



Home Buyers Guide


hyde associates
Independent Mortgage Consultants

An easy, step-by-step guide to buying your next home

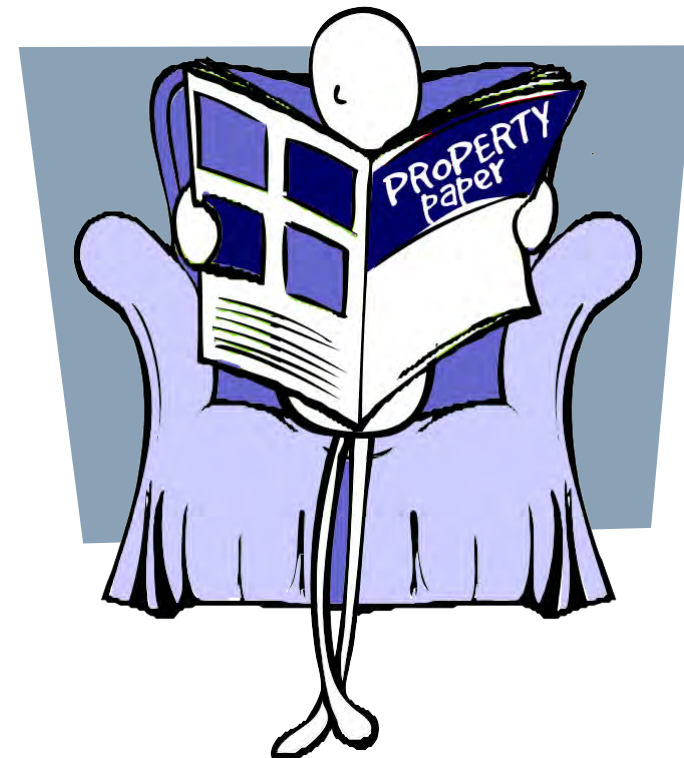
If you are thinking about moving, this guide is for you! The whole process of buying a new home can be daunting; from finding the best mortgage for you and finding your ideal new home, to seeing the sale completed and eventually moving in! This guide will take you through the necessary steps to help make buying your home, and moving in, a success!

Read straight through the Guide or jump to a particular section of interest as outlined on our contents page.

We've included a user-friendly glossary to help you make sense of the jargon! You can find all purple words throughout the Guide in the glossary.



If you need to sell your current home. Why not check out our new **Home Selling Guide**, which will help steer you through the whole process, giving you handy tips along the way.



Home Buyers Guide

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Things to consider before you buy

Before deciding your next move you need to carefully consider your personal circumstances and the financial implications involved.

If you're buying and selling

You have three main options:

- **Buy and sell at the same time:** most people see this as being the ideal situation – no renting or **bridging loan** needed – but not always easy to achieve. Can also be very stressful!
- **Sell first:** you will be in a stronger negotiating position when you come to buy, since you will be **chain free** and be clearer about what price you can offer. However, you might end up having to rent while you look for another place to buy and also have to face a double move and maybe storage charges. Remember that prices may also go up in the meantime (although they might also go down). If you really don't want to rent, then you can make it clear that you will only accept an offer on the condition that you find a suitable place to buy. This would involve careful negotiation, but you could agree to take your home off the market and promise not to sell to anyone else.
- **Buy first:** this can put you under pressure to sell your home quickly to avoid the expense of having two homes at once and a **bridging loan** to pay. In addition it can also leave you more vulnerable to **gazumping**.

Will you be buying with someone else?

This is commonly called a **joint mortgage** and can make the buying process easier, as buying with a partner, family member or friend can actually ease the financial pressure. But remember that relationships can change and circumstances alter so if you are considering one of these options, you might want to seek legal advice before deciding which type of ownership is right for you. Your options for ownership are:

- **Beneficial Joint Tenants*:** this means the property is jointly owned; you don't own a specific share in the property and if you die the property goes to the other owner.
- **Tenants in Common*:** again this means you jointly own the property, but you own a specific share of the value, which you can give away or sell, or leave to someone else if you die. This is usually the most appropriate option if you are buying with friends.

However whichever one of these you choose, you are both liable for the whole **mortgage** debt and any payments owed. So, if one of you were to abscond the remaining one would still have to pay the full mortgage.

* *The Scottish equivalent is called 'joint tenants'.*

If you're buying
and selling

Will you be buying with
someone else?

Financial considerations

Equity



Things to consider before you buy

Financial considerations

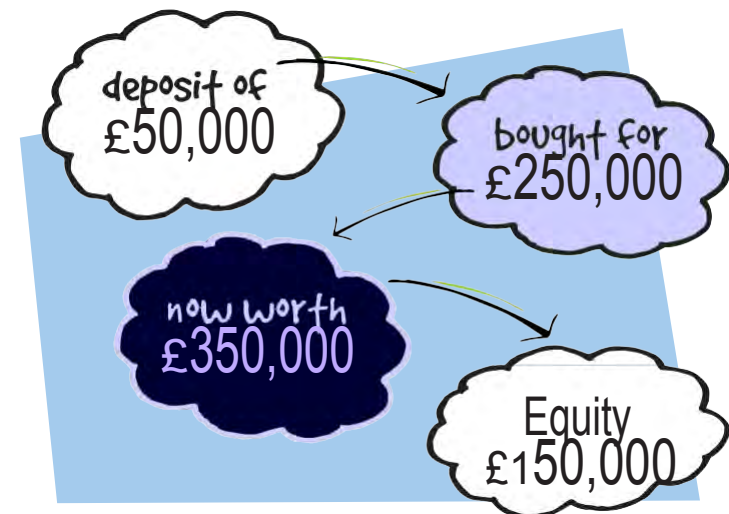
- **Money up front:** finding the initial **deposit** to buy a home may be an issue. Although you can in some circumstances put as little as 5-15% down as a deposit, currently the average deposit in the UK for people moving home is approximately 30% (and around 20% for first time buyers)*. This may not sound like a lot of money when talking in percentages but look – 30% of a £250,000 home is £75,000 (20% would be £50,000). Remember, the larger your deposit, the better the **mortgage** deal you can usually get. You may also need to pay legal and **valuation fees** (see **Step 5**)
- **On-going costs:** remember that as soon as you become the owner of a property it is your responsibility to keep up the **mortgage** repayments, utility bills, house maintenance, repairs and any unforeseen expenses or increases, such as any increase in your mortgage payments. Should you fall ill or lose your job, and therefore lose your income, could you keep up with the mortgage repayments and avoid the risk of losing your home if you can't? (There are ways to protect against this – see **Step 12**).

