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## Thinking about buying or selling your own house?

by **Alex Preshaw** , partner specialising in residential property

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'If you're thinking about buying or selling your home then read on because it's not all bad news, says Alex Preshaw of Phillips Solicitors in Basingstoke, 'Despite the doom-laden media coverage there are signs that the market is recovering slowly or at least has bottomed out, with major home builders reporting an increase in sales compared with 2008. Mortgage approvals and the number of houses for sale are key to the recovery and are both increasing, albeit slowly. These factors, together with the pent up demand and low interest rates, signal the road to recovery for the housing market. There's a lot to consider and there are some viable purchasing alternatives for those who can't afford a full mortgage, so here are some tips to help you make the right decisions:'

1. Take the time to do some research ahead of time – this will help you understand the various factors which influence the area in which you plan to purchase. Right now it could be regarded as a buyer's market, following the rapid decline of house prices, but the average asking price in England has in fact increased by 0.6% in July, so if you have your heart set on a home it may not be a good idea to wait to see if prices will fall even more, or you may find another buyer has snapped up the property.
2. Don't forget the deposit isn't the only money you need to raise - you'll need to consider all the costs associated with buying: stamp duty, legal and removal costs, survey and mortgage arrangement and buildings insurance.
3. Tight lending criteria can still be a barrier for first time buyers, despite the Chancellor extending the stamp duty exemption to properties up to £175,000 until 31<sup>st</sup> December 2009. But the key to getting a mortgage is a deposit and the greater the deposit you can put down, the lower the mortgage rate you can expect to pay. 90% and even 95% mortgages on the purchase price are available but these will cost you. Lenders will take your debts and other outgoings into account as well as your income so if you have a lot of credit card or store card debt, you may want to clear this first – and then keep your credit rating in good order because lenders are more particular about who they lend to.

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4. If you can't get a mortgage just on your own income, you could turn to the Bank of Mum and Dad, to help out with the deposit or to act as guarantors. If they are prepared to be guarantors, their income will be taken into account when deciding how much you can borrow, Bear in mind that it is a big commitment on their part as they will be responsible for paying the mortgage if you default. Alternatively If your parents cannot help, you could buy with friends. Some lenders will take the incomes of up to four friends into account when deciding how big a mortgage to give you. If you are buying with friends, get a legal document drawn up which shows how much each of you have put in and that way everyone knows exactly where they stand.

5. Consider different options, especially if you're finding it difficult to even get on the first rung of the property ladder - buying with your friends or family are two popular options, but first time buyers could also take up a 'shared ownership' scheme. This allows you to buy a percentage of your home, and pay rent on the remainder, with the option of increasing your share as and when you can afford it. Many of these homes are new-builds, with initial shares starting from around 25%, and then with the eventual option of owning the whole property.

"Finally, says Alex " when you have made your important financial decision to buy or sell your home, you will need to make sure that you are working with someone you can trust. It really can make a big difference in the long run. If you are in it with a long-term commitment and you are financially ready, there are some great deals available but whatever you do, get some trusted legal advice and don't forget to make that Will."

Call Alex Preshaw or any of the team at Phillips Solicitors on 01256 460830

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