when you come to sell. Consider this and think are you paying a premium because of your emotional attraction to a property, rather than its actual value within the street it's in? Houses are usually the single largest purchases in anyone's life, so it pays to be practical!

The response to your opening bid will depend on a number of factors – how quickly the seller needs to sell, how long the property has been on the market and how many other parties have indicated an interest in the property. Do remember that you can always increase an offer, however you can't reduce an offer without good reason (eg. a bad survey report) and you may end up breaking the chain (and trust) with the seller.

### **Ensuring a seller is receptive to your offer**

In order to appeal to the emotions of the seller you may wish to try and strike up a friendship or connection between both parties. Show an interest in their future plans whilst also impress upon them how keen you are to live in their home and the reasons why the property fits your requirements so well. Selling property is a people's market. Would you sell your property – a home with many treasured memories – to a buyer you thought unworthy of appreciating it in the same manner?

At the same time it is important not to appear overly keen to purchase their home, as the seller will know you will go the extra mile (and extra pounds!) to get your hands on the deeds! Don't walk around the property and exclaim "this is THE one. We've got to have it".

Your negotiations will be immediately limited! If you are in any doubt, take a trusted friend who knows you, knows how you like to live your life, and will give you an honest appraisal.

Aside from your own offer, the seller may also be involved in acquiring their own new house. As a first time buyer you are in a strong position to allow someone to move quickly into getting their next property. Therefore it's very important to stress your position to the seller as well as the estate agent. If you are living at home with parents, have a mortgage agreed in principle and a solicitor already in mind, a seller wanting a quick sale might well move a little more on price than with someone in rented accommodation with 6 months still on their tenancy who doesn't know their true mortgage budget. It is also highly recommended that you show patience and understanding when part of a moving chain – an act of good will is sure to be remembered favourably if a seller is faced with multiple offers for their property.

### **Having an offer accepted**

Whether it's been a short or long, drawn out negotiation process receiving a formal acceptance in writing makes it all worthwhile. With one in three house purchases said to fall through at the time of writing, it is important to ensure your seller is made well aware of the terms and conditions of your offer.

Liaise with your [property lawyer](#) to ensure your offer is subject to contract and survey, leaving you an escape route should a home survey yield unsatisfactory results that influence you to withdraw or revise your bid.

## Shared ownership versus shared equity

In the current financial climate first time buyers are finding it increasingly difficult to get on the property ladder. Affordable housing schemes are therefore a great way to enable buyers who would not otherwise be able to afford a home purchase a property through government-funded and privately-operated schemes.

Shared ownership and shared equity arrangements are available to first time buyers with an income of less than £60,000 who are unable to obtain a mortgage on the open market. The UK Government's shared ownership scheme is called [Homebuy](#) and their scheme for first time buyers is [Firstbuy](#).

Although you may be aware of such schemes, it is understandable if you require a more detailed background on the pros and cons of shared ownership and shared equity agreements.

### What is shared equity?

Shared equity schemes in the UK form the basis of the Government's Firstbuy scheme that was due for launch in September 2011. The premise of shared equity is that the buyer can pay a small deposit – usually 5 per cent – and top up to 20 per cent of the purchase price with a low or no cost 'equity loan', with the remainder paid by your mortgage.

In the short term a shared equity agreement can be a very welcome deal as it enables first time buyers to acquire a home without paying a big deposit.

Nevertheless, you should always bear in mind the long-term consequences of shared equity. After 25 years of the loan period you will be required to pay it off in full. As an equity loan, the loan will be proportionate to the value of the property at the time 25 years on rather than a fixed figure, which means you could be paying back significantly more than you first borrowed if the housing market recovers.

### What is shared ownership?

There are similar benefits to shared ownership schemes as shared equity arrangements. First time buyers usually enter into a shared ownership arrangement with a housing association or similar organisation, paying rent to them for the part of the property they own but are allowed to live in.

For example, you may purchase a stake of 40 per cent of the market value of a property and pay rent on the remaining 60 per cent of the property that's owned by your local housing association.

