

# Malvern View Mortgages Ltd.

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## Moving Home Guide

**YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED ON IT**

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# Contents

- Introduction
- What Can I Afford?
- Make an Offer
- Arrange A Solicitor & A Surveyor
- Finalise the Offer & Mortgage
- Exchange Contracts
- Completion & Final Steps
- Providing Support for Your Entire Mortgage Journey

## Brief Introduction



Wayne Phipps,  
Director, Malvern View Mortgages Ltd

Are you looking to move to a new home in the near future?

Moving to a new home is usually a very exciting prospect. Maybe you need something bigger to accommodate a growing family, or that promotion allows you to move to a more desirable location.

But it can also be daunting and confusing with all the things you'll need to think about.

We've created this guide to hopefully answer a few of the initial questions you may have about moving home.

Malvern View Mortgages are independent and whole of market brokers with access to 1,000's of mortgages, including exclusive deals you can't find on the high street. We also work with over 80 different lenders, so you can rest assured that we'll be able to find a mortgage that's right for you.

# What Can I Afford?

Before you start house-hunting, it's a good idea to work out what you can afford to spend on buying your next house or flat and your monthly mortgage payments. It used to be that Lenders would just multiply your income by a certain amount to come up with a lending figure.

Nowadays it's a little different as all Lenders consider your affordability. This is where they look at your income compared to your outgoings and work out how much spare you have each month. This calculation includes bills, debts, overdrafts and checking to see how much you spend on clothing, holidays & socialising etc.... You also need to consider new bills such as electric, gas, insurances, council tax etc.

Even after that calculation a Lender will 'Stress Test' your ability to maintain the mortgage payments if interest rates rise. Typically adding 3% to your interest rate

So, if you're serious about moving you may want to think now about how you budget!



The Money Advice Service have an Affordability Calculator that may help.

[moneyadvice.service.org.uk](http://moneyadvice.service.org.uk)

## THE DEPOSIT

This is what most people are aware of when moving home but how much do you need?

The minimum amount is usually 5% (on a £200,000 purchase = £10,000)

Hopefully you will have built up some equity in your current property which can be used toward the deposit of your next home.

*(E.g. Selling your property for £300,000 and your outstanding mortgage is £200,000 then you'd have £100,000 in equity which can be used for your deposit)*

A bigger deposit allows you to buy a bigger valued home and helps you access the better deals that are available from Lenders. This is because someone with a larger deposit poses less risk.

## THINK ABOUT OTHER COSTS

Fees are one of the hardest things to try and estimate, so in addition to your deposit, I've listed the typical fees you can expect to pay when moving home. **SOURCE: MONEY ADVICE SERVICE (JAN 2020)**

- \* Solicitor £850-£2,000 plus vat (buying, selling and mortgage work)
- \* Searches £200-£300
- \* Money Transfer Fees £30-£50
- \* Surveys £250 - £600
- \* Estate Agents 1-3% of sale price plus 20% vat so on a £150,000 sale: £1500-£4500 plus vat
- \* Lender Valuation of the property fee £150 - £1500
- \* Lender Booking fee £99-£250
- \* Lender Product Fee (i.e. 5yr fixed) £0 - £2,000
- \* MORTGAGE ADVISER up to £500 and, or a percentage of the loan value.  
**(Malvern View Mortgages– only £149 on application)**
- \* Moving Costs £100 - £600
- \* **PLUS, Stamp Duty Land Tax**

Now the only service that could actually **save you money** here is the Mortgage Adviser. We may be able to recommend products with reduced Lender Valuations and product fees. They also may be able to obtain quotes for things like Solicitors and House Insurance that may save you time and money.

## A LITTLE ON STAMP DUTY LAND TAX

**Stamp Duty Land Tax is paid when you BUY a property and it's tapered depending on the value of the house. I've included the 2019-2020 rates below:**

Purchase price of property	Rate of Stamp Duty	Buy to Let/ Additional Home Rate*
£0 - £125,000	0%	3%
£125,001 - £250,000	2%	5%
£250,001 - £925,000	5%	8%
£925,001 - £1,500,000	10%	13%
Over £1.5 million	12%	15%

Stamp Duty is paid at different rates, depending on the purchase price. For example, someone buying a property for our example of £200,000 would pay no tax on the value of the property up to £125,000 and 2% tax on the property value between £125,001 and £250,000. In this case, total liability for Stamp Duty would be £1,500 giving an effective tax rate of 0.75%.

