

ASK THE EXPERTS

Buying your first home



LLOYDS BANK



The Council of Mortgage Lenders is an independent organisation that represents lenders and provides information on buying a home.

We've used their independent guide to help you get to grips with what to do when getting on the property ladder.

This guide covers:

Buying a house in England and Wales



Looking at properties



Valuing the property

Buying a house in England & Wales

Once you have decided to buy your home, the home-buying process in England and Wales involves:



Looking at properties

Once you have worked out your price range, the next step is to find a property! You will probably already have an idea of where you would like to live and the sort of property you want. But it's easy to get carried away when you begin to look at properties, so it is useful to make a checklist of what you want.

For example:

- How many bedrooms do you need?
- Do you want a garden, garage, off-street parking?
- Do you need to be near good transport links, schools, shops, work or leisure facilities?
- How busy or quiet an area are you looking for?
- Any other features that are important to you, such as style of property, security, ease of access and running costs.

It is a good idea to use your checklist to note how each property measures up to your list of needs. You will probably find you have to compromise on some details - but if you have to make any major compromises, be certain you can live with them.

You may be particularly interested in looking at newly built properties, existing properties, or both. For new property, builders often advertise new developments through local newspapers or estate agents. If the development is large enough, there may be a "show home" and temporary office on site.

Most new properties are covered by a guarantee scheme to protect you against any major structural faults which may develop in the 10 years after the property is built. If a new property is not covered by one of these schemes, lenders may still be happy to provide a mortgage if it has been built under the supervision of an architect or surveyor, but you should check with the lender to make sure. You can find out about existing properties from advertisements in newspapers, estate agents and, increasingly, the internet. The web is proving ever more popular as a source of information on properties for sale. Most estate agents now have their own websites, and there are also a number of sites which list properties on offer from a range of agents, with facilities to search for properties with particular features or in specific locations.

As a home-buyer you will not have to pay estate agents for their services, as the agent is acting on behalf of the seller, and so the seller pays the agent's fee. Bear in mind that the agent will be trying to obtain the best price possible for the seller.

It is worthwhile visiting local estate agents in person to explain what you want and what you can afford. Agents will be able to give you details of any suitable properties they currently have on offer, and will send details of any other properties they are asked to sell after your visit. The estate agent will arrange for you to visit any properties you are interested in and will pass on any offer you make to the seller.



Valuing the property

Before approving your mortgage application, the lender will want to check the property's value. To do this, the lender will usually arrange for a qualified valuer to inspect it. You normally have to pay for the valuation, even if you do not go on to buy the property. However, some lenders do not charge for valuations, so check.

The valuation is carried out purely to help the lender decide whether it is willing to lend, and if so how much, on the property you want to buy. The valuer makes a written report to the lender. The lender does not have to tell you the contents of the report, but some lenders will give you a copy or at least tell you about any serious problems which may have been spotted during the valuation.

The valuation is **not** an extensive survey and will not necessarily identify all the repairs or maintenance that might be

needed. For a full picture, you should consider having a complete building survey or a mid-range “home-buyer’s report” carried out. This can usually be done at the same time as the valuation.

The value of a property will be affected by a mix of many different factors. These will include its size, location, type, state of repair, local environment, assessment of how easily it would be to re-sell in the future, and prevailing market conditions.

Valuation can never be exact, but most properties are valued at something around the price for which they change hands. However, sometimes you may find that the valuation identifies significant problems, or that the property is formally valued at a significantly lower price than the offer price. In these circumstances you may be able to re-negotiate the price with the seller. In the most serious cases, you may even decide to withdraw your offer, or the lender may decide that it is not prepared to lend.

If the property lacks basic amenities such as running hot and cold water, an inside toilet or a bath/shower, a condition of the mortgage would be that you install these within a certain timescale.

Problems may possibly arise with the following properties:

- Properties which are not expected to last for at least 60 years from the time the mortgage is provided;
- Leasehold properties (usually flats) with leases for less than 60 years;
- Converted flats which are not structurally sound or where the lease does not contain adequate conditions for the shared areas (for example, stairways and hallways) of the building; or
- Freehold flats (because of legal difficulties in keeping the building in a good repair).