



Punter Southall
Aspire

Your Guide to Buying a Home

First things first

It's an exciting time buying a house, whether it's your first property or a house move; it can also be quite stressful as there are many areas to consider. This guide is designed to highlight the various stages and considerations of the process.

After deciding you want to buy a property, one of the first things to do is to establish a budget to allow you to look at properties you can afford.

This is the first place where one of our Independent Mortgage Advisers can help you, as everyone's situation is different, whether it be income/ employment type, commitments or credit score.

Lenders assess all these areas very differently, and our advisers are able to assess the best lender for you from the whole of the market and so recommend a mortgage which suits your personal circumstances.

If you only approach your bank or building society, or a mortgage adviser with ties to your Estate Agent you'll only have their opinion of how much you can borrow and the costs, and it may be that another lender could offer a mortgage with a lower monthly repayment.

How much can I borrow?

All lenders will impose a limit on the amount that they will lend.

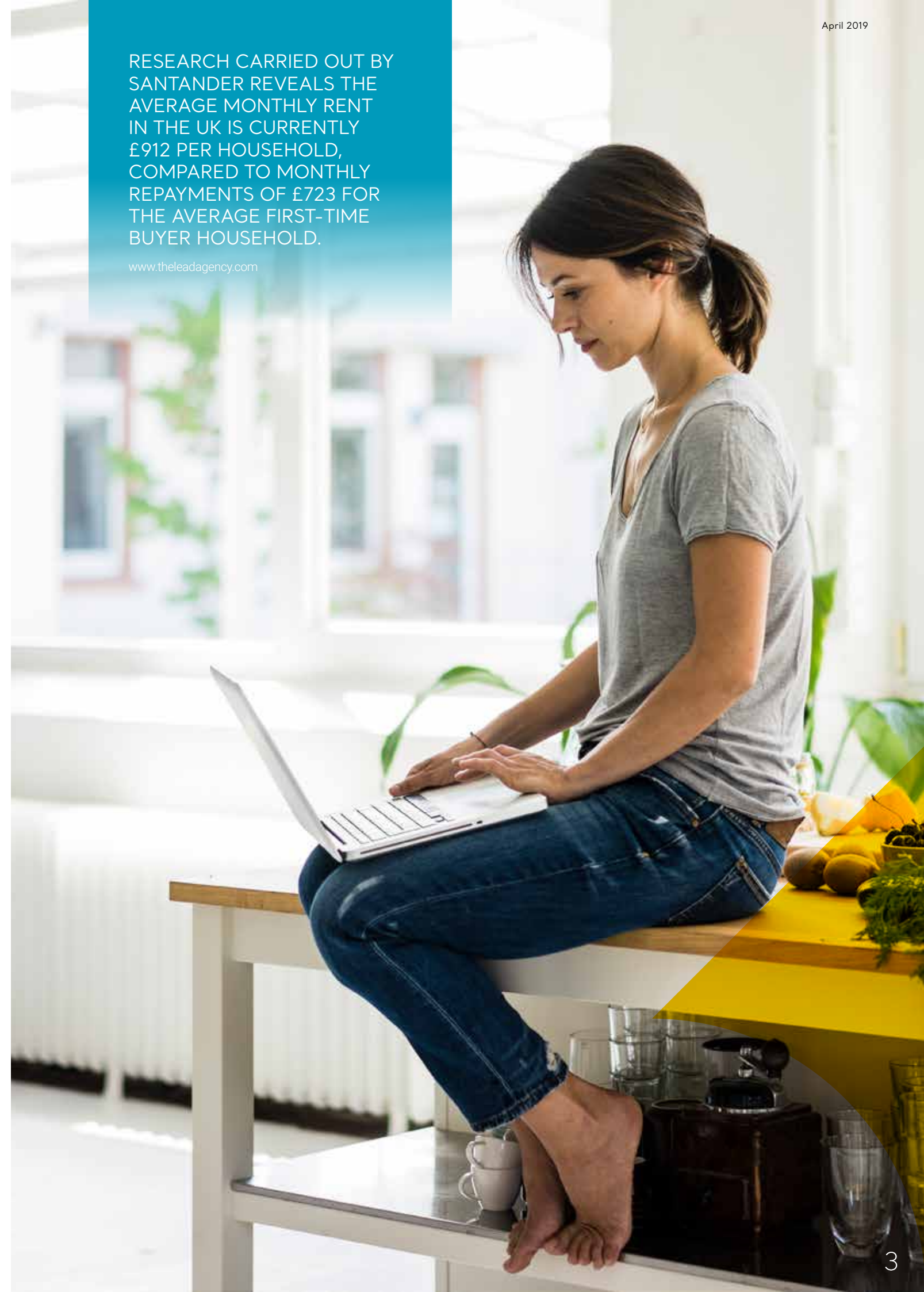
We would look to assess your borrowing capacity and then obtain a 'decision in principle' for you; this is an agreement in principle, where the lender confirms how much they are willing to lend you.

