Brand New for 2015

Organise your finances

Secure your ideal home

Tips to save time and money

The Complete
First Time Buyer Guide

Everything you need to know!

Contents

Congratulations on reaching the decision to buy your first home!
We know it can be a daunting process, but this guide will take you through every stage right up to moving in. Although we're an estate agents, we've written it to be completely independent. It's probably the most complete first time buyers guide out there, so it's not for the faint-hearted! But you'll learn everything you need to know about buying a house, along with plenty of advice on saving money. The bottom line is, don't worry. Buying your first property is not as scary as it seems, and with a little persistence, you'll find the right home soon.

1

Buying your first home

How do I work out a budget?

You may not keep your receipts, but you need to sort your finances before you apply for a mortgage. A realistic budget will give your application a boost, especially with the new lending rules (see below). Lenders will check it closely, so making their job easier will save time and give you credibility.

Ideally you'll leave a buffer zone to cover unforeseen expenses. You don't want to overstretch on your mortgage and struggle for money every month. You'll need to take stock of every incoming and outgoing, even lottery tickets, and work out exactly how much you get every month.

You'll need space for legal fees and stamp duty along the way. Stamp duty is a tax that must be paid on the purchase of properties worth over £125,000, between 2% and 12% depending on the value of your home. See page 15 for a further explanation of how much the new stamp duty rules will add to the final price of your property.

These are some of the things you should note when working out a budget:

Income

- Income (wages/salary/gifts)
- Interest from savings
- Tax relief/benefits

Outgoings

- Shopping (food, clothes)
- Car (insurance, tax/loans)
- Insurance (home, travel, health)
- Child care, travel expenses
- Bills: phone, energy, TV, internet
- Gym memberships, credit cards
- Going out, holidays

How much should I save for a deposit?

A deposit is the money that you have and are prepared to use towards the purchase price of the property. Most first time buyers have managed to save between 5% and 30% of the purchase price. If you pay a £40,000 deposit on a £200,000 house, the remaining £160,000 is your mortgage. The bigger the deposit, the less risky you are as a borrower. Many people save for years before they have enough. In some cases you'll get a mortgage with no deposit, but these are rare.

So, how much should you save up? The average UK house price for first time buyers is around £200,000 so you'll need roughly £20,000 for a deposit, but it really depends on your finances. Most experts recommend 10%.

The bigger your deposit, the more likely you are to receive a lower interest rate, and the less you'll pay back every month, so it's an idea to put down as much as possible. It's increasingly difficult for first time buyers to get a mortgage without a good-sized deposit, as much as 25%. Luckily there are all sorts of schemes to help you.

There are plenty of free budgeting apps available for PC and smartphone. Mint, Level Money and BudgetSimple are free, secure and simple to use. Others will help you with the more confusing parts of your budget.

www.thesalarycalculator.co.uk/salary.php

and www.listentotaxman.com

can show you exactly how much you pay in tax and National Insurance every month.

Buying your first home

Top tip: Help to Buy schemes

Currently, first time buyers in England may be able to take advantage of a Help to Buy scheme – see www.helptobuy.org.uk or www.romans.co.uk/News-Article/A-guide-to-the-Help-to-Buy-schemes/179.

The home ownership scheme offers a loan towards the total house cost, usually up to 20%, with no fees for five years. If you sell the house, you'll pay back 20% of the selling price – not the original price. The mortgage guarantee scheme, meanwhile, guarantees part of your mortgage. A 10% guarantee will cover you for 10% of your mortgage if you default.

If you can't afford a full mortgage, Right to Buy gives you a big discount if you're a council tenant of at least five years, and New Buy lets you buy a new build up to £500,000 with a 5% deposit.

