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# HOW TO BUY A HOME

## ESPC GUIDE TO BUYING A HOME

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. ESPC (UK) Ltd is an Appointed Representative of Lyncombe Consultants Ltd which is authorised and regulated by the Financial Conduct Authority.





# HOW TO BUY A HOME

Buying a house can be an exciting but also daunting experience. Recent events have also changed the way that we buy a home and so you may be looking for a bit of help to navigate the process.

That's why we've produced this guide on buying a home in Scotland, going through each stage in detail so that you know exactly what to expect.

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## STEP 1: FIND A SOLICITOR

### WHY YOU NEED A SOLICITOR

Did you know that in Scotland you need a solicitor to buy a property? That's why it is so important that you find a solicitor who can help guide you through the full process.

Also, the Scottish Government has officially recommended in its COVID-19 guidance, that anyone thinking of buying a home speaks to a solicitor.

### 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 of a property on your behalf, to get the best possible deal for you.

They are also crucial in helping you navigate the current buying process which has seen some important changes since the COVID-19 outbreak. They can offer information and insight into the latest Scottish Government guidance and will keep you right at every stage of your home buying journey.



### FIND AN ESPC SOLICITOR ESTATE AGENT

All ESPC agents are solicitor estate agents and can therefore help you understand the full legal process of buying a house and all the costs involved. Head to [espc.com](https://www.espc.com) to find an agent or call 0131 624 8000 for free advice from one of our property experts.



## STEP 2:

# GET A MORTGAGE ADVISER

## WHY YOU SHOULD GET A MORTGAGE ADVISER

A mortgage adviser will help you to work out your budget and determine what you could borrow in order to purchase a property. They are able to review a wide variety of different types of mortgages and advise which is best for your circumstances.

ESPC and some ESPC agents have a dedicated team of independent mortgage advisors. They can search options from many different lenders and can help you find the mortgage that's right for you.

It's also worth noting that the situation with UK lenders is different to before COVID-19 with borrowing restrictions stricter in many cases. It is therefore worth seeking the expertise of an independent mortgage adviser.



## HOW MUCH YOU CAN BORROW

The amount you can borrow is based on your salary (or joint salaries if you are buying as a couple) combined with your spending habits, commitments and your credit history. A mortgage provider will look at your individual circumstances and use this to work out how much a mortgage provider may lend you, and what interest rate they will charge.

The lender looks at several things when you ask them for a loan. Your credit rating is particularly important. 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.





## STEP 2:

# GET A MORTGAGE ADVISER (continued)

## 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, 85%. 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 go through this more later.

Prior to COVID-19, 5% deposit mortgages were commonplace, but many lenders have tightened their borrowing restrictions and increased their minimum deposit size. A mortgage adviser can help advise you about big a deposit you will need to purchase a property, tips on how to boost your deposit and which schemes are available for first time buyers.

## GET AN AGREEMENT IN PRINCIPLE

Once you've found the right mortgage, the next stage is to 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. However, it does let you start house hunting with a bit more confidence, because it gets the first stage of the approval process out of the way.



### STEP 3:

## WORK OUT YOUR BUDGET

### SET 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 mortgage repayments could rise and once you've moved in to your new home you may also want to spend money on decorating, furnishings 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 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 mortgage advisors or ESPC agent mortgage advisors 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. Check out the handy property tax calculator on [espc.com](https://www.espc.com) to work out how much you are likely to pay.

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.





## STEP 4:

# FIND YOUR HOME

Now you've got your legal team organised, know how much you can afford and have an agreement in principle in place, you can search for your new home with more certainty.

## WHERE TO LOOK

Head to [espc.com](https://www.espc.com) or download our app to browse thousands of properties for sale across Edinburgh, the Lothians, Fife, the Borders, central and west of Scotland, and Dumfries and Galloway. You can also sign up to My ESPC to get email alerts about new properties coming to market that match your requirements.

## REVIEW THE HOME REPORT

You can request a Home Report for nearly all properties on [espc.com](https://www.espc.com) or our app. A Home Report 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 property valuation figure provided in a Home Report is particularly important in helping you decide if a property is within your budget. Your

mortgage lender will lend you a percentage of either the valuation or the purchase price, whichever is lower. Your mortgage lender will not take the asking price into consideration.

The Home Report offers some important insights into the condition of the property allowing you to make a more informed decision when deciding whether to view the property and how much to offer if you decide to.

## VIEW PROPERTIES

When you find a home you like, you'll want to arrange a viewing. Due to the COVID-19 pandemic, the Scottish Government has advised that buyers view a property virtually initially if possible and only progress to a physical viewing if you think there is a good chance you may wish to buy the property.

Many ESPC agents offer virtual viewing options – these are sometimes made available on [espc.com](https://www.espc.com) and other times you may need to contact the selling agent directly. If there is no virtual viewing option available, then you should use the property images, description and Home Report available to decide whether you wish to go ahead with a physical property viewing.

When you arrange a physical property viewing, you will need to arrange an appointment with the selling agent. The agent will be able to advise you on how the viewing process will work and when you attend the viewing, you'll need to follow government guidance on hand washing, social distancing, respiratory hygiene and face coverings.

If you or anyone in your household has symptoms of COVID-19, you should not attend the viewing and alert the selling agent.



## STEP 5:

# MAKE AN OFFER

## HOW DO YOU MAKE AN OFFER?

Once you find a house you think you might buy, you need to speak to your ESPC 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 price stated rather than much over that.

If the property is marketed as offers over, the seller will be hoping to achieve a price higher than the one stated. If you have viewed an offers over property that you like, you may wish to contact your ESPC agent to note interest for you with the seller's solicitor, which formally registers your interest in the property.

If one or more notes of interest are received, a closing date may be set. All offers must be submitted by this day. It's essentially a blind auction: you won't know what other people are bidding, or even if they're making an offer at all. A seller doesn't have to set a closing date, however, and can choose to simply accept an offer which is submitted after the property comes to market.

## HOW MUCH TO BID

Probably the trickiest part of the entire house buying process is deciding how much to bid on a property. It requires market knowledge and commercial instinct. –Your ESPC agent plays a crucial part in this process. If you decide to go ahead, your ESPC agent will submit the formal offer.





STEP 6:

## FINALISE YOUR MORTGAGE



### GETTING YOUR MORTGAGE APPROVED

Once you've made an offer and it has been accepted, you now 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 insurance (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 your mortgage advisers can help you. By researching the whole of the market, we can find a policy that meets your needs.



## STEP 7:

# CONCLUDE THE MISSIVES

## FINALISING THE DEAL

While your mortgage provider is working to get your mortgage application approved, your ESPC agent 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 a legal 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).

Flexibility around the date of entry may be needed if any party involved in the buying or selling process becomes ill with COVID-19. Your solicitor will be able to advise you about this.

## 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 (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.



## STEP 8:

# 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 need a removals firm, you should try to book one in as soon as you know when you'll get the keys. Due to social distancing, removal firms are generally working in smaller teams. It may therefore take them longer to move all your belongings to your new home and you should be prepared to be flexible on this.

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