*Council of Mortgage Lenders (August 2011)

Equity

Hopefully the value of your new home will increase over time, which will result in increased 'equity'. For example let's say you have paid £50,000 **deposit** on a home valued at £250,000, and you have a **mortgage** of £200,000. You later have your house revalued and it is now worth £350,000, your equity in this case would be £150,000 (new value of the home minus original cost of the home + initial deposit = equity). This is great news!

However, there are no guarantees that property prices will remain stable or increase after you have bought your home. Sometimes house prices can fall dramatically. You could be caught in **negative equity** where your home is worth less than you bought it for or the amount you borrowed.



If you're buying
and selling

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Low cost options

Have you considered

Low cost ownership options

There are a variety of low cost ownership schemes that are available, both Government sponsored and private.

Low cost options:

The variety of low cost ownership schemes vary from time to time, however, and may be restricted opportunities. Many are only available in certain parts of the UK and certain criteria may need to be met for you to participate. Usually any such scheme will fall into one of three categories:

- **Shared Ownership:** allows you to own a 'share' in a property with another party – usually **Housing Associations** – and you pay them rent on their share of the property. You can normally increase your share in the property over time, this is called 'staircasing' and can help you eventually own 100% of the property.
- **Shared Equity:** you do not share ownership of the property but take both a **mortgage** and an **equity** loan to fund the purchase. A deposit is also usually required. No **interest** is charged on the equity loan for the first five years and thereafter a low rate is usually charged. When you sell, as well as paying back both the **mortgage** and the loan, you need to pay a proportion of the increase in equity (if any).

- **Rent to Buy:** allows you to rent with a view to buying at a future time at an agreed price, protecting you if property prices rise drastically. Usually if you do buy the property, the rent you have paid is returned and you can then add this to your **deposit**.



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Low cost ownership options

Have you considered:

- **Repossessed properties** : this can be an ideal way to pick up a property at less than the actual value. Although many **mortgage lenders** now prefer not to declare how many properties they have **repossessed**, you can still enquire and find out where there may be deals. However, these properties could have been vacant for a while and may need work or repairs to be done.
- **Property auctions** : thousands of homes in prime areas are available at all times in UK **property auctions** waiting to be sold at prices below market value. Although you may get a great deal, it can be risky since you are usually unable to get the property surveyed before bidding. In most cases buyers will also need to have the cash ready for the sale on the day of the auction.

Summary

Do your research... just because house prices seem high, it doesn't necessarily mean that you can't afford to buy a property. You just need to have a really good look around and do your research. Make sure you get sound, up-to-date advice.



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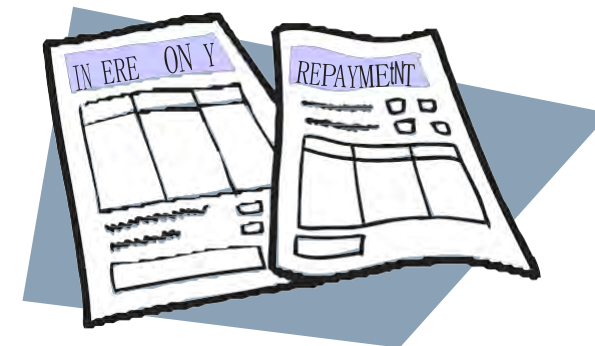
Mortgage reminders

It's important to keep in mind exactly what a mortgage is and what it's made up of before deciding how you want to pay back.

How you can pay

Remember a **mortgage** actually consists of two parts:

- the '**capital**': the initial loan, or amount borrowed
 - the '**interest**': the amount charged on top by the **lender** until the amount is paid back.
- **Interest only:** this means each month you only pay the **interest** on what you have borrowed. Whilst this usually means lower monthly repayments, remember that at the end of the agreed '**mortgage term**' you will still owe the whole amount borrowed and you have to find a way to pay that back. You will need to be paying into a separate **investment**, such as an endowment, pension or **ISA**, and be confident that you have in place the means to repay the full loan amount at the end of the term.
- Many **lenders** now restrict the size of the loan you can have on an **interest only mortgage** to a certain percentage of the property value (e.g. a maximum loan of 75% of the property value).
- **Repayment (Capital and Interest):** this means each month you pay off part of the '**capital**' (amount borrowed) as well as the **interest**. This usually means that everything (capital and interest) will have been fully paid off by the end of the agreed term.
 - **Part and part mortgage:** this means you chose to split your loan so that you repay part of it on an **interest-only** basis and part of it on a repayment (**capital** and **interest**) basis each month.
- Remember, although the '**interest only**' may cost you less each month than the 'repayment' option, you need to include in your budget the additional monthly cost of the **investment** you will need to pay the 'capital' off at the end of the term.



How you can pay

Types of mortgages available

Special features

Where to look for a mortgage deal



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How you can pay

Types of mortgages available

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If you already own your current home



Mortgage reminders

Types of mortgages available

There's a huge choice of **mortgages** out there, so don't be overwhelmed! You need to narrow your search down to the type of mortgage that suits you best and then you can compare the range of deals and features within that type.