Anyone buying a second home including a buy to let property will pay an extra 3% on top of the relevant standard rate band.

As you can see there is no Stamp Duty payable up to the value of £125,000.

Your solicitor will usually organise this for you, but you are ultimately responsible for making sure it's paid within 30 days of completing the sale.

So, as a mover, you may be looking at least  
£5,000 - £12,000 in addition to your deposit.  
**Plus,** any Stamp Duty Land Tax.

Remember you can use the equity in your property to pay for the majority of these fees with the exception of some upfront ones from your solicitor to cover searches, surveys and initial costs. Although, it is worth considering this WILL REDUCE the DEPOSIT available for your new property and increase your Loan to Value Rate.

### EXAMPLE

- \* You bought your house 2 years ago for £200,000 with a repayment mortgage of £180,000
- \* Over the last 2 years this repayment mortgage has **reduced to £160,000**
- \* **YOU HAVE AN OFFER ON YOUR PROPERTY WHICH YOU ACCEPT FOR £240,000**

So: £240,000 sale - £160,000 current mortgage = £80,000 equity

You pay your costs including Stamp Duty Land Tax out of the equity which as an example comes to £15,000.

So: £80,000 equity – costs of £15,000 = £65,000 for a deposit

You buy your new house for £300,000.

So: £300,000 - £65,000 deposit = £235,000 mortgage with a Loan to Value of 78%.

Alternatively, you could use savings to pay the costs and keep all the equity as a deposit.

In that example: £300,000 - £80,000 deposit = £220,000 mortgage with a Loan to Value of 73%.

### ADD YOUR OWN FIGURES HERE:

Sale of your House = £..... minus the current outstanding mortgage of £.....  
Equals £..... Your Equity

Your Equity of £..... Minus Estimated Costs of £.....  
Equals £..... Your Deposit

Cost of your new House £..... minus your deposit £.....  
Equals £..... Size of your NEW MORTGAGE.

## CHECK YOUR CREDIT REPORT

Always a good idea to check your credit report to find out your credit score. Lenders will check this in order to help assess the risk factor of lending you money and can affect the products that they offer. You don't need to pay for these reports, websites such as Credit Club will provide the information for free and send you a monthly update.

Remember, you don't need an excellent score to get a mortgage, but you may find some of the better deals won't be available to you. Again, this is where a mortgage adviser will be able to get you the right deal for your circumstances, if they are "whole of market"!

# Choose the Right Mortgage Consultants to get the Right Mortgage

CONTACT US – CLICK ON THE LINK: [info@malvernviewmortgages.co.uk](mailto:info@malvernviewmortgages.co.uk)



Getting a mortgage can be time consuming, so don't delay in securing yourself a great deal. You can get a mortgage direct from a Lender, a Mortgage Broker/Adviser/Consultant (*we have many titles*) or an Independent Financial Adviser (*IFA*)

All are obliged by the Financial Conduct Authority to provide you with quality advice and recommend the right solution for your individual circumstances. But what does that actually mean?

## FIRST MEETING – WHAT TO EXPECT

Your adviser will let you know what you need to prepare in advance for your first meeting. (*We send out an email with a checklist with the documents listed below in blue attached.*)

The meeting will start by the adviser providing and presenting to you:

- \* **A Business Card,**
- \* **Initial Disclosure Document,** (IDD) *which explains the services they provide and how much it will cost you.*
- \* **Privacy Document,** (*Data Protection explanation and recording your preferences for contact*)
- \* A copy of the Financial Conduct Authorities **"Treating Customer Fairly"** initiative.