Home Ownership

Benefit

- A loan on a percentage of your mortgage (typically up to 20%)
- No loan fees for the first five years

Eligibility

- First time buyers with no other property
- Available in England only, for new builds up to £600,000
- Cannot sublet or part exchange the property

Mortgage Guarantee

Benefit

- Get a guarantee on a percentage of your mortgage

Eligibility

- Available on properties up to £600,000
- Not available for Interest only mortgages
- Cannot own other properties, or sublet/part exchange the property
- Cannot combine with another scheme

Right to Buy

Benefit

- Get a substantial discount when buying your home

Eligibility

- For council tenant with at least five years' tenancy
- Some housing association tenants may be eligible

New Buy

Benefit

- Buy a new build up to £500,000 with only a 5% deposit
- You don't have to be a first time buyer

Eligibility

- Must be your main home, fully owned by you

1

Buying your first home

Understanding the first time buyers' market 2015

Along with everyone who's looking to buy a house for the first time and all the sellers and institutions that cater specifically to them, you're part of the first time buyers' market. Knowing what other people are doing and how much they're paying can help you narrow down the best deals, and even help you decide if you're ready to buy a home now or wait. That's why we're giving you an overview of the first time buyers' market in this section.

The market is competitive:

- There are more first time buyers now than at any point since the start of the recession in 2007 and it's growing every year, meaning more and more competitive deals for first time buyers
- However, a more competitive market could mean that house prices are on the rise
- Since the market is recovering, government schemes like Help to Buy might get watered down

Your mortgage could get more expensive:

- Interest rates have been at a record low for the last 5 years, meaning mortgage rates have been cheaper than ever
- Signs have been pointing to a wider economic upturn, meaning that interest rates will almost certainly go up – and so will the monthly cost of your mortgage

Lenders are more regulated than ever:

- The recession and stricter regulations have made lenders much less willing to lend
- You'll have to do more to prove you can afford a mortgage – you'll be scrutinised much more closely and you might need a larger deposit now, as much as 20-25%

House prices are on the rise:

- House prices are rising fastest for first time buyers, around 8% higher than last year
- First time buyers are paying an average of over £200,000

2

Choosing the right property

Deciding where to live

First you need to decide where you want to live. If you don't have a clear picture in mind, you may not know where to start. Think carefully about what you need now and what you might need in the future. Make a list of important things and prioritise them.

There are hundreds of factors to choosing a location, so it pays to do some research.

The reality of living there can be radically different from first impressions. You'll have to visit several times before you get a good feel for what it's really like. Make sure you go back at different times of the day and test your new commute. You'll want to know if the street is noisy at night or the commute is gridlock in the mornings.

No property is going to be perfect so you might have to make some compromises. Review your list of priorities regularly and work out what's unrealistic and what you can get.

- Are there good schools in the area?
- What is the commute to work like?
- Are there good transport links?
- What is the Council Tax rate?
- How noisy is it? Do lorries use your street?
- What is parking like?
- How often is the rubbish collected?
- What are the crime rates for this area?
- Is there high speed broadband available?
- Are the other houses on your street in a state of disrepair? This could affect your house value if you want to sell in the future
- What is the situation with the property's boundaries – does the garden back onto a road or a public footpath?

Freehold or leasehold?

Essentially, this boils down to owning your home or having a landlord. Freehold gives you outright ownership of the property and the land it's on – you have the right to live there as long as you want, and you have the right to make changes to it.

Leasehold tends to be found on flats/apartments. With leasehold, you're actually buying the right to live in someone else's property for a set term. This is usually around 100 years, but if you purchase a previous lease, you only get the remaining term, so always ask your estate agent. If the flat is surprisingly cheap, it could be because of a short lease. You'll have to pay ground rent to the freeholder, and normally an annual maintenance/service charge, and you'll need permission from them to make any changes.

2

Choosing the right property

How to get the most out of a viewing

It can be hard to know what to look for when viewing a house. If you follow our tips you should leave with a much clearer idea of its pros and cons.

Remember most houses are not perfect, so make sure to build space for a bit of extra work into your budget.