Here are the main types:

- Fixed Rate mortgages:** this means that you agree a rate of **interest** that stays fixed until a set date (for example 2, 5, 10 years or longer) allowing monthly payments to remain the same throughout. This is a great way to be able to budget as you will always know how much your monthly payment will be. You could lose out if general **interest rates** drop but you may be better off if they increase! At the end of the initial or **special deal** period, the rate usually reverts to the lender's **Standard Variable Rate (SVR)**.
- Variable Rate mortgages:** these **mortgage** payments vary and can move up or down dependent on the movement of the **interest rates** of the mortgage **lender**. You may start off with a low rate but are not guaranteed this will not go up later on.
- Tracker mortgages:** these are like **variable rate mortgages**, where payments can go up or down, but **tracker mortgages** are linked to the **Bank of England** base rate, and 'track' this rate by a certain percent. This means that if the Bank of England **base rate** goes up or down, then so do your payments.
- Capped Rate mortgages:** these guarantee a maximum amount that you would have to pay. Your payments may go up or down under that amount, as **interest rates** increase or decrease, but you wouldn't have to pay more than a certain amount even if the **interest rates** rise higher.
- Collared mortgages:** usually found in combination with a capped or **tracker mortgage**, **collared mortgages** have a set lower level (the 'collar'), so your payments would never fall lower than that level.
- Cashback mortgages:** these give an extra lump sum of cash at the beginning of your **mortgage** for you to spend on anything you like (sometimes your home). They are sometimes linked with a **variable rate mortgage**.

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Mortgage reminders

Types of mortgages available (cont)

- **Offset mortgages:** these combine a traditional mortgage with any deposit accounts you have, such as savings and/or a current account. With an offset mortgage, the balance of your savings or current account is subtracted from your mortgage debt, decreasing the net balance on your mortgage and reducing the amount of interest you pay. Usually, your money remains in separate accounts. If you remove money from your savings/current account, this increases the net balance of your mortgage account and the amount of interest you pay.
- **Current Account mortgages:** similar to an offset mortgage but these combine your current account and your mortgage into one. You still make a monthly mortgage payment, but any savings or money paid in acts as an overpayment so you may pay off your mortgage sooner.

Special features

Regardless of the mortgage type you choose there are many additional features that lenders may offer. It may be important to you that one or more of these features are offered as part of your deal, so give them some thought and choose your deal accordingly!

Look out for these features:

- **Fees:** can you add these onto your mortgage?

- **Fee-free:** will the lender pay for or not charge certain fees?
- **Flexibility:** will the mortgage adapt to your changing circumstances? (e.g. can you make overpayments or underpayments).
- **Portability:** can you take your mortgage deal with you when you move house?
- **Payment holiday:** do you have the ability to take a mortgage payment break?
- **Repayment term:** can you alter from repayment to interest only or vice versa?
- **Borrow more:** are you able to easily increase your mortgage amount?
- **Longer terms:** can the loan term stretch to 40 or even 45 years?
- **Over payments:** are you able to make additional payments to reduce mortgage debt?
- **No early repayment charges:** can you repay the mortgage or change deals within the special deal period without charge?

A useful way to compare mortgages is to get a **Key Facts Illustration (KFI)** for any mortgages you are interested in. This gives you all the information you need to know about the mortgage product, and is standardised so that you can compare mortgages from different lenders on a 'like-for-like' basis.

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Mortgage reminders

Where to look for a deal

The main places that offer mortgages are

- Building societies and banks
- Insurance companies
- Brokers
- Specialist mortgage companies or mortgage houses

Remember to compare 'like-for-like'

You are advised to get an Independent Mortgage Adviser who will be able to advise you and search for deals that are not always available to the public. They will allow you to compare by various features including: type, features, maximum loan-to-value, overall cost for comparison, standard variable rates and, very importantly, interest rates.

They also give you the 'overall cost for comparison' (also known as the 'annual percentage rate' or 'APR') which helps you compare like-for-like, as it shows the total yearly cost of a mortgage as a percentage of the loan. It includes not only the interest rate paid but fees and other charges too. Remember though that it assumes you will be keeping the mortgage for the whole term and you might want to remortgage sometime in the future.

Think of the time you can save accessing all in the one place. They also often allow you to begin the process of applying for a mortgage.

Remember

Remember

Remember to compare 'like-for-like'

- Repayment (Capital & Interest) or Interest only
- The type of loan
- The term of the loan
- The term of the special rate
- Maximum loan-to-value ratio
- Fees and charges
- Flexibility
- How interest is calculated
- Additional features or conditions



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Mortgage reminders

If you already own your current home

Before you start shopping around for a new **mortgage** deal for a new property, speak to your current **lender** to see if the mortgage you already have is 'portable'. This simply means you can transfer your existing mortgage to a new property. This might be an attractive option if you feel you have a really good deal currently, or want to avoid any **early repayment charge**.

Lenders may charge you an 'early repayment charge' (ERCs; sometimes also known as an 'early redemption charge') if you repay your **mortgage** in the early years or during the term of your **special deal** period. An ERC can be calculated in different ways, typically several months' **interest** or a percentage of your loan; although the charges usually reduce the closer you get to the end of your mortgage deal. Either way, it could cost you several thousand pounds, so make sure you check exactly what it will cost. Remember to watch out for other possible charges such as **exit fees**.

It might be simpler and cheaper to switch to one of your current **lender's** products than go elsewhere. So, find out what deals they have on offer and get details of each to compare against what is available elsewhere. Your Independent Mortgage Adviser will look at all these aspects and advise you.

You should also ask for a '**redemption quote**', which shows exactly what you currently owe and will help you decide how much you want to borrow.

Remember, that besides the cost issues, consider how happy you are with your current **lender**, what their reputation in the market place is like and how they value you as a customer.

Professional advice

If you feel a bit overwhelmed, there are many professionals to help including: **mortgage advisers, brokers, lenders** and **Independent Financial Advisers (IFAs)**. Do check that whoever you chose is regulated by the **Financial Conduct Authority (FCA)**, meaning they are obliged to meet certain standards and treat you fairly. Be sure to ask about their level of independence, the extent of the service they will provide and if and what they will be charging you at the outset.

(See **Appendix g** for suggestion of things to ask an adviser.)

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How much can you afford?

Whatever stage of life you are at, your day-to-day living expenses are important and these change depending on your individual circumstances.

