

# How to buy a home

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# Feel at home with ESPC

Buying a home is exciting, satisfying and also pretty daunting. There's a lot to get your head around, but if you break it into bite-size chunks it suddenly becomes a lot easier.

That's why we've produced this ten-step guide to the entire process.

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# Finding a solicitor

## Why you need a solicitor

Did you know that in Scotland you need a solicitor to make an offer on a property on your behalf? That's why it is so important that you find a solicitor first, who can help guide you through the full process.

## What your solicitor does

Your solicitor will be able to give you a good understanding of the current market conditions, areas in which you could consider buying and they will eventually negotiate the purchase on your behalf to get the best possible deal for you.

## Our referral service

We can help you find the right solicitor for you, just ask us about our referral system. Your chosen solicitor estate agent will be able to help you understand the full legal process and all costs involved. There are often lots of things that crop up, that you've possibly not thought about yet.



# Getting a mortgage

## Why you should get a mortgage adviser

A mortgage adviser will help you to work out a budget and help you determine what you could borrow. They will help look at all the different mortgages that are available and help you to work out which is best for you.

There are loads of different mortgages available. With so many options it makes sense to get independent advice. Our advisers search the whole of the market and can help you find the mortgage that's right for you. We'll make sure you know exactly what you're getting into before you sign on the dotted line.

## How much you can borrow

This is based on your salary (or joint salaries if you are buying as a couple) combined with your spending habits and commitments. A mortgage provider will treat you individually, look at your circumstances and use this to work out how much they are happy lending to you, and what interest rate they will charge.

The lender looks at several things when you ask them for a loan. One of the most important is your credit rating. If you've had credit problems in the past, many lenders will offer you a smaller loan or charge you a higher rate of interest.

## Why your deposit is important

The size of your deposit is also important. If you're only asking the lender for 75% of the property's valuation, you'll be offered a lower interest rate than if you're borrowing, for example, 90%. But remember, you'll have to keep back some of the money you've saved to cover other costs like LBTT, legal fees and removal costs. We'll talk more about this later.

## Get an agreement in principle

Once you've found the right mortgage, you can get an Agreement in Principle. Before giving you this the lender will do some of the necessary admin, such as running a credit check on you. It doesn't commit you to taking out that particular mortgage, nor does it commit them to lending you the money. It does however let you start house hunting with confidence, because it gets the first stage of the approval process out of the way.

# Working out your budget

## Setting a budget that works for you

It's not just about how much a mortgage provider will lend you. You also need to ensure that it is realistic and that you can afford to keep up the repayments. We believe that this is one of the most important parts of buying a home. It can be easy to overlook small ongoing expenses that mount up. Sit down and draw up a detailed budget of income and expenses, so you can comfortably see what you have left to spend.

Bear in mind that if interest rates rise, your monthly payments could rise and that once you've moved in you'll want to spend money on decorating, furnishing and all those things that make a place feel like home.

## Home insurance

You'll also need to think about insurance. Your mortgage lender will insist that you insure the building itself against structural damage and you should also insure the contents. Many policies let you pay these insurance premiums monthly which eases the upfront burden a little.

Incidentally, you don't have to buy your buildings insurance from your mortgage lender, there's a lot of choice in the market and our advisers at ESPC can help you choose the right policy for you.

## Land and Buildings Transaction Tax

You will also need to pay LBTT (Land and Buildings Transaction Tax). The amount you pay depends on the price of the property you are purchasing. You won't pay any tax on a property under £145,000 and from this point it increases incrementally. Check out the handy property tax calculator on [espc.com](http://espc.com)

Draw up a realistic budget now and you'll be fine, knowing that you can enjoy your new home without worrying too much about monthly costs.



# Finding your home

## Search with confidence

We bet you thought this was the first thing that you should do! But knowing that you've got your legal team organised, how much you can afford and that you've got an agreement in principle, means that you can find your home with more certainty and act quickly!

## Where to look

ESPC of course! Use [espc.com](http://espc.com), our app, paper or pop into one of our information centres in Edinburgh and Dunfermline, where our friendly staff will be happy to help.

## Get viewing

Make sure to get out and about and view lots of properties. Once you've seen a few you will soon become an expert at seeing past things that you don't like but can easily change (like bad décor) and spotting things that could be an expensive problem to fix. Once you've found somewhere you like, always go back for a second viewing. Try to go at a different time of day and take someone with experience of home-buying with you to give a more objective opinion!