Remember that most houses will have minor problems or will need updating, so you'll have to make some allowances for the condition. Make sure to build some space into your budget for a bit of redecoration or some minor repairs.

1. **View several times**
   The more you view a house, the easier you spot problems. View it two or three times, at different times of day, to find out what it's really like. Spend a good 15 to 30 minutes looking around.

2. **Bring somebody with you**
   Someone who knows you may think of things that never occurred to you. It's always good to get a second opinion!

3. **Ask questions**
   Don't be afraid to ask questions. If the property has had any changes, ask when and why. If the owner or agent doesn't know, a surveyor might be able to tell you. It's a good idea to make a list and bring it with you – note anything you're not sure about and follow up later.

4. **Try to stay detached**
   Try not to get too excited about the house – treat it as a building that needs inspecting and don't rush into anything.

5. **Bring a tape measure and take photos**
   Jot down any measurements you might need and don't be afraid to measure the place to make sure it will fit. It's worth taking some photos that you can go over in your own time, but make sure you ask permission to do this first.

6. **Test everything!**
   Small problems should get fixed before you buy the property, so turn on the lights and check the rooms are well lit, open the fridge, test the oven, open the doors and windows, check the window sills for rot, open cupboards and wardrobes, check all power points and TV sockets. Check the fuse box – will it need re-wiring? Turn on all taps and radiators; test the showers and baths for water pressure, noisy pipes, and problems with the boiler. Being thorough could save you thousands of pounds.

2

Choosing the right property

How to get the most out of a viewing

7 The roof
You'll face a hefty bill if it needs work, so don't forget to inspect it. What is it made from, what life span does it have? When did it last have work done on it? Flat roofs can leak, so check for puddles forming. If it's pitched or tiled, inspect the attic (bring a torch) and check for missing tiles, damp or leaks. Check it has sarking – a protective layer that shields the inside if a tile comes loose. Check for loose wiring and insulation. Check the water tanks. Ask the owner if there is asbestos. These things could end up costing thousands to repair or replace. Remember, if in doubt, get it inspected professionally (see below on getting a survey).

8 Floors and walls
Check the floors for damage, exposed floorboards or small holes that might be woodworm. Check the carpets are all in good condition. Wooden floors in flats may be noisy for the people below, so check the owner had permission to install them or that they installed noise dampeners. Check for hollow shared walls that may allow more noise from the neighbours. If a room has more than one outside wall, it may be more difficult to heat.

9 Heating
Check there's heating in every room and especially the bathrooms, kitchens and smaller rooms with tiled floors or more than one outside wall. Rust or stains around the radiators are a good sign of water leaking. Electric heaters can lose power over time so ask when they were installed or serviced.

10 Lighting and windows
Are there bright lights outside? Is it going to disturb you at night? Does the house get good natural light? If it's dark during the day you may spend more lighting it, and it may impact the value when you come to sell the house. Is there double-glazing? When you open windows, is it noisy outside? What are the views like?

11 Check the garden
Has the garden been looked after? Will it need maintenance? Are the boundaries defined and fences in good order?

12 Other things to look out for
Check for vermin droppings in corners and dark areas. In flats, check for traps left in the hallways or staircases.

A survey will uncover most issues, but it's sensible to check for yourself too. Remember, there's a big difference between a mortgage valuation and a professional survey. The first one is for the mortgage providers, not you. If you're buying in Scotland, ask the selling agent for the home report, which includes a survey.

3

Mortgages

The different mortgage types

The right mortgage deal can save you hundreds every month. What are the different options?

Firstly, how do you want to pay the loan back? A repayment mortgage is the most popular type in the UK, where every month you pay a bit of your mortgage, plus the interest. An interest-only mortgage is riskier but cheaper per month. Each month you pay the interest, and pay the rest of the original mortgage in one sum at the end of the term. Not everyone will be able to get this kind of loan – you need to be very, very good at saving or investing.