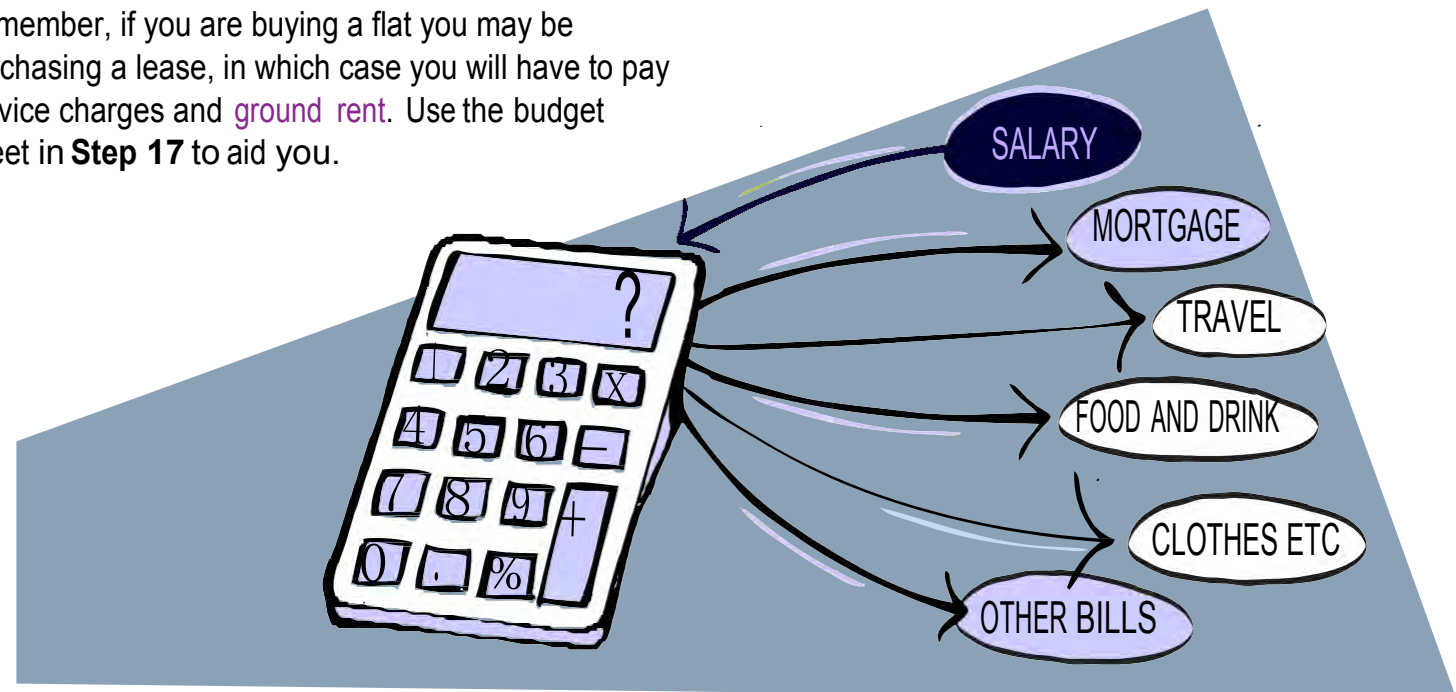
Budgeting

To get a better idea of how the cost of any new **mortgage** will fit into your overall budget, look at all your finances. Work out your **income** (salary, benefits and any gifts) and your personal outgoings (food, drink, travel, clothes, toiletries, etc.), as well as trying to estimate your new home costs in addition to the mortgage payments (including council tax, **utilities**, **insurances**, telephone, TV, etc.).

Remember, if you are buying a flat you may be purchasing a lease, in which case you will have to pay service charges and **ground rent**. Use the budget sheet in **Step 17** to aid you.

Do the sums!

You should always take the time to calculate as far as possible what the real cost of the various options would be. Work out not only what you think your new monthly payments would be, but also what the overall cost over the time you plan to keep the **mortgage** would be, whether this is for its whole term or until you **remortgage** again when the special rate ends. That way you will be comparing like with like.



Budgeting

Do the sums!

Interest rates and monthly payments

Over how long?



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Budgeting

Do the sums!

Interest rates and
monthly payments

Over how long?



How much can you afford?

Interest rates and monthly payments

The table below gives you an idea of what your monthly payments might be. It gives a range of **interest rates** and what you could expect to pay on an 'interest only', or a 'repayment' **mortgage** for each £1,000 borrowed...it's only a guide though and is based on a 25 year **mortgage term** agreement.

Remember that **interest rates** can change, so keep that in mind when budgeting or choosing which mortgage is best for you.

As an example, take the amount you want to borrow and divide by 1,000, then multiply that amount by the rate of **interest**.

Payment Per Month Per £1,000 Borrowed

(based on a 25 year mortgage term)

The interest rate	Interest only mortgage*	Repayment Mortgage
2.5 %	£ 2.08	£ 4.49
3.0 %	£ 2.50	£ 4.74
3.5 %	£ 2.92	£ 5.01
4.0 %	£ 3.33	£ 5.28
4.5 %	£ 3.75	£ 5.56
5.0 %	£ 4.17	£ 5.85
5.5 %	£ 4.58	£ 6.14
6.0 %	£ 5.00	£ 6.44
6.5 %	£ 5.42	£ 6.75
7.0 %	£ 5.83	£ 7.07

* Also budget for the additional monthly cost of the investment you will need in order to pay the 'capital' off at the end of the term.

So for example, if you were borrowing £150,000 over 25 years at an interest rate of 4.5%, the monthly cost would be £562.50 interest only or £834 repayment.

Over how long?

When deciding the length of term on your new

mortgage, beware of **false economy**! Whilst it's tempting to add years for the benefit of reduced payments, calculate how much extra you would repay in total over the term and you may be shocked!

For example: with a £100,000 **mortgage** at an **interest rate** of 5%, the difference between a 25 year term and a 30 year term is £48 per month. But you would pay £17,760 more as a result.

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How much can you borrow?

Various factors need to be taken into consideration for lenders to decide how much they will lend you.

How much can you borrow?