The rent you pay must be set at an 'affordable rent', usually around 3 per cent of the other party's share of the property value. The most welcoming aspect of a shared ownership scheme is that you can increase your percentage stake in the equity of the building over time, as and when you can afford to do so.

In order to increase your stake in the property you will require a shared ownership mortgage. By part-owning your property you will therefore require a smaller mortgage and a smaller deposit – 10 per cent of the share you are buying.

Over the last three years the Homes and Communities Agency has invested around £8.4 billion in affordable housing programmes. The scheme has already enabled many first time buyers with over 39,000 property sales through low-cost home ownership initiatives.

When going through the buying process, be careful to choose a property lawyer to represent you that has your best interests at heart, who will ensure guarantees are in place regarding planning permission, building regulations, structure and more. At [reallymoving.com](#) we can provide instant [conveyancing quotes](#) from a leading selection of property lawyers from top quality legal firms across the country.

## Mortgage incentive schemes for first time buyers

Incentivised mortgages are a great way for first time buyers to step onto the first rung of the property ladder. Although mortgage applications have become a veritable minefield for first time buyers in the last few years due to the recession, lenders are now beginning to re-enter the market with mortgage incentives specifically for first time buyers.

For those still trying to [save for a house deposit](#) buyers can now receive significant aid towards their goal with cash bonuses. Major UK mortgage lenders are beginning to offer lump sums to first time buyers who put money into savings accounts over a set time period whilst taking out a mortgage at the same time.

A small handful of lenders have also returned with mortgages of up to 95 per cent, however first time buyers will be hit by increased interest rates as new regulatory conditions ensure banks are required to set aside up to six times more capital for low deposit mortgages.

“Save-to-buy” mortgage incentive schemes offering cash back rewards in return for meeting savings targets offer a refreshing addition to the first time buyer market. In many ways the system appears to be turning back the clock 20 years to a time when first time buyers had to prove they could save money on a regular basis and therefore afford their mortgage commitment.

In order to revive the housing market, lenders are becoming increasingly innovative with their mortgage deals to first time buyers. Their incentives include loans based on how much rent you've previously paid for a property, mortgages for parents with a new-born child or child on the way and shared ownership mortgages.

It is important to seek specialist mortgage advice tailored for a first time buyer. Any reputable mortgage advisor will have a deeper understanding of the first time buyer market and will inform you of the best deals and incentive schemes to suit your financial requirements.

Below is a list of first time buyer mortgages available on the market subject to eligibility:

- Graduate mortgages
- Shared ownership mortgages
- Key Worker mortgages
- Shared equity mortgages
- Professional mortgages
- Friends and Family mortgages
- Guarantor mortgages
- Poor Credit mortgages
- Cashback mortgages

The first time buyer mortgage market is fiercely competitive again so be sure to liaise with a lender that informs you of all possible discounts and incentives that can help accelerate the moving process by saving you money or providing you with additional funds for your deposit.

If you are confused about the many types of mortgages and how you repay them, here is a useful link to the [government's website](#) which explains how the mortgages work.

## Freehold or leasehold – what is the difference?

If you are unfamiliar with the terms freehold and leasehold as a first time buyer then don't worry, as we explain what they mean and how this can affect the type of property you choose to purchase.

### Freehold property

First time buyers purchasing a freehold property will receive outright ownership of the property and the land on which it sits. A freehold gives buyers the right to live at the property for as long as they wish – there is no time limit on your period of ownership, you will simply own and occupy your home until you choose to move.

Moderations and alterations are allowed as you own both the property and its surrounding land for expansion. Keep in mind that any moderations you plan to make will need to be made within the constraints of the law and planning restrictions. Planning approval will be required to make structural changes to the property. This is even more important if you are thinking of purchasing older, listed buildings.

The advantage of owning a property freehold is that you have total control over what happens to the building with regards to any repairs or extensions.

Freehold properties available on the market to first time buyers tend to be houses, although there are an increasing number of flats becoming available in which some owners share the ownership (and subsequent responsibilities) of the freehold with the other flat owners. This is due to recent legislation that has given leaseholders the opportunity to buy up freeholds.

