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Article

Thinking of buying a new home?

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by **Alex Preshaw, solicitor heading up the residential property team**

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'The property market has always been one of Britain's national obsessions' says Alex Preshaw, head of Phillips' residential property team, 'and it's proving very difficult to predict what will happen to prices. But if you are thinking of buying a house - one of the biggest financial decisions you may ever make - then here are some tips to help you become better informed.

You don't have to offer the asking price – you can always make an offer below the asking price and then negotiate, right up to when contracts are exchanged. Right now the market seems to be shifting in favour of buyers as more sellers put their properties on the market and prices are levelling.

Once you have exchanged contracts, theoretically there's no going back. But if for some reason you back out as the buyer, then you would lose your deposit which may be up to 10% of the purchase price. Further, if the seller has incurred other expenses as a result of your breach of contract then you may be liable for those as well. Conversely if the seller backs out then you the buyer have various options including suing for breach of contract, forcing the seller to comply with his obligations under the terms of the contract. But beware, this is fraught with difficulties and a last resort.

As a rule you can't move into your new house until the sale has been completed – but you can have access by arrangement to measure up or view the property again.

If you are buying in joint names, consider whether you need to own the property as Joint Tenants or Tenants in Common

A joint tenancy is where the property is owned by all joint owners but with none of them having a separate and distinct share. If one owner dies, their share automatically passes to the

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survivor(s), despite the terms of the deceased's will. The alternative is to hold the property as 'tenants in common' where each owner has a separate and distinct share, for example 50/50 or 75/25. So if one owner dies, his/her share will pass to whoever it has been left to in the deceased person's Will, or if there's no will, to the next of kin under the intestacy rules. It can be complicated, so do take advice from your solicitor.

You don't have to take out buildings and contents insurance with your lender – there may be pressure to use your lender's products but you should take proper independent advice on insurance – it's a good idea to shop around for the most competitive deals.

There are other personal issues you should bear in mind:

What would happen if you lost your job and couldn't pay the mortgage? There are various products to cover your mortgage payments should this happen, so speak to an Independent Financial Adviser (IFA).

What would happen if your partner/ spouse died? You should consider taking out a life insurance policy which would pay off your mortgage if one of you dies. At least if the worst happens, then your home will be secure. Ask your IFA about this.

Finally,' concludes Alex, 'Don't forget to make a will or update the one you have. You'll want to be sure your assets go to your loved ones, but it's also sensible to have your will properly drafted by your solicitor so that it can be tax efficient and avoid the inheritance tax trap.'

Call Alex on 01256 854635 or email apreshaw@phillips-law.co.uk

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