As the name implies this stage is "in principle" as at this agreement the lender has had no evidence of your income etc. and nor has underwriting taken place.

You'll need to find a property to buy before a full application can be submitted.

RESEARCH CARRIED OUT BY SANTANDER REVEALS THE AVERAGE MONTHLY RENT IN THE UK IS CURRENTLY £912 PER HOUSEHOLD, COMPARED TO MONTHLY REPAYMENTS OF £723 FOR THE AVERAGE FIRST-TIME BUYER HOUSEHOLD.

www.theleadagency.com



POTENTIAL FIRST-TIME BUYERS MUST TYPICALLY SAVE FOR EIGHT YEARS TO AFFORD A DEPOSIT TO BUY A HOME, DATA SUGGESTS

www.bbc.co.uk

How much deposit will I need?

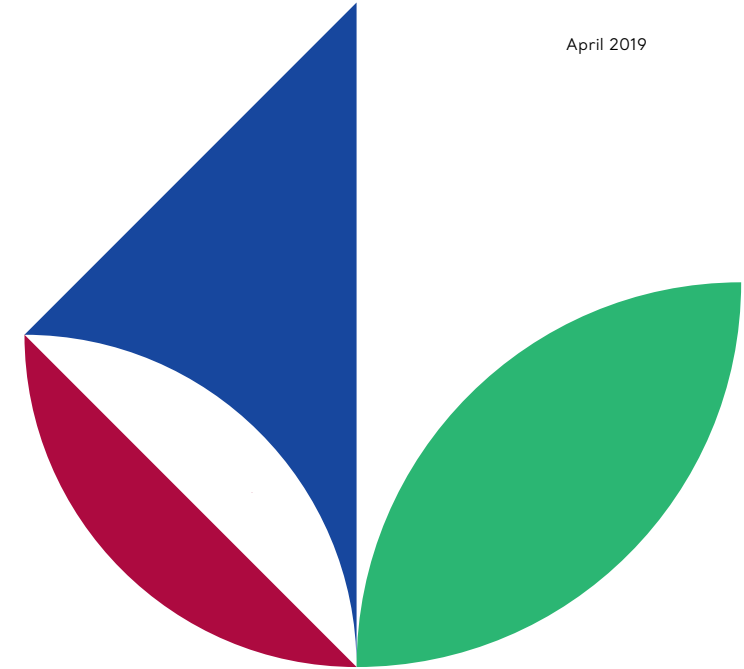
It is possible to buy a home with just 5% deposit, but generally the larger the deposit the lower the interest rate and so the mortgage will cost you less each month.

Your parents or grandparents may be wanting to gift or assist you with the deposit: some lenders also have specific products which either allow your relative to place their savings in an account (where they will typically be locked in for 3 years) or where the lender will take a charge over the relative's property, rather than placing savings into an account.

Special Schemes

There are several Government-backed schemes, such as Help to Buy Equity loan or Shared Ownership.

These types of mortgages involve either a 20% government loan (40% inside London) on a new build, or buying a percentage share of a property.



ACROSS THE UK, ON
AVERAGE HOUSES SELL FOR
£10,822 LESS THAN THE
SELLER WANTS

www.thisismoney.co.uk

Buying the property

Now for the really exciting part: once we've established your budget we can start to look for suitable mortgages and you can start to look for properties you can afford.

It's worth remembering that it's often possible to make offers on properties of 5 to 10% less than the advertised price.

