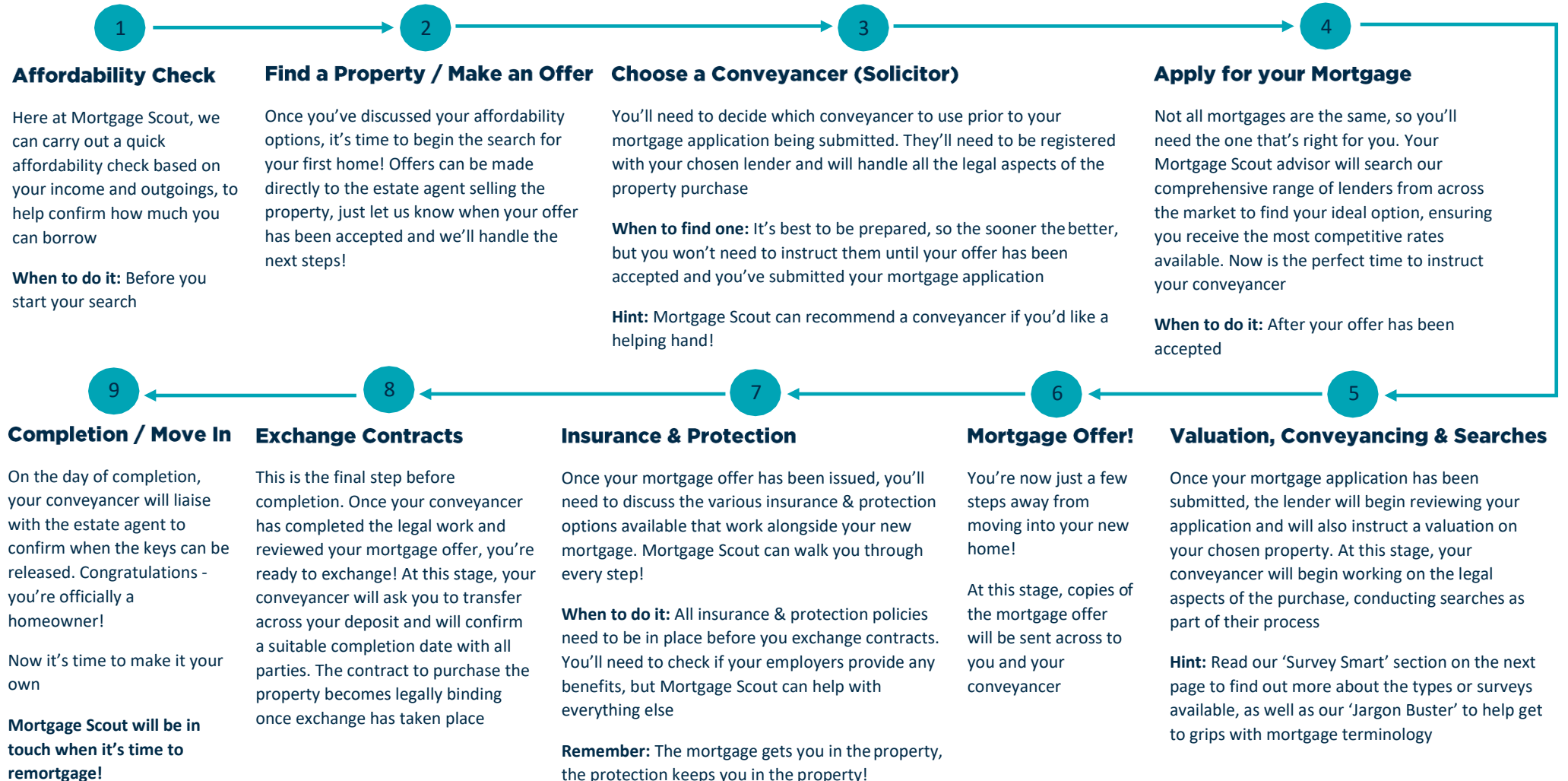


First Time Buyers

A guide to buying your first home

There's a lot to think about when you're buying your first home. So, whether you've just started saving for your deposit, or you're ready to start your property search, here's a step-by-step guide to help you through the process



Get Survey Smart

There are lots of different types of survey, here are some of the more common ones:

Mortgage valuation

This is a valuation rather than a survey and is carried out on behalf of the mortgage lender to make sure the property is worth the agreed price. It's geared towards satisfying the mortgage provider that the property provides sufficient security for the loan. It doesn't guarantee the property is free from defects and you might not receive a copy of the report

Homebuyer Report

This gives you general information about the condition of the property. It usually involves a surface examination of the parts of the property that are visible and readily accessible, making use of a 'traffic light' system to highlight any areas of concern. Services are not tested as part of this report. If you'd like the services tested, then you'd need a building survey

Building Survey (Full Structural Survey)

This tends to be the most detailed report and provides a comprehensive look at the condition of a property, dealing with hard to reach places and structural issues. Although it's one of the more expensive survey types, the level of detail in the report makes it vital when buying older properties

Most lenders offer options to upgrade to a Homebuyer Report or Building Survey as part of your application, but Mortgage Scout can recommend other surveyors if you'd prefer to arrange this separately

Getting Organised

Here's a list of the things you'll usually need when you apply for a mortgage:

- **Proof of income** e.g. 3 months payslips or 2 years tax calculations & tax year overviews
- **3 months bank statements** showing salary credits
- **ID & proof of address** e.g. passport, driving licence, utility bill
- **Details of loans or credit cards**, even if these are to be repaid
- **Proof of deposit**

Other documents may be required by the lender, based on your individual circumstances, but we'll confirm everything prior to submitting your application

Government Schemes

The government runs several schemes designed to help first time buyers get on the property ladder

Shared Ownership

Shared Ownership allows you to buy a share of the home from a housing authority and pay rent on the rest. This means you take a smaller mortgage, so the deposit you need to save is lower, but you'll need to account for the rent you'll be paying on the rest of the property

Help to Buy (HTB)

Help to Buy is designed to help you purchase a new build property. The government lends you up to 20% in England and Wales (40% in London) towards the cost of your home, so you'll only need a 5% cash deposit

Help to Buy ISA

Although registration for the Help to Buy ISA will be closing on 30/11/2019, applicants who already have a savings account can still benefit from the 25% bonus. You do not have to purchase a Help to Buy property to use the ISA

The Lifetime ISA (LISA)

The Lifetime ISA is a savings account designed to help people aged between 18 and 39 save towards their first home or retirement. You can save up to £4,000 in a Lifetime ISA each tax year, tax free, until the age of 50. The government will also pay a 25% bonus on your contributions, up to a maximum of £1,000 a year. The Lifetime ISA can be a great way to boost your deposit when you're saving for a house. To use your Lifetime ISA to buy your first home, you must have made your first payment into it at least 12 months ago. If you withdraw funds before your 60th birthday for any reason other than buying your first home, you'll incur a 25% government withdrawal charge on the amount you withdraw, which would mean you'd get back less than you paid in, so it's best to only use the LISA if you're sure the cash is for one of the two defined purposes

Jargon Buster

Mortgage – Loan secured against the property

Lender – Bank or building society providing the mortgage

Deposit – Amount you need to pay towards the cost of the property

Loan to value (LTV) – Size of your mortgage as a % of the property value

Mortgage Term – Amount of time it will take to repay your mortgage

Agreement / Decision in Principle (AIP / DIP) – Lenders confirmation that you can borrow a certain amount, subject to full checks

Product / Arrangement Fee – Set-up fee from your lender. This is usually added to your loan

Fixed Rate – Mortgage payments are guaranteed to stay the same for a set period of time, usually 2, 3 or 5 years

Standard Variable Rate (SVR) – Default mortgage rate charged by lenders after initial deal ends

Early Repayment Charge (ERC) – Penalty fee for repaying mortgage during specific period

Vendor – The current owner of the property being sold
Conveyancing – Legal process of buying and selling a property

Searches – Various checks carried out by the conveyancer to ensure the property is suitable

Exchange – The point at which the contract to purchase the property becomes legally binding

Completion – Ownership of the property transfers to the buyer

Call us on **0800 1444 744** to speak to a Mortgage Scout advisor, or visit www.mortgagescout.co.uk for more information

 **mortgage scout**

We'll find you the best mortgage

Mortgage Scout 174 High Street, Ruislip, HA4 8LJ | T: 0800 1444 744 | F: 01895 622 095 | E: reception@mortgagescout.co.uk | W: mortgagescout.co.uk

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