Always ask the seller some questions like: why are you moving? How long has the house been on the market? How much interest has there been? How much is the council tax and utility bills?

Try to really find out as much as you can about the area and see if you can imagine yourself living there.



# Reviewing the Home Report

You can request a Home Report for nearly all properties on [espc.com](https://www.espc.com) or our app. It is a document required by law for most properties for sale in Scotland and contains three items, a Single Survey, Property Questionnaire and an Energy Report.

The Home Report offers some important insights into the condition of the property allows you to make a more informed decision when placing an offer.



# Making an offer

## How do you make an offer

Once you find a house you think you might buy, you need to speak to your solicitor. They'll help you decide how much to offer on the property based on market conditions and latest sales in the area, as well as the information contained in the Home Report.

## Understanding the asking price

There are a lot of different ways to list properties for sale. Homes marketed at Fixed Price and Offers Around generally mean the seller is expecting closer to the value stated rather than much over the price.

With the Offers Over system, once you have viewed the property, contact your ESPC solicitor to note interest for you. This means that your solicitor will note interest with the seller's solicitor. A 'closing date' may be set. It's a blind auction: you won't know what other people are bidding, or even if they're making an offer at all.

## How much to bid

Probably the trickiest part of the entire house buying process is deciding how much to bid, requiring market knowledge, commercial instinct and - just as important - a good slice of luck. Your solicitor plays a crucial part in this process. If you decide to go ahead, your solicitor will submit the formal offer.

# Finalising your mortgage

## Getting your mortgage approved

Once you've made an offer and it has been accepted, you need to get your mortgage approved. If you've already got an Agreement in Principle, this stage should be a bit easier. You need to work out exactly how much you need to borrow and how much of a deposit you can put down. Remember that there are lots of things you'll have to spend money on once you have bought the property!

Add up all your costs, add 10% on for safety and subtract the total from the amount you've saved. That's how much you can put down as a deposit. The rest of the purchase price will come from the mortgage provider.

## Understanding protection

Borrowing all that money from your mortgage provider is a big financial commitment and you'll want to know that you can still make the payments if you lose your job or fall ill. This is where mortgage payment protection (mppi) comes in.

The exact protection you need depends on lots of factors: your age, your health, the type of job you do, whether you have any dependants and so on. These things will also affect your premiums.

Remember that the protection market is a competitive one, and once again our advisers can help you. By researching the whole of the market we can find a policy that meets your needs, and also point you towards any special deals that come along.

# Arranging the legals

## Finalising the deal

While your mortgage provider is beavering away approving (hopefully) your application, your solicitor will be working to finalise the details of your offer. Every element of the agreement between you and the seller has to be negotiated, agreed and clearly set down in the contract, known in Scotland as the 'missives'. You can discuss the date of entry you want (i.e. when you want to get the keys), what is or isn't included in the sale (usually anything permanently fixed will be included), and any discounts (for example if the seller has commissioned repairs that haven't been made or paid for yet).

## Concluding the deal

All these things, and many others, will be set out in the missives and your solicitor will go through them with you in detail before you formally agree terms (or conclude missives). Once this is all agreed you are legally obliged to pay for the property on the agreed date and similarly the seller is legally obliged to vacate the premises.



# Moving home

## Timing is important

The trick here is timing. You might want to think about moving in the day after you get the keys, rather than on the day itself. This gives you some leeway if there's any kind of problem. If you get the keys on a Friday and move in on a Saturday, so much the better - it'll be easier to get friends and family to help at a weekend!

You might also want to take the opportunity to throw out any old items you haven't used for a while. It means less to carry and your local charity shop will probably be more than happy to take it off your hands.

When you have completed your move, sit down, crack open a bottle of bubbly, and relax!






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The initial consultation with an adviser is free and without obligation. Thereafter, ESPC Mortgages' charges for mortgage advice are usually £350 (£295 for First Time Buyers). YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP THE REPAYMENTS ON YOUR MORTGAGE OR OTHER LOANS SECURED AGAINST IT.

The logo for ESPC, featuring the lowercase letters 'espc' in a bold, sans-serif font. The letter 'e' has a small house icon above it, and the letter 'c' has a small roof icon above it, suggesting a focus on housing or mortgages.