### Leasehold property

First time buyers interested in purchasing a leasehold property should beware that leaseholds do not give you outright ownership of the property and the land within its boundaries. You are actually purchasing the rights to live in the property for a set period of time – often this is in the region of 100 years in total. However, if you are purchasing a lease previously owned by someone else, it does not “reset” the duration of the leasehold. So, if they have lived in a property for 20 years of a 100 year lease, you are only purchasing rights to the remaining 80 years. This information should always be made clear

on the estate agent's details, but if you are in any doubt, ask your estate agent. It is an important piece of information that you need to know.

With leasehold properties you will have an obligation to cover the costs for maintenance repairs in the form of ground rent and service charges to the freeholder. You should take into consideration all additional costs of a leasehold before committing to the purchase of a leasehold property as you may find your budget cannot meet the extra fees. A lot of leasehold flats within blocks can command quite high Service Charges (for general cleaning of shared areas and maintenance), which are added to the ground rent costs.

So why do people choose to purchase leasehold properties? Most flats are currently leasehold, but buyers choosing to live in a block of flats will only have to pay a contribution to the overall ground rent split between all residents paid to the freeholder.

It is possible to extend the leasehold of your new home to up to 999 years giving you lifetime security, while recent legislation has made it easier to purchase the freehold for an additional fee. Extending the lease can be an expensive option and you will need to employ a [property lawyer](#) to liaise with the freeholder. Extending the lease of your leasehold can cost around 20% of the value of the flat. If the flat is unusually cheap, this can sometimes be due to a short leasehold so you should investigate the leasehold extension costs before confirming your offer.

### **Commonhold property**

A recent addition to the property market in September 2004, commonhold properties are usually found with blocks of flats and other apartments. Put simply, a commonhold is a group of people who mutually own their block of flats with no overall landlord. Each flat or unit has a freehold owner, usually a member of a commonhold association that is responsible for maintaining the communal areas of the property.

The advantages of a commonhold are that all decisions regarding the building are made jointly by all owners. Owners can make decisions without the influence of a landlord that doesn't have your best interests at heart.

The principles of freehold and leasehold property are generally straightforward, but make sure you choose a property with your long term financial circumstances in mind.

## **Buying a new build home versus buying an existing home**

When the time comes to start searching for your first home you will have to decide whether to buy a brand newly built property or an existing older home.

Everyone has their reasons for choosing new or older buildings when purchasing their first home. If you are faced with this conundrum why not read on for our top list of considerations before taking your first visit to the estate agents.

### **Reasons to buy an older home**

- Neighbourhood – Most existing properties are situated within established neighbourhoods. It is quite possible for you to get to know your neighbours well before your moving date. The area may also have an established Neighbourhood Watch action group in order to maintain the safety and wellbeing of occupants.
- Character – Older properties have had time to 'bed in' and develop a sense of character and unique history that you may like to become a part of. Perhaps you are a fan of the previous owner's handiwork in the garden or you simply prefer the idea of living in a house with classic features into which you can add your own mod-cons.
- Making an offer – With an existing property what you see is what you get. If you have done your homework with a home survey and read the [Energy Performance Certificate \(EPC\)](#), and you are happy with their findings, you can bid on a property with confidence. This is not necessarily the case when you buy off-plan. However, new build homes are supplied by law with an EPC and many carry a NHBC Warranty.
- Negotiating power – With existing properties the purchase price is negotiable between the buyer and the seller. The mutually-agreed fee may be influenced by consumer demand, the general condition of the property as reflected by the survey, and the desire of the owners to sell up and move on.

### **Reasons to buy a brand new home**

- Personal taste – Moving into a brand new build gives you a truly clean slate to fit your first property with the tiling, flooring, decorating and appliances suited to your personal tastes. This is not quite as easy with an existing property as the home has been decorated to suit the taste of the current occupants. Consequently it may prove harder to wipe the slate clean and start afresh.