Secondly, do you want the interest rate to change or stay fixed for a set period? A variable rate mortgage comes in two main choices: tracker and standard variable rates (SVRs). With a tracker, the interest rate rises and falls with the base interest rate set by the Bank of England. With SVRs the interest rate is set by the lender, and they can change it when they want.

With a fixed rate mortgage, your interest rate stays the same for a while and then reverts to SVR. If you like a stable budget, this option will keep your mortgage repayments the same for years. The downside is it won't get cheaper if the base interest rate falls, but there may be an opportunity to look for a better deal once the term is up. Most mortgages are portable: they can be taken with you when you move.

When you should speak to a mortgage broker

You should seek advice from a reputable mortgage broker who has a good understanding of the first time buyer market before you commit to anything – we suggest talking to someone before you start spending time on viewings. A broker is a qualified adviser who makes the process faster, easier and could save you a pile of money, but there are some things to remember.

Always ask if you're getting information only (where they tell you about different products) or advice (where they find the best deal for you). Bear in mind some brokers will only offer deals from their partnered lenders, so find one who will look at the whole market. Similarly, advisers in banks may only highlight their own products.

Some brokers won't charge for their services, but they'll only offer mortgages from preferred lenders, so you'll have to do some of the work to make sure you're getting the best deal. Paying for professional advice is normal.

3

Mortgages

The different mortgage types

Repayment

Description

- Pay the interest monthly, plus a little of the mortgage. Loan is fully paid off by the end
- The safest and most popular mortgage type in the UK

Interest - only

Description

- Pay only the interest monthly, pay the rest in one lump sum at the end of your term
- Need to be highly disciplined about saving up for the final payment

Tracker

Description

- Follows changes in the base interest rate, so your mortgage could change accordingly

Standard Variable Rate (SVR)

Description

- Interest rate is set by the lender, who can change it at will

Fixed Rate

Description

- Interest rate stays the same for a set period of time, usually 2-5 years
- Can look for a better deal after that time, but you'll pay a charge (redemption penalty) if you settle early
- Gives you stability, but if the base interest rate decreases you may be stuck paying more

3

Mortgages

How to pass the new mortgage lending rules

Lenders are now required to 'stress test' your ability to repay a loan. You'll find all your outgoings and income are scrutinised closely. Whereas the interview used to take around 30 minutes, now they can take up to 3 hours. The point is to ensure that mortgage providers are not lending recklessly to people who may not have the proper stability and resources.

It's important to work out a budget before you apply. Scrap any superfluous costs – cancel Netflix if you're not using it – round up any paperwork like payslips or bank statements and send them all in one go when you apply. You can expect to receive a mortgage of about three to four times your annual salary.

Some of the questions you will be asked:

- Are you thinking of having children soon?
- How much do you spend on nights out?
- What do you pay for a haircut?
- How much do you spend on holidays?
- How much do you spend on cigarettes?
- What are your travel costs?

3

Mortgages

How to get the right mortgage deal

We've got some tips to help narrow down your choices as you're shopping around. Firstly, don't zero in on the interest rates – there's more to mortgages than that.

You should look at:

- APR (annual percentage rate) interest rates
- When you stop having a fixed interest rate and revert back to SVR
- Is the interest charged daily, monthly or annually?
- Flexibility
- Maximum LTV (loan-to-value) ratio
- Extra charges/fees

Don't just go for the cheapest rate – most lenders have fees, so the cheapest rate might not be the best deal. Compare the APR to the total amount payable to get the true cost.

Actually, it's easy to forget that there's more to a home purchase than the mortgage. You should be realistically weighing each deal against your overall budget, thinking about how your repayments will fit into your monthly expenses. Another thing is how long you plan to stay there. If you plan to move on after a couple of years, it won't necessarily be a good idea to take out a long-term fixed rate. If you decide to go for a variable rate instead, you'll need to consider the risk of your interest rate increasing.