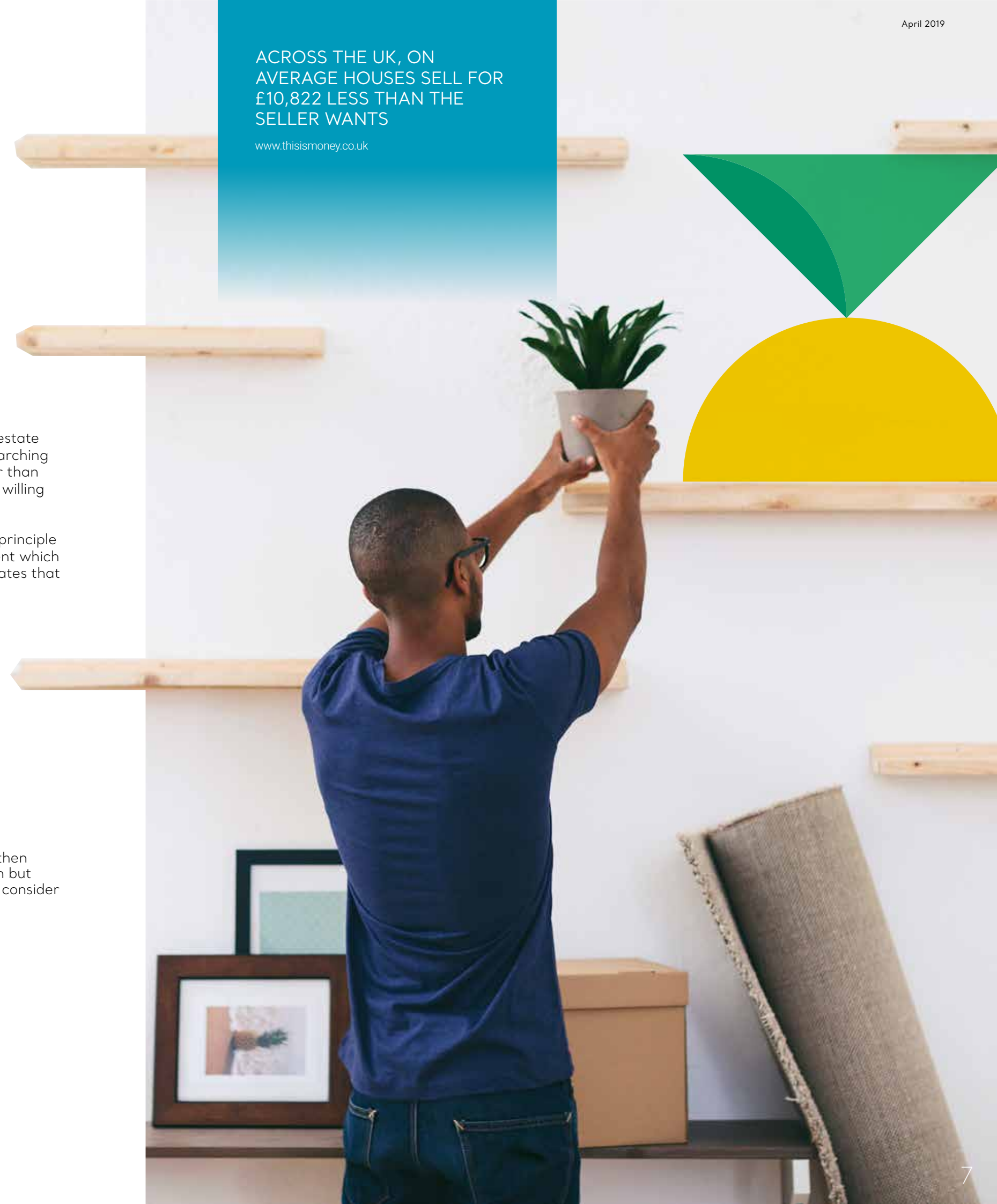
Finding and working with a good local estate agent can be invaluable, or if you're searching online setting your search a little higher than your budget is good practice if you are willing to negotiate.

Once we've obtained an agreement in principle you can share this with your estate agent which could save you time and also demonstrates that you are a 'serious' buyer.

Mortgage Offer

Once you've had your offer accepted on the new property, we'll then apply for the mortgage on your behalf, dealing with the lender for you and thus reducing the time and hassle of arranging the mortgage directly.

Once the mortgage is offered you can then proceed with Exchange and Completion but there are some areas which you should consider before you reach this point.



House Buying Costs

Buying a property is a big purchase, and the lender will require a mortgage valuation to confirm the property is suitable security and also worth enough for lending purposes. Sometimes the surveyor doesn't even enter the property, carrying out a 'drive-by' or even online valuation.

This type of valuation doesn't usually check for property defects, so it's advisable to upgrade this to a "Home Buyer Survey". By doing this, the valuer will visit the property and you will receive a report identifying anything of concern.

There is also a higher-level "Full building Survey" which is a much more detailed inspection and report.