- No moving chain – Purchasing a brand new property ensures, as a first time buyer, you are not part of a moving chain which could threaten the completion of your move. This significantly reduces the stress and uncertainty that can come with purchasing an existing property. However, if there are any delays in completing the building work this will affect when you can move in.
- High-specifications – Most new builds come fitted with high-specification appliances and materials, usually more so than older properties. New homes must comply with up-to-the-minute building regulations maintained by the Government, ensuring the most up-to-date heating systems and loft insulation. This is particularly attractive to first time buyers who simply want to adjust to life in their first home rather than worrying about potentially expensive DIY and maintenance charges.
- A new community – Moving into an established neighbourhood may not prove an attraction to some first time buyers. You may be more excited about a new home on a new estate, with the opportunity to make new friends as part of an emerging community – you might just find other first time buyers in the same boat you can share experiences with.
- Energy-efficient – It is said new build properties are six times more energy-efficient than existing, older homes, generating around 60 per cent less carbon dioxide (CO2) emissions per household. Living in an energy efficient home can therefore save you hundreds of pounds a year on energy bills.
- 80% of new build homes carry the NHBC 10 year warranty, so the quality of your new home is automatically insured against problems associated with new builds. The [National House Building Council](#) is the standard setting body and leading home construction warranty and insurance provider for new and newly-converted homes. New Build Homes tend to be sold for long leaseholds, meaning you do not need to spend money renewing a lease. This does not affect freehold properties, which are usually houses.

The standard of new properties in the UK has never been better, while the market for buying existing properties currently offers first time buyers the chance to get on the property ladder with significantly lower house values.

Weigh up the pros and cons and make your own decision.

## Part 4: The buying process

### What is conveyancing?

Buying your first property can be an overwhelming experience without the help of an experienced property lawyer to guide you through the conveyancing process – but what exactly is conveyancing you may ask?

Conveyancing is the legal transfer of a property from one owner to another. The transfer can be of either a leasehold or freehold property. The conveyancing process usually involves a conveyancing solicitor or licensed conveyancer acting on behalf of the buyer to ensure their client obtains the deeds to the property and the land it sits on.

Conveyancing encapsulates the entirety of the legal-administrative work required to ensure a house purchase or sale is legally valid.

The property lawyer will also be required to protect the investment of the buyer by negotiating with the seller.

### Standard conveyancing practice

First time buyers purchasing property in England or Wales will have to abide to the following law agreements:

- A house move is not legally binding until contracts are exchanged between buyer and seller – giving freedom to both parties pre-contract. A deposit, usually of 10% is required at the exchange of contracts.
- In the phase prior to exchange of contracts either party can cancel the transaction, with no obligations to the other. This does increase the risk of gazumping if you are part of a lengthy moving chain.
- Post-exchange of contracts the buyer is legally committed to the purchase and the agreed terms of the sale. If you decide to pull out of the agreement at this stage you may automatically lose the deposit paid upon exchange.

### What will your property lawyer do for you?

- Liaise with the seller's solicitor to receive a contract pack
- Request and obtain a copy of your mortgage offer
- Follow through local authority searches in relation to the property
- Analyse the results of local authority searches
- Arrange potential completion dates with both parties
- Swap signed contracts with the seller's property lawyer
- Transfer the deposit to the seller's property lawyer
- Prepare the completion statement and transfer deeds for you to complete
- Transfer signed transfer deeds to the seller's property lawyer
- Initiate payment from your mortgage lender
- Transfer the agreed sale monies to the seller's property lawyer
- Send transfer deeds and applicable stamp duty to the Stamping Office
- Forward documentation regarding proof of ownership to HM Land Registry
- Forward title deeds from HM Land Registry to mortgage lender for proof of purchase

While your chosen property lawyer will do the majority of the administration leg work, as a first time buyer you will also be asked to carry out tasks to ensure a stress-free completion. Read our [conveyancing checklist for buyers](#) for more detailed guidance.

### How to find a good conveyancing solicitor

An experienced, thorough property lawyer is worth their weight in gold. However, if you are first time buyers new to an area it can be difficult to locate a professional. Why not let [reallymoving.com](#) take the strain? We offer up to four instant [conveyancing quotes](#) to customers from our large network of professionals from top quality legal firms who cover your area.