Once you've found a deal you like, you should get a mortgage (or agreement) in principle, essentially a promise to give you a mortgage once you've made an offer on a home. You'll be seen as a more serious buyer if you can get one, with less chance of being beaten by somebody else and more chance of having your first offer accepted if the seller is looking for a quick sale.

To get a mortgage in principle, the lender will do a full credit check, go over your application, and then confirm in writing the amount they're willing to lend you.

4

Negotiating a sale

Valuing the property

The legwork's done and it's time to make an offer and move in. Before you do that, you need to know how much you're going to offer. You need a figure.

First you should check the house against the local property market. Compare the asking and sold price against other houses in the area, along with the local average for that property type. If you find a nearby house selling for slightly less – you might even prefer it – that could provide leverage when you're negotiating prices down the line.

As you're valuing the property, try to get as much information as possible from the estate agents. Ask them how long it's been on the market, if the vendors want a quick sale, and so on. If the house has been on the market a long time the owners may be willing to be flexible with the price.

You might also want to check the surrounding area for any developments in the works that could give you a good bargaining chip in negotiations.

Don't forget to factor in expenses – take repair work the property needs into account, for instance, but don't expect the owner to pay for the personal styling changes you want to make.

Making an offer

You'll usually make an offer through the estate agent when you visit the property. Simply inform them that you would like to make an offer and they will liaise with the owners.

You can use your first offer as a starting point for future bids. Experts recommend offering below the asking price by as much as 10%. Don't worry about your first offer getting rejected – there's no limit on how many offers you can make. However, an owner may feel insulted or that you're not serious if the offer is too low.

Bear in mind that offers on property are not legally binding – they are subject to contract, and that means you won't be committed to anything before you find out about any nasty surprises the property (or its owners) may be hiding.

Make sure to give the estate agents a good reason for offering below the asking price. This could be based on insider knowledge – another house with a bigger garden selling for £10,000 less – or you could need money for improvements after you have bought the property.

If you have a mortgage in principle and you know the owners want a quick sale, tell them you're ready to go. Being a first time buyer, you won't have to rely on a chain so you can make a quick move. This could be the factor that gets your offer accepted over a better one.

Ensure your offer is subject to contract and survey, leaving you an escape route to jettison the property if something drastic turns up in the survey (see below).

Do remember, the seller reserves the right not to sell and can withdraw from the sale right up until exchange of contracts. They can even decide to sell to someone else and cancel the sale to you.

4

Negotiating a sale

After the offer

Finally – a letter confirming your offer has been accepted! Now you need to move quickly.

Before you do anything, ask the estate agents to take the house off the market. They don't have to, but if they agree you'll stand a better chance of securing the house. Don't be shy about chasing them – drive by the property and make sure the sign has been amended to SOLD SUBJECT TO CONTRACT.

Even with a mortgage in principle, you may need to supply documentation at this stage. This could include ID, proof of earnings and address and so on. Prepare beforehand and have them ready to go.

Next find a solicitor to do the conveyancing, which is when the legal ownership of the property is transferred from the buyer to you. Make sure you shop around before you pick one.

A conveyancer will sort out the legal aspects, including:

- Investigate who owns the land on your boundaries
- Check over guarantees, planning permissions and certificates
- Check local authority plans for the property
- Organise the payment for stamp duty
- Arrange the legal registration of the property in your name
- Environmental issues such as flood risk

Some things to remember:

- If you negotiate a "no sale, no fee" deal, you won't pay legal fees if the purchase falls through
- The conveyancing process will normally take about 8-14 weeks
- You may be able to speed them up if you say up front when you'd like to complete by

4

Negotiating a sale

Getting a survey

Surveys check the property's condition so you know what work needs to be done. You might even be able to re-negotiate the price if the survey turns up anything unexpected.

