

# FIRST-TIME BUYER GUIDE



*Step Eight*

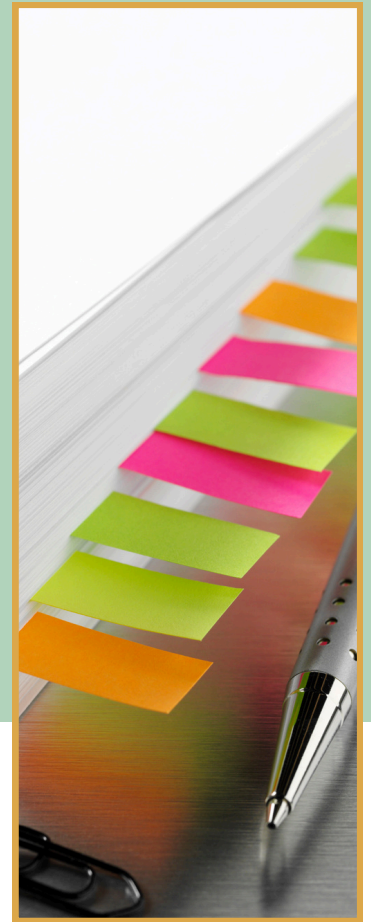
Prepare to Exchange  
Contracts



At this point, you've navigated most of the home-buying process and have gathered all the important information about the property you're buying.

The exchange of contracts is legally binding (see Step 9 – Exchange Contracts), so it's essential to be certain about proceeding before signing.

However, there are a few key tasks to complete beforehand. Stay in close contact with your solicitor to ensure everything runs smoothly.



## Get Your Financial Ducks in a Row

- **Reaching the exchange is an exciting milestone!** At this stage, you'll need to transfer 5-10% of the property value to your solicitor. If your mortgage deposit is only 5%, don't worry - you won't need to transfer more than that. If your deposit is more than 10%, the remainder is usually paid on completion. Talk to your solicitor if you have any concerns about this.
- **Transfer your deposit funds ASAP:** It's crucial to transfer your deposit to your solicitor as soon as possible to ensure it's ready for exchange. If you're using a Lifetime ISA, contact your provider early to complete the necessary forms. If you have a Help to Buy ISA, make sure to close the account and get a closing statement. Your solicitor will need this to claim your bonus before the completion date. Organise your exchange deposit
- **Check your written mortgage offer:** Ensure your mortgage offer, which you received earlier in the process, is still valid and hasn't expired.
- **Double-check your contract:** Review the contract thoroughly one last time to confirm you're satisfied with the terms, including details about fixtures and fittings. If you have any final questions or concerns, now is the time to ask your solicitor. In Scotland, this stage is known as the 'conclusion of missives'.

- **Arrange your buildings insurance:** Find out from your solicitor when buildings insurance needs to be in place. For some properties, it's required from the day of exchange, while for new builds, it may not be necessary until completion. If you're purchasing a leasehold property, insurance may be covered in your service charge, so make sure to confirm this.
- **Sign, seal, and deliver your documents:** Your solicitor will send you a copy of the contract to sign. You'll need to have it witnessed by someone who isn't a relative or financially involved in the property transaction. After signing, return the contract to your solicitor, along with any remaining documents.



Once you've completed these steps, you'll be informed of the exchange date. It's also a good idea to start discussing a potential completion date - the day you'll receive the keys.

This will help focus everyone in the property chain, although it won't be confirmed until the exchange of contracts.



# The Race to Exchange ---

Until contracts are exchanged, either you or the seller can withdraw from the transaction without serious legal or financial penalties. It's in everyone's interest to reach this stage as soon as possible.

If you're in a property chain, your solicitor will wait to exchange contracts until all parties in the chain are ready to proceed. Any delays in the chain, such as with your seller's new home, can affect all transactions, including yours.



## Checklist

- Your deposit funds are available and ready for exchange.
- You have a valid mortgage offer.
- You've reviewed your contract thoroughly.
- Your buildings insurance is arranged.
- You've asked your solicitor any final questions.
- You've signed and returned your copy of the contract.