Whether you choose a conveyancing solicitor or a licensed conveyancer, you can be assured they are regulated by both the [Solicitors Regulation Authority](#) and the [Council for Licensed Conveyancers](#) respectively.

## Having an offer accepted on a house – what happens next?

First and foremost, congratulations are in order! The offer for your first home has been accepted. You've already jumped through numerous hoops to get to this stage in the moving process, so what happens next?

Properties are listed by estate agents under two headings – 'Under Offer' and 'Sold Subject to Contract'. A house 'under offer' means the seller has received an offer for the property but has not yet made a decision on whether to accept. Meanwhile a house 'sold subject to contract' means a seller has accepted a provisional offer subject to the completion of home surveys and necessary paperwork.

You may think at this point you are legally committed to the sale, correct? Wrong! If for any reason you choose not to complete your purchase you have the ability to pull out without facing a financial penalty. The seller is not committed to a sale just because they have accepted an offer. In fact it's not unusual for buyers to be 'gazumped' – where a seller accepts a second offer and moves to exchange contracts with another buyer.

This law only applies to property in England and Wales however. In Scotland once your offer has been accepted by the seller the deal is instantly legally binding. This is usually because home surveys and additional background checks have been initiated by the Home Report which must be available to view when the property goes on the market.

Whilst your offer is subject to contract your solicitor will obtain 'searches' to ensure there are, for instance, no plans to build a motorway through the property, no disputes over the land (including neighbourly disputes!), or to check that it is not built on a potentially dangerous site. The solicitor will purchase the appropriate searches for your area.

You should also consider employing a chartered surveyor to carry out a home survey which will highlight any structural issues with the house that could eventually save you thousands of pounds in costly repair bills.

A home survey can comprise of a HomeBuyer Report or a Building Survey. The HomeBuyer Report contains a valuation which is useful to confirm the price you are paying. The latter goes into further detail than the HomeBuyer Report, but both are equally acceptable in terms of evaluating a property's construction and condition. Home Condition Reports are also available from RICS qualified inspectors. These tend to be a little cheaper, but without a valuation and less detail.

With so many Chartered Surveyors to choose from to conduct your home survey it can be confusing to choose one that's reliable and has an adequate level of knowledge of the local area. At [reallymoving.com](http://reallymoving.com) we can help you make a decision within a matter of seconds. Our instant survey quotes for both HomeBuyer Reports and Buildings Surveys are from local RICS regulated surveyors in your region. Our Chartered Surveyors also have feedback left from their customers, so you can see how they compare.

Once your Chartered Surveyor and property lawyer have carried out all necessary checks on the property and you are happy to proceed, your conveyancer will ask you to read the terms of your contract. The next step is to exchange contracts with the seller.

Read our [guide to exchanging house contracts](#) as you head towards your completion date.

## Exchanging house contracts

Prior to the exchange of contracts, as a first time buyer you are under no legal obligation to purchase the home and are not required to pay for any of the costs incurred by the seller.

By the time you exchange contracts on your first house purchase your property lawyer should have carried out all relevant tasks surrounding the move.

### What does exchanging house contracts actually mean?

Put simply, the exchange of contracts between the buyer and the seller legally commits both parties to the sale of the property. This is in the penultimate stage of the legal process before you legally own your first home.

### What should your property lawyer have completed for you pre-exchange?

Your property lawyer is required to carry out relevant searches for your new home. There are three main searches that your solicitor will undertake:

## 1. Local Authority Search

This is usually formed of 2 parts. One checks the local land charges register and will let you know if the property is a listed building, in conservation area, has trees with a preservation order or is in a smoke control zone.

The second element to a Local Authority Search reveals cautionary elements about the property such as

- Compulsory Purchase Orders.
- Proposed Tree Preservation Orders.
- Many informal notices under planning and highways laws not found on any register.
- Road proposals or schemes (including road widening).
- Proposed enforcement action or breach of conditions notices.

## 2. Water Drainage search

This search outlines details of whether the home is connected to a septic tank, a public sewer, or other private disposal facilities. It will also confirm if the property is connected to a public or private water supply and provide details of how the property is billed for its water supply and wastewater disposal (either rateable value or water meter). Finally the report will confirm if the property is close to or affected by water mains or public sewers.