There are three types of survey:

Mortgage Valuation

- Costs around £150 – and it's usually mandatory
- Included as part of your mortgage provider's services
- A cursory glance over the property that may not spot any major faults
- Checks the value of the home against the loan they're giving you
- The lenders want to make sure they're not overvaluing the security for your mortgage
- They also make sure you're not going to be stretched by the purchase
- If the valuation is less than the sale price agreed this may affect the size of the mortgage they are prepared to give you and you might have to make up the difference

Homebuyer's Survey

- Costs around £500, will identify most problems
- You'll need to arrange this yourself
- Could allow you to re-negotiate the price
- This is your report and the surveyor has a responsibility to you

Full Building Survey

- Can cost up to £1,000
- The most thorough survey you can get
- Usually not necessary unless the building is very old or has unusual features

4

Negotiating a sale

Fees and how estate agents get paid

Fees can add a hefty chunk to the final cost, a few thousand at least. Legal fees can cost up to £1,000 depending on location and property type. You won’t have to pay the estate agents anything – they charge commission to the owners for helping them sell the house.

The new stamp duty

Stamp duty is a tax set according to your home’s value. In autumn 2014 the government announced changes to the way stamp duty is set. Under the new rules, you won’t have to pay tax on the first £125,000 of the total cost. You’ll have to pay 2% on anything over that amount up to £250,000 – so if your home costs £130,000, you’ll pay 2% on the remaining £5,000 (a tax of £100). You’ll pay 5% up to £925,000, 10% up to £1.5m, and 12% for anything over that. Your solicitor will include stamp duty as part of the conveyancing process, so you won’t have to do anything other than pay the money.

Exchanging contracts and moving in

Finally, it’s time to sign the contracts. This is when you pay your deposit and agree a completion date, usually around one or two weeks after the exchange of contracts.

At this point you’re legally committed. Once contracts are exchanged, you can’t pull out without being liable for the deposit stated in the contract. Similarly, the owners can’t decide to accept a higher offer. It should take two to four months until you can move in.

Make sure to use a recommended removers or members of the British Association of Removers, and try to stagger moving days so you can do it in manageable chunks. Now there’s nothing left to do but enjoy your new home and pat yourself on the back – congratulations on your first home purchase!

Good luck!

5

Appendices

Why did we write this guide?

As one of the largest estate agents in the South East, we've helped a lot of first time buyers get on the property ladder. We've been there throughout the entire process when our customers buy a house for the first time, and we've had the opportunity to really get to grips with your needs and the many frustrations that can crop up along the way.

That's why we decided to write the most complete guide for first time homebuyers you can find anywhere. This is a completely independent guide for the first time buyer that gives you genuine, practical advice for every stage of the home buying process, covering just about everything that might happen, from real experienced estate agents.

We have expertise across all the different areas of residential property, including buying and selling, conveyancing, surveying, auctions, new homes, mortgage services, planning and development, so unlike journalists who write first time buyers guides, our guide has been produced by people who actually buy and sell homes on a regular basis. That means we can give you the benefit of our professional knowledge – insider tips from people who really know what they're talking about.

About Romans Estate Agents

Romans is an award-winning estate agents delivering high quality property services across Berkshire, Buckinghamshire, Hampshire, Surrey and Oxfordshire, with over 22 branches and more than 27 years' experience.

We're firm believers in helping our clients understand their local property market so their decisions can be as informed as possible. With a professional, approachable and meticulous approach to every home we buy and sell, we've become a market leader in our region with a particularly strong reputation for customer service.

We're proud to have been recognised for the following awards:

- South East Estate Agency of the Year 2013
- South East & UK Estate Agency of the Year 2012
- South East & UK Estate Agency of the Year 2011

To learn more about our property services, visit www.romans.co.uk

5

Appendices

Checklist

Use this checklist to make sure you're covering all the bases before you buy your home.