How much you can borrow depends on your personal circumstances and what the lender is willing to lend you. While this decision is mostly based on your income and current out-goings (or a joint income and out-goings if you are buying with someone else) other factors such as your credit rating, your loan-to-value ratio and the current value of your property will also be considered. The lender will carry out an assessment to decide how you 'score' financially. Individual lenders are obliged to lend responsibly and use their own criteria when deciding whether or not to lend you money.

TIP

The Loan-to-Value ratio is the comparison between the amount you want to borrow and the value of your home expressed as a percentage. It tells the lender how much equity you have in your home. The lower the percentage, the better the deals you can usually get.

Your credit rating

Lenders will want to make sure that your credit rating is adequate. They use the information you give in your application, but they also rely heavily on data supplied by credit reference agencies. Your 'credit worthiness' is based on your history of borrowing and repayment; it also takes into account any other financial assets or liabilities you might have. From all this information, a 'credit score' is generated. If you have a poor rating you will be considered a greater risk and may be offered a less favourable rate, or even have your application declined.

Improve your credit rating

There are some ways that you can improve your credit rating, such as registering to vote. Look in **Appendix b – Useful Contacts** for websites where you can find out how you can further enhance your credit rating.

How much can you borrow?

Your credit rating

What deposit do you have?

What do lenders look at?

One-off costs



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How much can you borrow?

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How much can you borrow?

What deposit do you have?

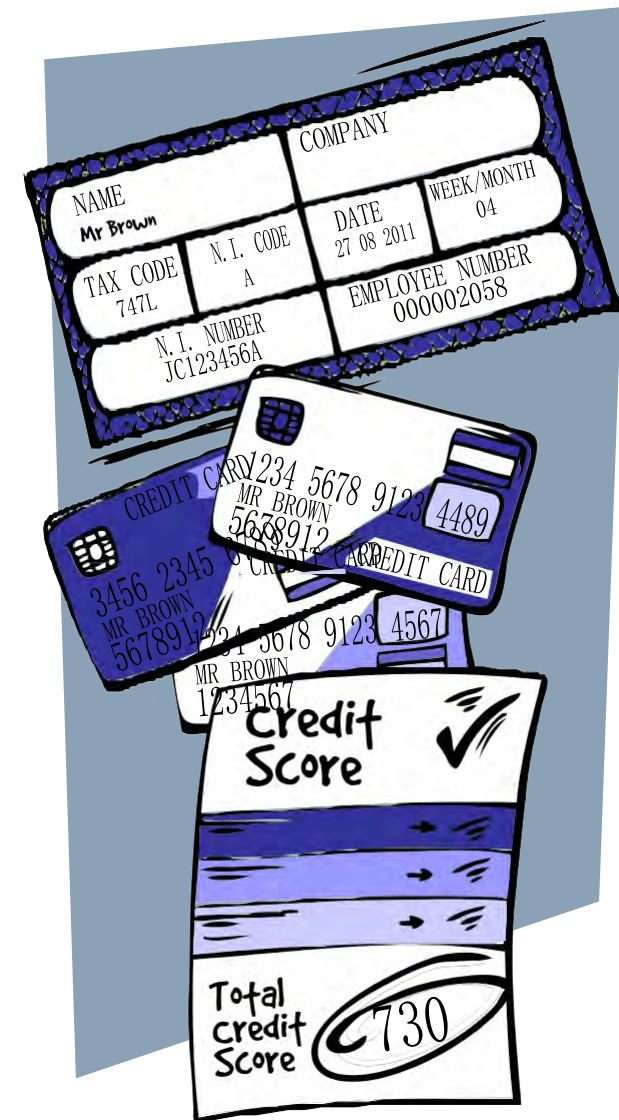
These days, you usually need to put a substantial **deposit** down on any home purchase. As you are moving home this is likely to come from the **equity** in your current home. Most **lenders** would like you to put down at least a 15% deposit of the total cost of the house. There are however a few lenders offering **mortgages** with a 5% or 10% deposit, but remember that generally the lower the deposit you have the higher the **interest rate** you pay.

What do lenders look at?

It is all very well deciding what you want, but there are lots of things that **lenders** look for too. Each lender has its own borrowing criteria that you will need to satisfy.

- Do you earn enough to borrow the amount you want?
- Are you self-employed or new in a job?
- How much debt do you have?
- If you want an '**interest only**' mortgage... can you show evidence of the **investments** you have in place?
- Most **lenders** will only allow you to borrow a certain amount of the property's current value. Are you looking to borrow too much?
- How good is your **credit rating**?

- Have you ever missed a **mortgage** payment in the past?
- Do you have any **County Court Judgements (CCJs)** against your name?



5

How much can you borrow?

Your credit rating

What deposit do you have?

What do lenders look at?

One-off costs



How much can you borrow?

One-off costs

Don't forget there are a number of other one-off costs that you will have to budget for.

These amounts vary depending on what you choose, but do not underestimate them as they can add up!

- **Estate agents' fees:** this is usually paid by the **seller** of the property, but you can appoint one to look for a property for you, in which case you would need to negotiate an amount.
- **Legal/solicitors' fees:** a solicitor is needed to assist in the legal aspects of moving home, such as transferring the legal title of a property from one person to another (known as conveyancing). This varies from solicitor to solicitor and place to place but allow a minimum of £400 and always ask for a quote upfront.
- **Searches:** these are carried out by the solicitor and are usually included in their charges. It's important though to make sure everything about the property you are buying is legal and straightforward and there are no hidden rights of way or clauses.
- **Valuation costs:** this is a charge by the **lender** to carry out an inspection on the property to make sure it's worth what they are lending you.
- **Survey:** cost depends on how detailed you want, or need, the **Surveyor's Report** to be – again always ask for a quote (see **Step 11**).
- **Stamp Duty:** this is a tax from the Government on houses worth over £125,000 and can be anything from 1% to 15%. (A higher threshold of £150,000 applies for properties bought in an area designated by the government as 'disadvantaged'.) See the HMRC website for more details: www.hmrc.gov.uk/sdlit/intro/rates-thresholds.htm
- **Land Registry Fees:** similar to **Stamp Duty**, it varies depending on the value of the property.
- **Mortgage Booking/Arrangement Fees:** this is a charge you pay the **lender** for reserving your **mortgage**.
- **Product/Reservation Fee:** payable to your **lender** for some deals. Often a non-product fee version is also available at a higher rate of **interest**.