## 3. Environmental Search

An environmental search is carried out by a specialist company that references past land use records relating to the area. They check whether the land is likely to be contaminated land within the meaning of the Environmental Protection Act 1990.

Once you have exchanged, you should consider obtaining an independent survey on your property. Your mortgage lender will expect you to pay for a valuation survey, but this will not reveal any fundamental problems with its structure (e.g. damp, woodworm), it simply lets the mortgage lender know whether it will get its money back should you default on the mortgage payments.

The independent survey you consider could include a HomeBuyer Report or a Buildings Survey. If you are still in the process of choosing a Chartered Surveyor you can take advantage of [reallymoving.com's instant survey quotes](#). Receive up to four quotes from regulated Chartered Surveyors in your area emailed within a matter of seconds.

Searches are very important as you are duty bound to know of any restrictions and planning issues relating to the property. In addition your sale document will detail the fixtures and fittings that will be included as part of the agreed price with the seller.

Your property lawyer will then return to you with their findings. If you are content with the information provided they will draw up a contract and you will be able to arrange a date to exchange contracts with the seller and confirm a completion date.

Should there be any issues raised by your surveyor, can discuss options with the seller. Some people would be happy to fix or repair the problem whilst others are prepared to drop the price to allow you to sort it out after the deal has transacted.

If the seller is to fix the problem, we recommend that you get any repairs to be completed in writing as part of the contract before you sign.

For more detailed information on house surveys visit our [why should I have a home survey?](#) section.

## **Liaising with your mortgage lender**

Once your lender is happy with their valuation, your lender will provide you with a formal mortgage offer which will include the full details of the loan. Your solicitor can help you read through the terms of the agreement and explain any areas you do not understand.

At the point of exchange you will be required to pay your deposit – usually 20-25% per cent of the purchase price in the current market. Following the exchange of contracts and payment of your deposit you commit yourselves to the purchase and the agreed terms of the seller.

During exchange your property lawyer will also help arrange buildings insurance for your new property as you are now legally responsible for your first home from this point onwards.

## What are searches when buying a house?

Local searches are an essential part of the modern-day conveyancing process.

A 'search' is when your conveyancer requests information from the local authority to confirm details about any planned developments, disputes or roadworks that may affect the property. They will also ask the local authority to confirm whether the property is likely to have been built on land previously used for mining or has a history of flooding.

Searches are carried out to discover additional information about a property that often isn't obvious. They include things such as where planning permission may be granted for a future development that would negatively impact your property in the future, whether the property is liable to Chancel charges from a local church, the quality of the ground on which your house is built or details of common drains and access rights.

It is the responsibility of you, as a first time buyer, to arrange and pay for conveyancing searches when buying a house. There are two standard searches that should be carried out by your property lawyer during the conveyancing process. These should be completed and approved **before** you legally commit yourself to purchasing the property as they may highlight planning or structural issues that could cost significant sums of money to put right.

### Local Authority Search

Your property lawyer will send enquiries to the local authority, giving you a perspective on a variety of issues regarding the property – ranging from planning permission issues and proximity of rail/tube lines to road works, conservation areas and more.

Your property lawyer should also enquire about nearby buildings and empty land. You will want to know if there is major planning permission for further buildings or developments as this could greatly affect your quality of life in your first home.

An extensive list of preliminary enquiries will also be sent by your solicitor to the seller's solicitor requesting:

- Disputes
- Boundaries
- Planning constraints/permission
- Rights of way
- Utilities providers
- Home contents
- Guarantees
- Any additional restrictive agreements

### Water and Drainage

It is also highly recommended for first time buyers to apply to the local water company responsible for the property asking for confirmation that the sewers, drains and piping are maintained by them. A water and drainage search carried out by your property lawyer will also highlight the proximity of the property to public sewers and whether the property has a sewer running through the boundaries of the property.

