

Costs

What are the additional costs that you need to consider when purchasing your first property?

So you've saved up and got your deposit for your first home. Fantastic! Time to buy and house and move in, right? Well, not quite... There are actually some other costs you'll need to consider, some won't seem like much, but added together the total amount may surprise you!

These can include but certainly aren't limited to:

- Mortgage arrangement fees
- Mortgage valuation and survey fees
- Solicitor's fees
- Stamp duty
- Moving cost – such as moving vans, buying new furniture and kitchen appliances.

Other fees may be payable for some properties. Your conveyancing solicitor should explain exactly what is required. Typically this is done at the start, but some other fees may only become apparent during the course of a transaction.

Mortgage Valuation and Survey Fees

The mortgage survey is very brief and little more than a valuation; the cost depends on the lender and usually the value of the property. You can also ask for a Homebuyers Report or a full Structural Survey, the most popular of which is the Homebuyers Report. A survey can cost hundreds of pounds but, if you are investing hundreds of thousands, it makes sense and will alert you to any potential problems with your property!

Conveyancing and legal fees.

What is this? How do I go about instructing solicitors? How much will it cost?

You cannot buy a property without going through conveyancing. This is where you will need the help of a solicitor. In basic terms they transfer the property ownership in to your name and basically undertake a whole range of essential legal requirements on your behalf. This process will begin after you have had an offer accepted on a property and ends on completion, after contracts have been signed and the money transferred.

Your solicitor will also do local searches with the local authority and The Environment Agency, to see whether there are any local plans or major problems which could negatively affect the property, which will cost between £250 - £300. Additionally, legal fees are typically somewhere between £500 -£1,500.

There are thousands of legal firms who could do this for you, so it's advisable to get a few quotes and to ask for a full breakdown of costs. If you are unsure of which firm to use, pop in to your local Gordon & Co and we'll be more than happy to recommend some reputable companies

Solicitor's fees can include the following:

- Local search fee
- Bankruptcy search
- Environmental search
- Planning search
- Flood risk report
- Coal, tin and other mining searches (where applicable)
- Chancel search
- Landlord's registration fee (leasehold properties)

Stamp Duty

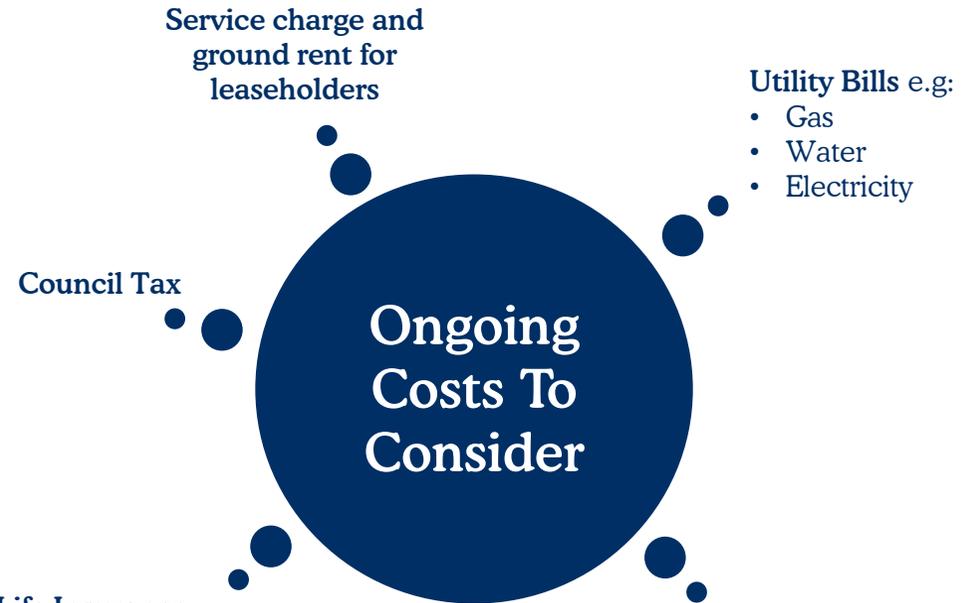
What is it and when do you need to pay it?

Every time you buy a property in England you will have to pay Stamp Duty Land Tax (SDLT) unless the property (or land) is under £125,000. There are varying rates depending on the value of your property so make sure you take this in to consideration when saving for your deposit (different rates apply to second properties).

You have up to 30 days for your solicitor to send the Stamp Office your transfer deed and for you to pay stamp duty – under normal circumstances your solicitor will have requested you to provide the cost of this prior to exchange of contracts and will send the payment to the HMRC on completion of your purchase.

The amount of stamp duty you have to pay is dependant on the price of the property.

Purchase Price	Stamp Duty Rate – On the portion of the purchase price
Up to £125,000	0%
£125,000 - £250,000	2%
£250,000 - £925,000	5%
£925,000 - £1,500,000	10%
£1,500,000 +	12%



Life Insurance

It is highly advisable to have life insurance to cover the mortgage, as well as critical illness cover. Better to be safe than sorry!

Building Insurance

This is not a legal requirement but most solicitors ask you to provide proof that you have it on exchange of contracts as you will still be required to complete on the property even if something happens in between exchange and completion.