

Malvern View Mortgages Ltd.

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First Time Buyers 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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Brief Introduction



Wayne Phipps,
Director, Malvern View Mortgages Ltd.

Buying or thinking of buying your first property can seem a little daunting if not downright scary. We've created this guide to hopefully answer a few of the initial questions you may have about buying your first home.

We're independent, whole of market and have 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 a 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.

Please contact us for more information about how much you may be able to borrow by emailing info@malvernviewmortgages.co.uk

The Money Advice Service also have an Affordability Calculator that may help. (moneyadvice.service.org.uk)

THE DEPOSIT

This is what most people are of when buying their first home but how much do you need?

The minimum amount is usually 5% (so a £150,000 property = £7,500 deposit)

A bigger deposit allows you to buy a bigger value home and help 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 we've listed the typical fees you can expect to pay as a First Time Buyer: (Source Money Advice Feb 2020)

- * Solicitor £850-£1500
- * Searches £200 - £300
- * Money Transfer Fees £30-50
- * Surveys £250 - £600
- * Estate Agents £0 (only sellers pay this fee)
- * Lender Valuation of the Property £0 -£1500
- * Lender Booking Fee £99-£250
- * Lender Product Fee £0 - £2,000
- * MORTGAGE ADVISER up to £500 and, or a percentage of the loan value.
(we offer a fixed rate of £149 on application)
- * Moving Costs £100-£600
- * Stamp Duty Land Tax - £0 on properties up to £300,000

So, as a First Time Buyer, you may be looking at between £2,500 - £7,000 in addition to your deposit.

Interestingly the only service that could actually save you money here is a Mortgage Adviser. We may be able to recommend products with reduced Lender Valuations and Product Fees. We can also obtain quotes for things like Solicitors and your Home Insurance that may save you time and money.



It's 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.

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, as a whole of market, independent broker we'll be able to get the right deal for your individual circumstances.

[Choose the Right Mortgage Consultant to get the Right Mortgage](#)

CONTACT US – CLICK ON THE LINK: info@malvernviewmortgages.co.uk



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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, us at Malvern View Mortgages, or an Independent Financial Adviser (IFA)

All are obliged by the Financial Conduct Authority to provide you with quality advice and recommend the best solution for your individual circumstances.

But what does that actually mean?

FIRST MEETING – WHAT TO EXPECT...

We'll let you know what you need to prepare in advance of your first meeting, confirmed via email. These will include evidence of income, identity, bank accounts, credit reports, address & deposit.

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

* **A Business Card**

* **Initial Disclosure Document**, (IDD) which explains the services we provide and how much it will cost)

* **Privacy Document** (Data Protection explanation)

* Treating Customers Fairly Statement (an initiative from the Financial Conduct Authority)

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

The adviser will then complete a questionnaire known as a Fact-Find in order to get to know you, what you want to achieve and your current circumstances. Only by doing this can we provide you with the best mortgage solution for you.

You can expect the meeting to take about 90 minutes and once complete we'll look to arrange the 2nd meeting in order to present the "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'll be given a copy of the "**Key Facts Illustration**" which gives you a breakdown of the mortgage. Your adviser will tell you why it's specifically suitable for you and give you the time you need to ask any questions you may have.

We'll also send you a "**Suitability Letter**" which explains, in writing why we've recommended this specific mortgage and is usually sent within 7-10 days.

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 a Lender.
3. Or, if you haven't found a property yet we can wait. Just let us know when you have, and we can pick up where we left off.

Remember, we only charge £149 at the point of making an application.

Up until then our services are free and without obligation to proceed.

We won't leave you there either, we'll make sure we stay in touch and offer support up until completion and then for your entire mortgage journey.

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.

Arrange a Solicitor & Surveyor

A SOLICITOR

A solicitor handles all the legal work around buying the property and mortgage. Shop around for some quotes as the difference in price can be significant. Again, we can help by providing a detailed, no obligation quote from our selected panel of Solicitors and bear in mind that the cheapest aren't always the best or the quickest.

Your solicitor should tell you how much you can expect to pay and may ask for a deposit upfront – this can be typically 10% of their fee. Typical costs: £850-£1500 plus VAT.

Your solicitor will submit 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-£1,500 or though some Lenders won't charge at all.



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

Only one in five homebuyers get a mortgage 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)

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. (cost approx. £250+)

Homebuyer Report: More expensive and thorough, this examines both the inside and outside of the property and includes additional valuation (cost approx. £400+)

Building or Structural Survey: The most comprehensive option, this is more suited to older or unusual properties like converted barns. (costs approx. £600+)

Finalise Your Offer & Mortgage

Once the survey is complete you might want to go back and renegotiate the price of your new home.

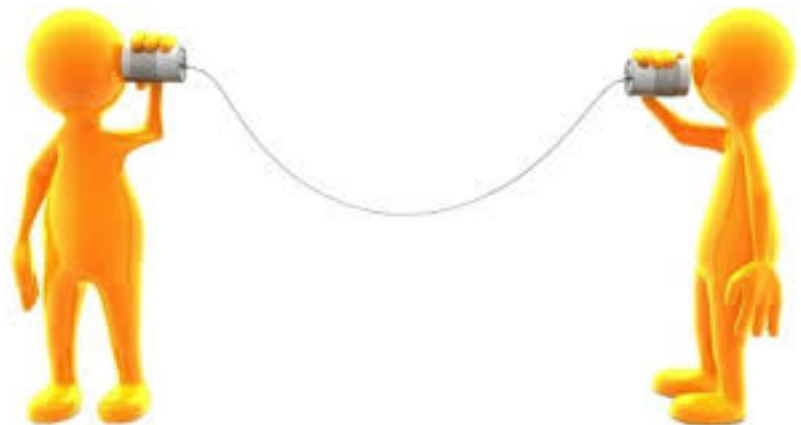
There are several reasons for this:

- Your survey might uncover problems with the property that will be expensive to fix. You can use this information to ask for a reduction in price.
- The Lender might value the property at a lower price, leaving you with a shortfall. This means you may not be able to match the asking price or what you originally intended to offer.

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

- Your mortgage application is rejected
- The seller withdraws the property from the market
- The seller accepts a higher offer from another buyer (known as "gazumping")

Communication is important if things go wrong



When problems occur, it's worth making the effort to stay in touch with the seller 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, 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.

Exchange Contracts



If there are no problems or delays, then you should receive the contract to sign and complete the sale. Before signing the contract, go through it with your solicitor to check that all the details are correct. Make sure you're happy with what the sellers have agreed to leave in the property and that all your queries have been answered.

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

The seller might also ask you 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.

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.
- **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: £500-£1,500 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

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 mortgage is complete and you've moved in, 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](#)

EMAIL info@malvernviewmortgages.co.uk

Website: malvernviewmortgages.co.uk

Call: 07814 853464

A Little on Shared Ownership

For those who can't afford to buy an entire property, local Housing Associations (*provider*) offer a part own, part rent solution. The buyer purchases a share in the property on which the mortgage and your deposit is based, the provider owns the rest and charges you rent.

A Basic Example:

A 50% share of a £200,000 property = £100,000 owned by you & £100,000 owned by scheme provider.

* So, for mortgage purposes a 10% deposit would be £10,000 (10% of £100,000) & you would be looking for a £90,000 mortgage. In addition, you would pay rent on the £100,000 part that's owned by the scheme provider.

The property is classed a Leasehold, valued on the open market and your share can initially range from 25-75%. As time passes you can have the option to purchase a bigger share of the property, known as "staircasing".

