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Advice For First Time Property Buyers

Now that property prices have dropped in 2010 many first time buyers will be tempted to jump in and buy in 2011. So what is the best way to do this? What down payment do I need? What should you do first? How much should I pay? What do I need legally?

Firstly, let's talk deposits & mortgages. Until 2007 if you had a decent income and no real credit problems banks were throwing money at first time buyers and 100% mortgages were all the rage. But these days' mortgages are limited and financial institutions are being over cautious in their lending. Lending to 1st time buyers is now seen as high risk and therefore you will need at least 10% of the purchase price but to get the better deals 15% or 20% is required. So if you don't have these funds in place delay until you have.

Ok, so you have saved intensely for the deposit the next stage is to enquire about a mortgage. Lots of buyers presume that a bank will lend them money that they leave this until the last minute, please don't. Firstly seek advice from a whole of the market independent financial adviser. They will have access to all the many mortgages on the market and talk to you about the pros and cons of each of them. If you walk into your own bank they can only sell you their products which many not be the best option for you but the best for them. Your adviser will take your details and obtain a decision in principle from a lender. This will advise how much they will lend you on a suitable property.

The deposit and mortgage are now in place and it is time to find your first home. House prices are all about location, location and location. The same two bedroom house in one area might be 30% higher than another. We would always suggest you choose the area you want to live in first and not an area that suits your budget. You are better being happy in a smaller property than unhappy in a large property. Now the research begins. Over 90% of people now look online for property and most of this is post code drive. So get onto the major portals like Rightmove and Zoopla and other independent sites like www.scottishhousemove.com. You can register with these sites to be notified of new property coming onto the market. Here is a good trick, if your budget is £100,000 enter a maximum budget of £110,000. Although these show properties over your budget, you may be able to get a discount on these properties, read more later.

It is not a sprint, take your time and prepare a shortlist. Shortlist in hand it is time to view these properties. If you are buying alone always take someone with you, two sets of eyes are better than one. If you do not get a feeling for the property in the first 30 seconds (yes 30 seconds) it probably is not the property for you. Make sure you check the [Home Report Scotland](#) Survey in Scotland at this stage to see if the property has any faults/issues. So you narrow it down to two properties, arrange a 2nd or even 3rd viewing and imagine yourself living there. Is there enough storage, what about parking, what about the neighbours, are the rooms big enough?, do I need to spend money upgrading?, everyone has their own wish list. Make sure yours are covered.

You have fallen in love with a property, what do you do next? It is all about price now. As a 1st time buyer with no chain you are the "King" and a sellers dream. If being sold by [online estate agents](#) call the agents and make an offer you wish to pay. This should generally be about 10% below than the asking price. Remember to point out that you are flexible on date of entry and are not involved in any chain and your mortgage has been granted. Generally there will be a bit of negotiation done until a price can be agreed. Do not be afraid to walk away if the seller does not budge, set them a deadline to accept your final offer.

Your offer has been accepted. Get the property surveyed (in Scotland you will have access to the home report already). Once happy with the property condition it is now time to appoint a Solicitor to act for you. Your Solicitor will act for you to ensure that the property transaction is handled professionally and the title is transferred into your name. Generally there will be a date of entry agreed 8/10 weeks after price agreement. A few weeks prior to the date of entry the Solicitor will ask you to pass your deposit and other funds to him (his fees, stamp duty if applicable). They will then request the balance from your mortgage lender. On the date of entry, funds from your Solicitor will be passed to the sellers Solicitor who in return will give you the keys to your new property.

Happy new home...

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