In certain scenarios your property lawyer may advise you to undertake one of the following non-routine searches depending on the location of the property:

- Commons Registration – recommended if the property borders common land or a village green. This search should always be carried out when purchasing agricultural land.
- Environmental Search – identifies whether the previous land use of the property creates an environmental risk. It will also inform you of any issues with flooding, landslip or subsidence.
- Mining Search – required if the property is situated in an area of previous or current mining history. This search is largely carried out for the benefit of the mortgage lender.
- Land Charges – a search that should be taken when dealing with unregistered land, detailing any bankruptcy proceedings attributed to the owner of the land.
- Chancel Repair Liability – recommended for property in close proximity to churches. Your property lawyer will investigate the deeds to discover whether you will be liable to contribute towards church repairs.

First time buyers should be mindful that home searches, by their nature, will flag up a lot of things about a property you might not have previously considered. It's therefore very important to discuss the results with your property lawyer, and to seek other opinions from people with knowledge of the buying process and the local area.

## Why do I need a home survey?

As a first time buyer, your first home purchase is probably the most significant and most important financial transaction you will have made to date. With such a life-changing financial commitment it is therefore important to seek advice from an experienced and qualified surveyor to give you peace of mind that the property you are buying is not only the lifestyle home you dream of, but a sound purchase for the longer term that doesn't require imminent substantial repairs.

There are several types of home surveys available for first time buyers to choose from as suggested by the Royal Institution of Chartered Surveyors. The RICS HomeBuyer Report provides an independent valuation of the property and an outline of any pressing concerns that your surveyor believes could make an overall difference to the value of the property.

A Building Survey is a more detailed report on the condition of your chosen property and the standard of its construction and is most useful for older properties. First time buyers may consider a Building Survey if they are considering extensive renovations or conversions to the existing building.

First time buyers purchasing a property in a new area of the country are encouraged to search for a chartered surveyor that has expert local knowledge of the region you are moving into. At [reallymoving.com](http://reallymoving.com) we can supply [instant survey quotes](#) to first time buyers from trusted surveyors in close proximity to the postcode of your new property.

Depending on the age of your chosen property you may wish to choose a Chartered Surveyor who specialises in older properties. Surveyors are also qualified to advise first time buyers on any alterations, conversions and often have knowledge of local planning issues you may encounter upon purchasing the property and its surrounding land.

A valuation survey will also be requested by your mortgage lender prior to accepting your mortgage application. The lender usually insists on using their own surveyor (that you will have to pay for). A lender's valuation survey will determine whether the property is worth the amount negotiated and whether the lender should agree to give you a mortgage for the property.

It is important to note that a mortgage valuation is not obliged to reveal to first time buyers any structural issues with the property. It is simply to inform the lender that they can get their money back on the property should you stop paying the mortgage. This further presses home the need to arrange your own independent survey that allows you to discuss the results and implications of any future maintenance.

It is highly likely that the property lawyer in charge of your conveyancing will advise you to arrange a home survey before you purchase your first property, rather than becoming too reliant on the mortgage valuation carried out by the lender.

A [home survey](#) can save first time buyers thousands of pounds in crippling future repair bills, particularly if your chartered surveyor is able to spot any construction or conditioning problems in the early stages such as dry rot, damp, cracked chimneys etc.

The technical expertise and local knowledge of a chartered surveyor is a critical investment to minimise the risks before committing yourself legally and financially to the home of your dreams.

## Planning your removals for your first home move

So you've exchanged contracts on your first house and the time has come to prepare for the completion date. You will understandably have concerns about moving into your new home, that's why it is so important to prepare properly and as far ahead of your moving date as possible.

Whether you are moving into your first home alone or with a partner or friend, it is a very exciting time of your life. Getting on the property ladder is a significant milestone. To ensure everything runs smoothly you will want to use a home removals firm you can trust to transport your possessions into your new home as quickly and as safely as possible.

You should shop around for removals firms weeks in advance of your moving date. [reallymoving.com](http://reallymoving.com) can help in this regard with instant [home removals quotes](#) providing a great selection of competitive and reliable firms within your local area. If you're moving overseas we can equally cater to your needs with bespoke [international removals quotes](#) tailored to your moving requirements.