...and don't forget your removal costs!

6

How to apply for a mortgage

So how do you actually apply for a mortgage? This Step explains everything you need to know.

Key Facts Illustrations (KFI)

Agreement in Principle (AIP)

The information required

Key Facts Illustration (KFI)

The first step is get a **Key Facts Illustration (KFI)** for any **mortgage** you are interested in. This gives you all the information you need to know about the mortgage product, and is standardised so that you can compare mortgages from different **lenders** on a 'like-for-like' basis. It will detail the monthly payments, **interest rates**, fees or charges and total amount payable over the term. You can get a KFI for as many mortgages as you like before choosing the one that suits you.

Agreement in Principle (AIP)

You will also need to get an **Agreement in Principle (AIP)** (sometimes known as a '**lending decision**' or '**decision in principle**') from your chosen **lender** and can be done through an independent adviser. This means they are prepared to lend you the **mortgage** you have asked for, based on information about things like your **income** and outgoings (though be aware this is not a guarantee). Importantly, this can also help you to make an offer on a property when you find one you want as it shows the **seller** that you can borrow enough (in principle) to afford the property. You can generally get an AIP from a **bank** or **building society**, in the branch, by phone or online.

The information required

This includes:

- your employment details
- your **income** and outgoings
- details of your current **mortgage** (if applicable)
- in some cases the house you are interested in and your solicitor's details, though usually you can get an **Agreement in Principle** before you find a property.

DATE	DESCRIPTION	MONEY IN	MONEY OUT	BALANCE
		1897.00		2056.34
28/7/11	Wages		40.00	
1/8/11	Petrol Station		970.00	
1/8/11	Mortgage		52.00	
3/8/11	Gas		25.00	
1/8/11	Mobile phone		97.81	
7/8/11	Food store		80.00	
10/8/11	Cash Machine		80.00	
10/8/11	Credit card		15.00	
10/8/11	Store Card			

7

Choosing a location for your new home

This has to be a high priority! Estate agents say 'the three most important factors in determining the desirability of a property are location, location, location'.

Tips and tricks

Help with your research!

Tips and tricks

Don't make the mistake of picking the right house but in the wrong location! Perhaps you feel you can get more for your money in a less desirable area, but be wary as you can always make changes to a property, but you cannot alter its location.

So before you start viewing properties in any new area you are considering, do some research. You need to be sure the area suits your lifestyle.

Take a walk around the neighbourhood at different times of different days, do you feel comfortable? Does it feel friendly and safe? Can you imagine yourself living there?

Tip

When you come to view properties in the area you can double check these points by using the 'Finding a Property Checklist' in **Step 8** and then the 'Viewing Checklist' in **Step 9**.

Other suggested things to think about:

- Is it close to work?
- How far would you be from family and friends?
- Does it have easy access to main roads?
- What is the public transport like?
- What are the shops, restaurants, cafes and bars like?
- What about social places like cinemas, clubs, leisure centres, etc.?
- Do the local schools and nurseries have a good reputation?
- What is the level of crime in the area?
- Are the streets well lit?
- Are there any green spaces?
- What about healthcare, where is the nearest hospital, health centre and doctors?
- If you have a chosen place of worship, how far away is it?
- What is parking like?
- Is it family friendly – play parks, open spaces, traffic calming, cycle paths, groups and activities?
- Disabled access and facilities?



7

Tips and tricks

Help with your research!



Choosing a location for your new home

Help with your research!

There is so much information that is just a click away!

Check out the following:

- **Interesting local information from the Office for National Statistics on a variety of topics** www.neighbourhood.statistics.gov.uk
- **Council Tax bandings for England and Wales** www.voa.gov.uk
Council Tax bandings for Scotland www.saa.gov.uk.
- **Public transport links** www.traveline.info
- **Crime levels** www.Police.uk
- **Local NHS services** www.nhs.uk/servicedirectorries
- **Environmental, flood and pollution risks from the Environmental Agency** www.environment-agency.gov.uk/maps
- **School reports** www.ofsted.gov.uk
- **Moblie phone masts** www.sitefinder.ofcom.org.uk
- **Air quality** www.uk-air.defra.gov.uk
- **Any plans for future road developments via the Highways Agency** www.highways.gov.uk/roads
- **Local house prices & trends, schools, crime rates, local businesses and more** www.upmystreet.com
www.zoopla.co.uk
- **The local Council's website to find local parks and green spaces... and so much more.**



Finally speak to people in the street close to any house or flat you are interested in... but not right next door... and ask for their honest opinions of the best and worst points of the area.

8

Finding a property

Once you have an idea of what you can afford, or what a mortgage lender can offer and the area where you want to live, you need to search for and look at properties – but where should you start?

Where to start

Remember to check if it is freehold or leasehold!

'Would like' and 'need' list



Where to start

Here are a few examples:

- Local estate agents in the area you like
- Estate agents and other reputable sites on the internet
- Local newspapers property pages
- 'FOR SALE' boards in chosen location
- House building companies building in the area
- At an auction
- Online property sites such as:
 - www.rightmove.co.uk
 - www.primelocation.com
 - www.findaproperty.com
 - www.tepilo.com
 - www.zoopla.co.uk

Remember to check if it is freehold or leasehold!

Freehold

Freehold means that the sale includes the property and the land on which the property is built, and that there will be no **ground rent** or service charge due. You have complete ownership of both the land and property for an unlimited time.

Leasehold

Leasehold means that the sale does not include the land on which the property is built – instead you pay **ground rent** to the owner of the land – the **freeholder**. You only have the right to occupy the property for the length of time left on the lease. You might also have to pay a service charge too – this is usual with flats and covers maintenance and repairs to the whole building and upkeep and cleaning of communal parts of the grounds or surroundings.