*\*\* We provide a folder with all this in for safe keeping and filing your future documents \*\**

At your first meeting the adviser will complete a thorough **"Fact-Find"** in order to get to know you, what you want to achieve and your current circumstances. Only by doing this can an adviser provide the right mortgage solution for you.

You can expect it to take about 90 minutes and once complete, the adviser will usually look to arrange the 2<sup>nd</sup> meeting in order to present their **"recommendation"**.

## SECOND MEETING – WHAT TO EXPECT

At this meeting you can expect to be presented with your personal recommendation in a manner that is clear and straightforward to understand.

You will have your own copy of the **Key Facts Illustration** which gives you a breakdown of the mortgage and the adviser should tell you why it is specifically suitable for you.

You'll also receive a "**Suitability Letter**" from the adviser. This will explain, in writing why we've recommended a specific mortgage and is usually sent within 7-10days.

## NEXT STEPS

1. If you know the property details, you can authorise the adviser to obtain a **Decision in Principle** from the Lender. *(This doesn't guarantee a mortgage but is one step closer. Be aware, too many of these may affect your credit score)*
2. We can then move on to a Formal **Application**. Be aware it can take a few weeks to receive an offer from the Lender.
3. **Or**, if you haven't found a property yet you can wait. Just let the adviser know when you have, and they can pick up from where you left off.

Remember, **we only charge £149 at the point of making an application**. Up until then our services are free and without obligation. We don't just leave you there either, we'll make sure we stay in touch and offer support not only up to completion but for the whole time you have a mortgage.

Of course you could go to an individual lender such as a bank or building society, but they'll only be able to advise you on products they sell and while this will always be a good starting point, it may be worth using it as a comparison to what a mortgage adviser can offer.



## Make an Offer



Once you've found your property, make an offer, usually with an estate agent. Remember you won't be paying them, they only charge when you sell a property.

*Of course, you may have already accepted an offer on your property and have had your offer accepted on your new home by now.*

# Arrange A Solicitor & A Surveyor

A solicitor handles all the legal work around buying & selling the properties and the mortgage. Shop around for some quotes as the difference in price can be significant. Again, we can help you search for a Solicitor and bear in mind the cheapest may not be the best or the quickest.

Your solicitor will tell you how much you can expect to pay and might ask for a deposit upfront – this is typically 10% of their fee. Typical cost: £1,000-£2,000 + 20% VAT

Your solicitor submits searches to the local council to check whether there are any planning or local issues that might affect the property's value. Typical cost: £250-£300.

## A SURVEYOR

There are several different types of survey:

### Valuation Surveys

This survey is done by the lender to make sure the property is worth the price you're paying before they approve the mortgage. It's not extensive and will not identify any issues. Typically, you're looking at £150 - £1500 or though some lenders wont charge at all.

One in five homebuyers only gets a mortgage valuation report / survey, so it's no surprise that many are hit with unexpected repair bills when they move in. Source: Royal Institute of Chartered Surveyors (RICS)



Well, it may appear sound, Mr Pig, but in my opinion, a huff or a puff could soon bring the place down

The surveyor will survey the property to check for problems, which might affect the cost of the home. Commissioning a survey will help you avoid hidden costly problems or allow you to renegotiate the price if an issue is found.

There are several types of survey:

**Condition report.** The cheapest and most basic traffic light survey, it tends to be used on conventional homes or new builds. It doesn't include a valuation or investigate possible future repairs. (Costs about £250)

**Homebuyer report.** More expensive and thorough, this examines both the inside and outside of the property and includes additional valuation. (Costs £400 +)

**Building or structural survey.** The most comprehensive option, this is more suited to older or unusual properties like converted barns. (Costs £600+)

# Finalise The Offers and Mortgage

Once the survey is complete you might want to go back and renegotiate the price of your new home, just as someone buying your property may come back to you.

## There are two reasons for this:

- Your/their survey might uncover problems with the property that will be expensive to fix. You/they could use this information to ask for a reduction in price.
- The lender might value the property at a lower price, leaving you/them with a shortfall. This means you/they won't be able to match the asking price or what you originally intended to offer.

