

FIRST-TIME BUYER GUIDE



Step Nine

Exchange Contracts



Once all the paperwork is complete and the process is set in motion, it's time to exchange contracts.

Reaching this stage is a significant milestone, and you can finally breathe a sigh of relief!



What is the Exchange of Contracts?

The exchange of contracts involves both you and the seller swapping signed copies of the contract via your solicitors. To exchange, the solicitors confirm that both contracts are identical, ensuring no discrepancies. They typically read out the contracts during a recorded phone call, and copies are sent immediately after.

Once the exchange occurs, the transaction becomes legally binding. The seller is now contractually obligated to sell the property, and you are contractually obligated to buy it.

It's rare for either party to pull out after this point. As the buyer, if you were to withdraw, you would lose your deposit and could potentially be sued for breach of contract.



What is an Exchange Deposit and Why is it Necessary? ———

For the exchange to happen, you'll need to transfer 5-10% of the property value to your solicitor.

If your overall mortgage deposit is 5%, don't worry—this will be sufficient, and you won't be asked for more. For deposits over 10%, the remainder is usually paid on completion. Contact your solicitor if you have any concerns.

Can I Exchange and Complete on the Same Day? ———

While it's possible to exchange and complete on the same day, it can make the process more stressful.

Many mortgage lenders prefer a window of time between exchange and completion to complete their checks and transfer funds. Typically, there's a 7 to 28-day gap between these stages.

What Happens After I've Exchanged? ———

After exchanging contracts, the process becomes smoother, with just a few final steps to take:

- A confirmed completion date is set at exchange that works for everyone in the chain (your solicitor will assist with this).
- Hire a removals firm to help with your move (you can arrange to move in later than the completion date if necessary)
- Notify the freehold owner if you're buying a leasehold property.
- Inform your bank, utility companies and other providers about your new address.
- Arrange postal redirection to your new home to avoid missing important mail.

All your hard work is about to pay off, so you might want to get some champagne on ice!



Checklist

- You've exchanged contracts with the seller via your solicitors.
- You've confirmed your completion date.
- You've hired a removals company (if using one).
- You've notified all relevant parties about your move.