Whether your items are located in a rented property, at your parents' home or in storage elsewhere, it is important to maintain a memorable filing and packaging system. Wherever possible, label or colour code your boxes to avoid confusing the removals men who need to locate the correct room for each box. If you want to remove the stress of packing yourself, most removal firms offer this as an additional service.

The first few days in your new home are likely to be eventful. Ensure that you pack and label boxes with essentials that can be unpacked quickly, helping you acclimatise to your new surroundings without the need to go rushing to the supermarkets for supplies.

Whilst planning the transportation of your items into your first home, you should also stay on top of any necessary paperwork and notifications you must make before moving home.

If you currently live with your parents then this is not such a big issue. However, if you currently live in rental accommodation you are advised to notify utilities providers of your departure well in advance of any moving date including any meter readings where required. You should also contact providers regarding water, gas and electricity connections for your new home.

All banks, insurance providers and any other financial institutions should also be notified of your new address in order to receive your sensitive documentation. Setting up a royal mail redirection service for 3 or 6 months is useful, particularly if you are moving out of rented accommodation. Alternatively, prepare some printed labels that you can leave behind which can be stuck onto envelopes and your mail can be forwarded.

On the day of your move, ensure that your home removals firm have clear directions on how to reach your new home. There will also need to be someone present at the property waiting with keys to enable the removals team to unload their vans and get to work.

Moving into your first home should be an enjoyable experience. Let us take the strain by making the most of our [moving checklist](#) with a detailed schedule of tasks you should carry out prior to your first home move.

## What is negative equity?

Simply, this is when the amount of money that you owe on your house is greater than the sale value if you were to try and sell it now. As most people have bought a house with a mortgage, if they were to owe £150,000 to their lender, but at current prices their house was only worth £120,000, they would be in negative equity of £30,000.

### The dangers of negative equity

Fear of falling into negative equity is an understandable concern. You are likely to have spent a number of years saving up a potential deposit on your first home. Consequently it is natural to be cautious about your money and purchasing when the going is good.

The situation for many existing homeowners in the UK has been bleak since the recession. Figures back in 2009 showed as many as 1.1 million UK homeowners found themselves in negative equity.

In essence, the threat of negative equity is only an issue in the event that you wish to sell your house. Negative equity does not alter the repayments on your current mortgage deal and it is hoped, in time, the markets will eventually rise simultaneously with the UK's economic recovery.

### What are the options for homeowners needing to move whilst in negative equity?

Unfortunately there is no easy solution to the issue of negative equity. Homeowners wishing to move on and purchase a bigger home or to simply move to a different part of the country may find themselves constrained until the value of their current property improves to the level of their mortgage value.

If you are desperate to explore your moving options despite the dangers of negative equity, your first port of call should be your mortgage lender. Discuss any available schemes that may allow you to borrow more than 100% of the value of your new home should you move. This is by no means a cheap option and is fraught with risk. You may end up paying a significantly higher interest rate on your mortgage.

Do you have alternative accommodation available? Perhaps there is space living with friends, relatives or in private accommodation? If so, you may, with your lender's permission, choose to rent out your home to cover the mortgage repayments.

Beware some mortgage lenders increase their interest rates in order to allow you to rent out your property. Renting out a property incurs extra costs. You will also have to cover the cost of an [Energy Performance Certificate](#), buy-to-let insurance, gas certificates etc.

The Mortgage Conduct of Business Rules points that a lender should "deal fairly" with homeowners in arrears. The lender must also "give consideration to the customer being allowed to remain in possession to effect a sale". Consequently, if you simply cannot afford to live in your house, your lender must seriously consider allowing you to sell up regardless of whether the sale price covers the outstanding mortgage.

Indeed if your lender refuses permission to sell your house you have the option to apply to the county court for an order for sale under the Trusts of Land & Appointment of Trustees Act 1996. If appealed successfully, the court can rule in your favour

and order a sale regardless of your lender's objections.

For first time buyers, the impact of houses falling into negative equity means you are typically forced to put down a deposit of 20 to 25% of the purchase price – double the average deposit four years ago when the global recession struck in 2007. Consequently, saving for a house deposit has become ever more critical to purchasing your first home.