In Scotland, very few houses are **leasehold**, the vast majority are **freehold**.

8

Finding a property

'Would like' and 'need' list


Use this check list to help you stay focused. If you are viewing the Flash version of this guide, select 'PDF' in the bottom left corner to open the checklist.


Where to start

Remember to check if it is freehold or leasehold!

'Would like' and 'need' list



Home Buyers' Guide  Home Guides



Finding a property – 'would like' and 'need' list

	Like	Need		Like
Type of place			The outside	
Flat			Garden	
Bungalow			Patio	
Semi-detached			Privacy from neighbours	
Terraced			Garage	
Detached			Shed/outbuildings	
The inside			Off road parking	
Number of bedrooms			Space for pets	
Number of living rooms			Room to build/extend	
Number of bathrooms/toilets			Location	
Separate kitchen			Near to work	
Separate dining area			Near to family and friends	
Study/playroom			Near to main roads	
Central heating			Easy access to public transport	
Double glazing			Access to shops	
Good décor			Access to social places	
			Near to schools and nurseries	
			Near to doctors surgeries / hospitals	
			Near to place of worship	
			Good parking	
			Family friendly	
			Disabled access	

8

Finding a property – ‘would like’ and ‘need’ list

	Like	Need		Like	Need
Type of place			The outside		
Flat			Garden		
Bungalow			Patio		
Semi -detached			Privacy from neighbours		
Terraced			Garage		
Detached			Shed/outbuildings		
The inside			O road parking		
Number of bedrooms			Space for pets		
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Central heating			Easy access to public transport		
Double glazing			Access to shops		
Good décor			Access to social places		
			Near to schools and nurseries		
			Near to doctors surgeries /hospitals		
			Near to place of worship		
			Good parking		
			Family friendly		
			Disabled access		

9

Viewing a property

There are many things to consider when you are viewing properties. This Step covers tips and tricks and suggested questions you should ask the seller!

Stay focused on your needs

Then when you get there

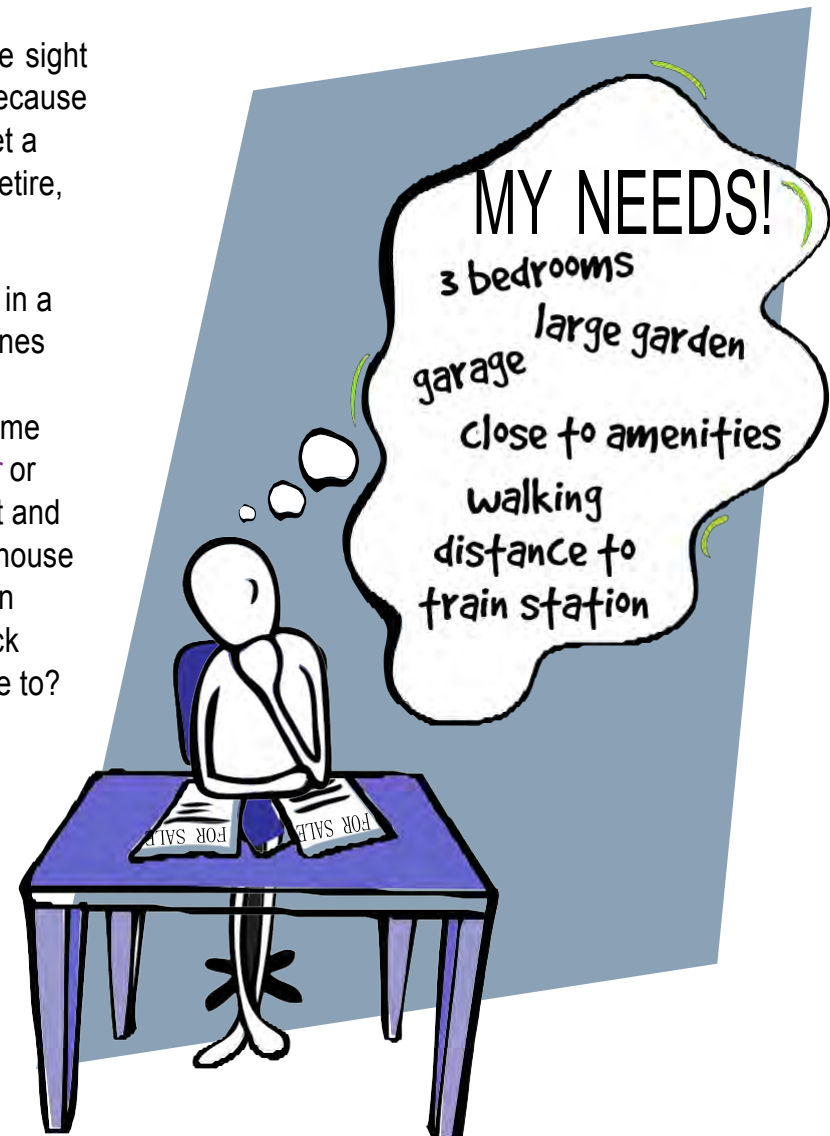
Ask questions!

Ask to see the EPC

Stay focused on your needs

Don't let your heart rule your head and don't lose sight of why you are moving! Whether it's for work, because you're getting married or moving in together, to get a bigger place, to start a family, to down-size or to retire, stay focused on your **needs**!

Be realistic about how many homes you can view in a certain time period, so be selective about which ones you view. Allow yourself up to 30 minutes to look around the property and also plenty of travelling time between properties. When you speak to the **seller** or their estate agent, use the time to get a head start and ask some useful questions such as how long the house has been for sale and how much interest has been shown. Try to find out if they are looking for a quick sale, have they already found somewhere to move to? What is the reason that they are moving?



9

Stay focused on your needs

Then when you get there

Ask questions!