- [ ] Explored options for using a Help to Buy scheme
- [ ] Spoken to a mortgage broker
- [ ] How much work will the house need?
- [ ] Is it listed or are there any conservation restrictions?
- [ ] Are the rooms big enough?
- [ ] What is/isn't included in the sale?
- [ ] How much is the Council Tax?
- [ ] Why are the previous owners selling?
- [ ] Does it have central heating?
- [ ] Is there an attic?
- [ ] Do the windows have double-glazing?
- [ ] Has the property been altered?
- [ ] Are there any major cracks in the walls or are doors not closing properly?
- [ ] Can you smell damp/see any watermarks?
- [ ] Has it been recently decorated?
- [ ] Are there enough power points?
- [ ] Does the property get enough natural light?
- [ ] Has it been well maintained?
- [ ] Is the exterior brickwork worn or cracked?
- [ ] Have you met the neighbours? Do they seem friendly?
- [ ] Have you viewed the property at different times of the day?

5

Appendices

Glossary

Affordability stress test
The name given to a new set of regulations governing mortgage lenders.

Commonhold property
Applied to flats or blocks of units, a property in which every individual flat owner is the freeholder of their unit, but the communal areas are shared, referred to as shared leasehold.

Conveyancing
The process of transferring legal ownership of a property from one party to another.

Default
If you do not or cannot meet your mortgage repayments, you default on the mortgage. Although this is a last resort, lenders do have the right to begin a process that could lead to your house being repossessed and sold to recover the money you owe.

Fixed rate mortgage
A mortgage with an interest rate that is fixed for an initial term e.g. 2, 5 or even 10 years. This means your monthly payment will remain the same over the period.

Freehold property
If you buy a freehold property, you have total ownership over that property and its land. You are the landlord and you can do what you like with the property, subject to planning permissions and any clauses within the title.

Full Building Survey
The most thorough type of survey you can get for your property. Normally costs up to £1,000.

Gazumped
When another buyer comes in with a better offer and the owners decide to sell to them instead, you've been gazumped.

Gazundered
When you attempt to negotiate a lower price on the property just before contracts are exchanged, you are attempting to gazunder the owners. A risky strategy!

Help to Buy
A government scheme to provide financial assistance to first time buyers (as well as other kinds of buyers).

5

Appendices

Glossary

Homebuyer's survey

A more thorough property survey than the mortgage valuation that normally costs around £500.

Interest only mortgage

A mortgage where you only have to pay back the interest every month, and you pay back the rest of the loan at the end of the term in one lump sum.

Leasehold property

If you buy a leasehold property, you do not have total ownership over the property and its land. You purchase the right to live in the property for a set period – usually 100 years, but less depending on how long the previous owners had their lease. It may be possible to renew the lease in return for payment to the freeholder.

Mortgage Broker

A mortgage broker acts as an intermediary between mortgage lenders and individuals.

Mortgage valuation

A customary survey carried out by the lenders as part of their agreement to give you a loan. They do this to check the value of the property so they know whether they are lending you the right amount.

Stamp duty

A tax that, from autumn 2014, is applicable to all properties in the UK purchased over £125,000. For houses worth up to £250,000, stamp duty is applied at 2% to the total house price after the first £125,000 has been taken away. If your property is worth £135,000, you will pay 2% of the remaining £10,000 in stamp duty (£200). The tax is applied at 5% for houses worth up to £925,000, 10% up to £1.5m, and 12% for anything over that.

Tracker mortgage

A tracker mortgage is a type of variable rate mortgage. The interest rate tracks the Bank of England base rate as a set margin, for example, 1% above or below.

5

Appendices

List of resources

Choosing an area/property

www.ukcrimestats.com

www.streetcheck.co.uk

Mortgages and finance

www.thisismoney.co.uk/money/mortgageshome/article-1687576/What-mortgage-rates.html

www.moneysavingexpert.com/creditrating

www.gov.uk/stamp-duty-land-tax-calculators

www.unbiased.co.uk

Budgeting and deposits

Mint

Level Money

www.thesalarycalculator.co.uk

www.listentotaxman.com

Savings Goals

General advice

www.tpos.co.uk