

# First Time Buyer Guide

*Our guide will provide you with all the information you need when buying your first home.*

We understand that buying a house or flat can be daunting, so our guide will take you step by step through the process and include often forgotten costs.

## **Save a deposit**

You need to establish how much cash you can put towards the cost of your new home. The bigger the deposit, the better mortgage rates you will be offered, which means your monthly repayments will be lower. Many mortgage lenders require you to have a deposit of at least 10%, and they charge anyone with less than 25% deposit significantly higher interest rates. Our mortgage guarantee may help you bridge that gap.

So it's worth saving as soon as you can, for as large a deposit as you can afford.

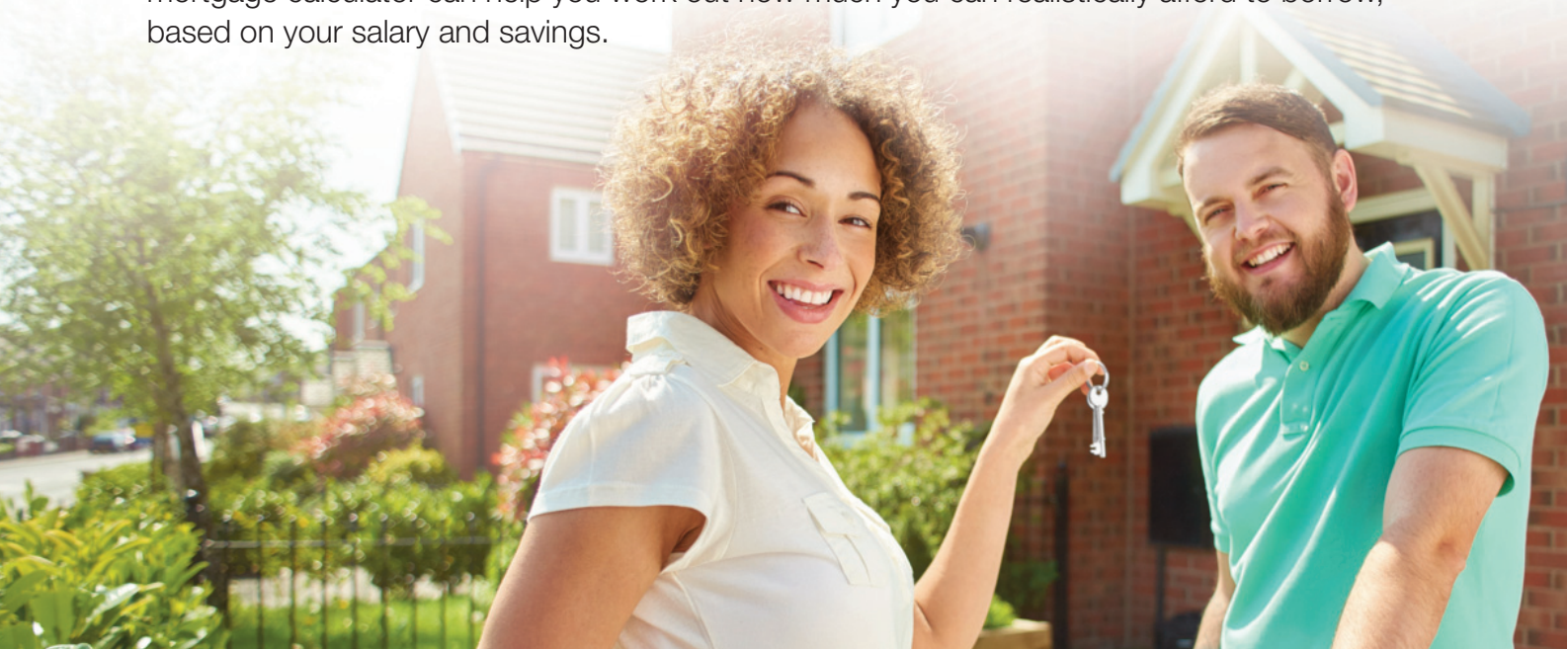
## **Government schemes which may help**

### **Help to Buy**

Check out government schemes that may help you with your deposit. The government is keen to encourage more people to buy a home and has launched its Help to Buy equity loan scheme. The scheme only requires you to have a deposit of 5% and the government will stump up a further 20%, giving you access to more attractive mortgage rates. You won't pay any interest on the government's 20% slice of the loan for the first five years. For more information go to <https://www.helptobuyagent2.org.uk/>

## **Find out how much you can borrow**

It's important not to overstretch yourself financially when buying your first home. Our mortgage calculator can help you work out how much you can realistically afford to borrow, based on your salary and savings.



## Mortgages

Unless you are in a position to buy a property with cash, you are going to need a mortgage. Simply put, a mortgage is a loan from a bank or building society against a house or flat. The borrower (you) has to pay back the loan in addition to accrued interest.

This may all sound extremely daunting, but it is the case for most first-time home buyers and the more research you do the better.

You can learn more about mortgages by searching the internet for the best mortgage rates and mortgage deals, surfing mortgage comparison websites, and reading online news and guides on mortgages. You can also speak with friends and family as well as contacting banks and building societies about the mortgages they offer.

