

THINGS TO THINK ABOUT BEFORE YOU BUY YOUR HOME

What costs am I likely to incur in buying my home?

Buying your home is likely to be the biggest financial decision you make so it is very important to look at the total cost of buying.

In addition to the purchase price, you should budget for the following costs:

Stamp duty	This is a tax based on the purchase price of the property and is payable if the purchase price is over a certain limit. Currently, you will have to pay between 1% and 4% of the purchase price in stamp duty on properties worth over £175,000.
Legal fees	This will include what your solicitor's charge for their Services.
Land Registry	The Land Registry charge a fee for registering your ownership on their records.
Searches	Your solicitor will carry out any necessary local authority searches on your behalf.
Valuation fees	Charged by a mortgage lender or someone who is arranging the mortgage.
Survey fees	There are two types of property survey recommended by the Royal Institution of Chartered Surveyors (RICS)

The Homebuyer Survey and Valuation Report (HSV)

This is suitable for most modern homes that are conventional in type and construction. It will identify any defects or problems that are significant and in need of expert attention. The surveyor will also give a professional opinion on particular features of a property and its value on the open market. The average cost of this type of survey on a 2/3-bedroom house is around £250-£350.

Structural or Building Survey

This is a more comprehensive survey and is especially recommended for properties of unusual construction (for example, if your home is of non-traditional construction). A Building Survey does not normally include a valuation but this can be provided upon request. The average cost of this type of survey would be from £600 and depends on the size of your home.

To find a RICS member in this area, call 0870 333 1600 or email contractrics@rics.org

What future costs will I have to meet?

No matter what type of property you buy – house or flat/maisonette – if you take a mortgage to pay for it then you will have to continue with the mortgage repayments until such time as the property is bought outright.

You must be sure that you can keep up with these repayments and are advised to budget for possible increases in interest rates that may occur. If you can't keep up the repayments on your mortgage, the lender may go to court and get an order to take over your home and sell it. Stafford and Rural Homes does not have to give you another tenancy if you lose your home in this way.

If you are buying a house, you will be responsible for all costs associated with that property. Stafford and Rural Homes will not carry out repairs or improvements to your home, it will not carry out annual gas safety checks, nor will it insure the fabric of the building.

If you are buying a flat, you will have to pay a proportion of the cost of keeping the property in a reasonable condition via a service charge. Information about the likely level of your service charge will be given to you with your offer letter.

You should consider all these costs and budget for them in addition to the annual charges that you currently pay for such as council tax, utility bills, and water charges.

What funding options are available to me?

There are a number of different financial institutions that offer loans, e.g. Banks and building societies.

Beware of doorstep callers or leaflets from companies that may charge you higher interest rates. Always shop around to find the best offer available to you.

Are there any specialist mortgages?

Yes. Some lending institutions provide specialist mortgages that are specific to certain faiths or belief systems.

For example, Islamic mortgages. This is a mortgage in which none of the monthly payments includes interest. Instead, the lender makes a charge for lending you the capital to buy your property, which can be recovered in one of a number of different ways, for example, by charging you rent.

Who should I get to do the legal work (conveyancing)?

You are advised to use a solicitor or a licensed conveyancer to complete the legal work in connection with your purchase. The documentation we use is fairly standard but they should act on your behalf to make sure that there are no unreasonable conditions placed on you as a result of the sale. They should also explain what it is that you are buying, whether there are any specific clauses that you should be aware of (repayment of discount, right of first refusal, etc) and confirm with you that the plan is correct.

Most solicitors provide a conveyancing service. Before employing anyone, always ask how much this service will cost.