You should bear in mind that costs are likely to be incurred at each stage of the process and also that the level of the costs will be dependent on the property purchase price. Below are some of the costs for which you will need to budget:

Conveyancing Solicitor:

You will need to instruct a solicitor to act on your behalf for the purchase; again costs vary. The solicitor deals with all the movements of monies. They will ask for your deposit, to allow the exchange of contracts for the purchase, before arranging to draw down the mortgage loan to allow completion of the deal.

If you are a home mover, they also deal with notifying and repaying your existing mortgage.

The solicitor must carry out various searches on the property for your own and the lender's benefit, covering local authority, environmental and title searches. These can take 2-4 weeks. Costs similarly vary depending on the purchase price and even the type of property as leasehold flats often involve more searches and legal work. Our view is that you should estimate around £1,500 for this.

Stamp Duty:

Stamp Duty Land Tax (SDLT) is a tax on properties bought in England and Northern Ireland. You'll need to pay it when you buy a residential property that costs more than £125,000. SDLT is calculated on the purchase price and your own circumstances. For first time buyers purchasing properties costing up to £300,000, there is no SDLT.

When we are looking at your mortgage requirements we take this cost into consideration when establishing your budget to ensure that you have sufficient funds to purchase the property. Your solicitor deals with this transaction and arranges the payment following completion of the purchase.

Lender arrangement fees:

Most mortgages will have lender arrangement fees; typically these will be £999. Lender arrangement fees are sometimes referred to as product fees.

Our view is that it's better to pay this fee upfront if you can, however you can usually add this to the mortgage loan, noting you will increase your borrowing and so pay interest on this fee over the lifetime of the mortgage.

Mortgage Surveys/Valuations:

Generally a valuation of the property will be required. The cost will be dependent on the level and property value. You should budget between £400 to £1,000.

Advice cost:

We charge for our advice.

We offer a free initial consultation at our expense to see if we can first assist you.

Our advice fee of 0.35% is payable on completion of your mortgage subject to a minimum of £850. When we arrange your mortgage we receive commission, sometimes known as a procurement fee from the lender after completion which covers all or some of the cost of providing you with whole of market independent mortgage advice. Any commission received from the lender will be offset against our advice fee.

If the commission does not cover our advice fee of £850 we will confirm the amount of any advice fee before you commit to using us.

Should your mortgage not complete the total fee payable is £495 under our withdrawal fee arrangement.

THE AVERAGE UK HOUSE
PRICE WAS £230,630 IN
OCTOBER 2018

www.bbc.co.uk

Property Exchange

This is the point at which you are financially committed to buying the property, so it's important to ensure you have finances in place before exchanging.

As you're liable for the property you will need to have buildings insurance in place.

It's also sensible to have any mortgage protection such as life cover arranged as you're liable for the property and purchase at this point. There is more on mortgage protection below.

Completion

This is when the mortgage is drawn, the property is yours and you receive your keys!

Exchange and completion can take place on the same day, but it's usual to exchange ahead of completion as it takes approximately 1 week for your solicitor to arrange to draw the mortgage loan for you.

Overall Timescales:

Once you have found the property the process from start to finish is typically 6 to 8 weeks.

The mortgage offer is usually obtained in 2 to 4 weeks.

From Exchange to Completion can be instantaneous or 4 weeks plus, depending on the purchase chain and when Conveyancing searches have been completed.

Mortgage Protection

The only insurance you are required to have as a condition of the mortgage loan is buildings insurance.

This is to ensure the lender is protected if something happens to the property as it is their security.

But what about your protection?

Buying a property is likely to be one of the biggest purchases you make and taking a mortgage is one of the largest commitments too.

What would happen if you died? How would your family afford the mortgage repayments?

Or what if you suffered a critical illness or perhaps couldn't work due to an accident or illness...how would you make the monthly mortgage repayments and other living costs?

Our Advisers can discuss and recommend the best protection solution for your needs and budget, by recommending cover from the whole of market. Just as with the mortgage you have the benefit of the lowest cost, and most suitable cover.

Tips!

It is important to keep on track with what stage your solicitor is currently at. Many use online portals or will send letters in the post, so calling to check any requirements often speeds up the whole process.

Commitments: should you try and repay your car loan, student loan or credit cards as this may effect your borrowing capacity? Lenders vary in their attitude and approach to these areas, so before you repay anything ensure you speak to one of our advisers on the best approach.

Your home may be repossessed if you do not keep up repayments on your mortgage.

The information contained within this guide is based upon our understanding of UK legislation. It is for guidance only and should not be construed as advice.





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April 2019