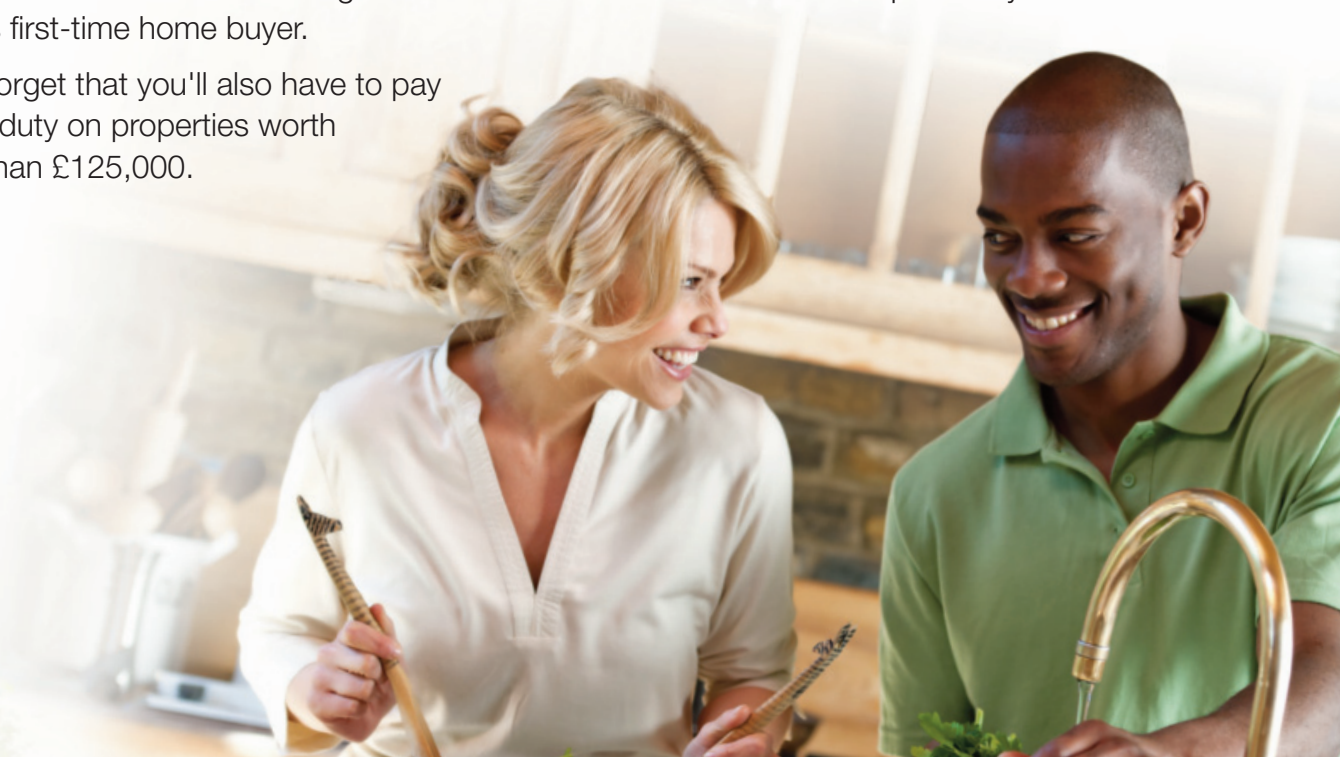
You may like to speak with a mortgage adviser, who will be able to help you to fill out your mortgage application - but you will need to pay for their advice. There are other professionals working in the mortgage market who can offer help and advice too, including housebuilding companies, mortgage brokers and Independent Financial Advisers.

The type of mortgage you opt for will largely depend on the size of your deposit. For example, if you are buying a property worth £150,000 with a 10 % deposit, you will need £15,000 in cash. Generally, you can secure more competitively-priced mortgages with around a 25 % deposit.

Lenders now have rigorous checks in place post-credit crisis to ensure that you will be able to keep up with your mortgage payments, particularly if your circumstances change or interest rates rise. You will need to show proof of your income and outgoings, such as household bills and other living costs. You will also need evidence of your financial profile, such as bank statements and payslips.

You should secure an agreement in principle from the lender to speed the buying process up further down the line. It is not a guaranteed offer but it shows the developer that you're a serious first-time home buyer.

Don't forget that you'll also have to pay stamp duty on properties worth more than £125,000.



### **Other costs**

Bear in mind the other costs associated with buying a home. The lender will charge you for entering into a mortgage agreement. It may also ask you to cover the cost of assessing the value of the property you intend to purchase, known as a valuation fee. Get a survey. Your mortgage lender should arrange a surveyor to value the property within a few days of agreeing the mortgage in principle. Buy Insurance. It is important to have buildings insurance as well as contents insurance. Buildings insurance should be in place by the exchange date, to protect both yourself and your lender.

### **Exchange contracts and complete**

Your solicitor will start all the legal and administrative work associated with transferring the property, known as conveyancing. This includes arranging Stamp Duty, contacting the Land Registry, transferring money during the sale, and acting as a general intermediary between you, the lender and the seller.

They will agree the terms of the sale – including who you are, how much the house or flat is transacting for, and a completion date, when you can move into your new home. Your mortgage will now be approved. Your lender may require you to insure the property as part of the approval process.

The contracts will then be exchanged and you are locked into a legally binding deal to buy the house or flat. At this point, you will need to put down your deposit.

On completion day, you will be able to pick up the keys from the estate agent or seller.

Finally, don't forget to alert friends, family and organisations, such as your employer, bank and mobile phone company, of your change of address.

### **Move in**

It's a great feeling getting the keys and spending your first night under a roof that's really yours.