It's this stage in the process that is often most stressful. Delays and problems can arise from such situations as:

- Your/their mortgage application is rejected
- The seller/buyer withdraws the property from the market
- The seller accepts a higher offer from another buyer (*known as 'gazumping'*).
- The buyer lowers their offer at the last minute, just before contracts are exchanged. (*known as gazundering*)

Communication is important when things go wrong



When problems occur, it's worth making the effort to stay in touch with the seller/buyer via your solicitor and estate agent. It's often possible to rescue the situation by keeping the lines of communication open.

## Finalising your mortgage

If everything has gone according to plan, contact your lender or mortgage adviser to proceed.

There are often fees, usually called an arrangement or product fees, to set up the mortgage.

This can be added to your mortgage, but if you choose this option, bear in mind **you'll pay interest on it for the life of the mortgage**. (*Typical cost: £0-£2,000.*)

After you have received a binding mortgage offer, your mortgage lender must give you at least seven days to think about whether or not this is the right mortgage for you.

You can use this time to compare this offer with other mortgages.

If you're sure that this is the right mortgage for you, you can let the lender know in less than seven days that you want to go ahead.

## It's still not too late to change your mind

It is better to pull out rather than risk buying a property that might cost you more than you can afford in the long run.

If you decide not to buy/sell, you can pull out and **cancel your mortgage application before you have exchanged contracts**.

But you might lose some of your money depending on how far you've gone in the process.

## Stage Five – Exchange Contracts

If there are no problems or delays, then you and your buyer should receive the contract to sign and complete the sale.

Before signing the contract, you'll both go through it with your individual solicitors to check that all the details are correct.

Make sure you're happy with what the sellers and you have agreed to leave in the respective properties and that all your queries have been answered.



**At this stage, you,  
the seller and your  
buyer are  
committed to the  
sale.**

You or the seller might also ask you/buyer to pay a holding deposit – typically £500-£1000 to show intent. **Once you've exchanged contracts, you'll need buildings insurance in place to cover the structure of the property.**

# Stage Six – Completion & Final Steps

- **The remaining money owed to buy the property** is now transferred from your solicitor's account to the seller's solicitor's account. Since some of the money comes from the mortgage provider there will be a telegraphic transfer fee. Typical cost: £25-£50. The same applies to the people buying your property.
- **You might also have to pay a mortgage account fee.** The lender charges this fee for setting up, maintaining and closing down your mortgage account. It's often added to the mortgage, which means you'll pay interest on it, so consider paying it up front instead. Cost: £100-£300.
- **You'll now need to pay your solicitor's bill** (minus the deposit and local searches if you've already paid them). Typical cost: £850-£2,000 plus 20% VAT.
- **Your solicitor will register the sale with the Land Registry** for properties in England and Wales. In Northern Ireland it needs to be registered with Land and Property Services and in Scotland with Registers of Scotland – see [Buying a property in Scotland – a money timeline](#) for more information. The cost of this will depend on the price of the property.
- **Sellers will need to pay their estate agent on completion.** The fee is agreed at the outset and is typically a percentage of the purchase price, usually 1% to 3% of the sale price plus 20% VAT. Buyers don't have any estate agent fees.
- **Buyers of residential homes costing over £125,000 have 30 days from the completion date to pay Stamp Duty in England and Northern Ireland.** Your solicitor will usually arrange this for you. In Wales, you will need to pay Land Transaction Tax on properties over £180,000.
- **If you're using a removal company,** moving on a weekday is cheaper. Typical cost: £300-£600+.

## Stamp Duty rates

*Remember, if you're purchasing an additional home or a buy-to-let property, you'll have to pay an extra 3% on top of each Stamp Duty or Land Transaction Tax band.*



# Providing Support for Your Entire Mortgage Journey

Once your move and mortgage are complete, we won't just leave you there.

Malvern View Mortgages Ltd are committed to providing you with help and advice all the way through your mortgage journey. So, whether you're going to re-mortgage in a few years or move to a new house at some point in the future we'll be here to offer our support.

If you have any questions or would like chat about what you'd like to achieve either now or in the future, please feel free to contact us;

## [CONTACT US](#)

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