Ask to see the EPC




Viewing a property

Then when you get there

Here are some viewing tips

- Try to imagine living there and how suitable it would be for you and your lifestyle!
- Consider taking a camera and asking if you can take photos to remind yourself later!
- Remember that the **seller** or their agent do not need to tell you about any problems the property might have, so be a bit of a detective. Look for potential problem areas and be alert for 'cover-ups'.
- Try and take someone with you who might notice things you don't.
- Don't disregard a home just because of decoration – this can always be changed.
- Try and visit the place at different times of the day.
- Double check what fixtures and fittings are included.
- Don't be rushed or too embarrassed to ask to look around some more.
- Give careful consideration to the outside of the property too.

Take along the **Viewing Checklist**. It will be a great help.



Viewing checklist

Address			
Contact Details	Seller:		
Viewings	First viewing (Date & Time):		

Location checklist	Yes	No	Questions to ask seller on
Near to work			How long the house has been for sale? How much interest has been shown? Are they looking for a quick sale? Have they already somewhere to go? What is their motivation? What is their budget?
Near to family and friends			
Near to main roads			
Easy access to public transport			
Access to shops			
Access to social places			
Near to schools and nurseries			
Near to doctors surgeries /hospitals			
Near to place of worship			
Good parking			
Family friendly			
Disabled access			

9

Viewing a property

Ask questions!

While you are there, ask the owners or the estate agent any questions you have, such as:

- What are the neighbours like?
- Does the area feel safe and secure?
- Is the area quiet?
- What are the traffic levels?
- Is parking a problem?
- Which direction does the house or garden face?
- Cost of heating the property?
- Condition of property
 - structural problems
 - wiring and electrical
 - boiler and plumbing
 - woodwork and windows
 - damp-proofing
 - insulation
 - gas certificate, if applicable
- What are transport links and public transport like locally?
- What is the local catchment area for schools and what are the schools like?
- How much is Council Tax, gas, electricity, water, etc?

Stay focused on your needs

Then when you get there

Ask questions!

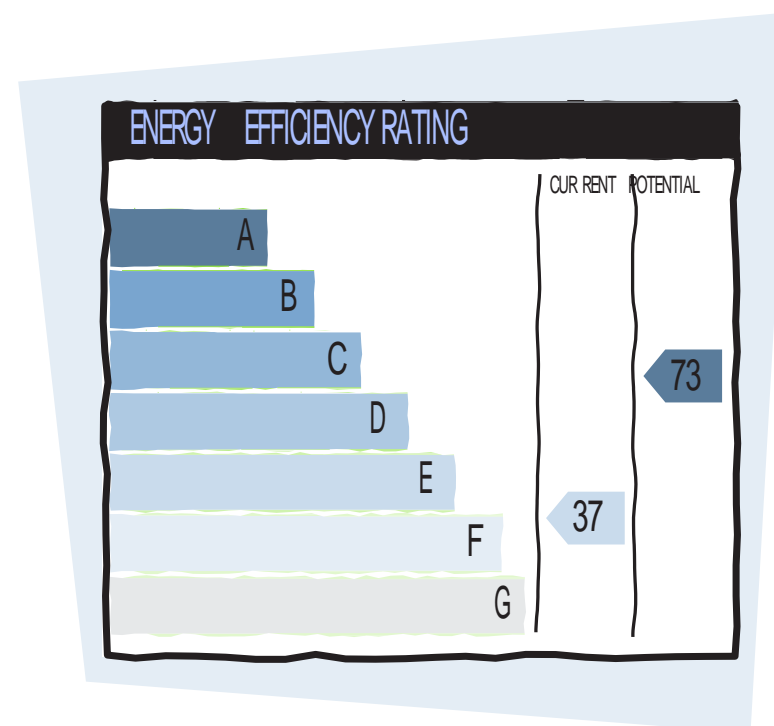
Ask to see the EPC



Ask to see the EPC

All sellers are required to provide an **Energy Performance Certificate (EPC)** which shows how much energy a building uses with an A to G rating (A being the most efficient and G the least). It can help home owners reduce their energy bills and live more sustainably by making their home more energy efficient.

(In Scotland you will want to have a good look at the **Home Report** pack – see **Step 10** part 2)



9

Viewing checklist

Address			Asking Price	
Contact Details	Seller:		Estate Agent:	
Viewings	First viewing (Date & Time):		Second viewing (Date & Time):	

Location checklist	Yes	No
Near to work		
Near to family and friends		
Near to main roads		
Easy access to public transport		
Access to shops		
Access to social places		
Near to schools and nurseries		
Near to doctors surgeries/hospitals		
Near to place of worship		
Good parking		
Family friendly		
Disabled access		

Questions to ask seller or agent when booking viewing	
How long the house has been for sale?	
How much interest has been shown?	
Are they looking for a quick sale?	
Have they already somewhere to move to?	
What is the reason that they are moving?	



Viewing checklist

Mark out of 5- circle your choice **1** Bad **2** Worrying **3** Average **4** Good **5** Brilliant

External						Comments
Access	1	2	3	4	5	
Parking	1	2	3	4	5	
Garage	1	2	3	4	5	
Garden	1	2	3	4	5	
Privacy	1	2	3	4	5	
Brick/Stone	1	2	3	4	5	
Roof	1	2	3	4	5	
Chimney	1	2	3	4	5	
Drains	1	2	3	4	5	
Guttering	1	2	3	4	5	
Windows	1	2	3	4	5	
Doors	1	2	3	4	5	
Refuse & Recycling Bin location	1	2	3	4	5	
Additional for flats or apartments						
Shared Services	1	2	3	4	5	
Door entry system	1	2	3	4	5	
Communal Areas	1	2	3	4	5	
Lighting	1	2	3	4	5	
Cleanliness	1	2	3	4	5	
Additional Notes						



Viewing checklist

Mark out of 5- circle your choice **1 Bad** **2 Worrying** **3 Average** **4 Good** **5 Brilliant**

Internal						Comments
Security	1	2	3	4	5	
Safety – Smoke/Carbon Monoxide Alarm	1	2	3	4	5	
Loft Access	1	2	3	4	5	
insulation	1	2	3	4	5	
Heating	1	2	3	4	5	
Boiler	1	2	3	4	5	
Electrical Wiring	1	2	3	4	5	
Electrical Points & Switches	1	2	3	4	5	
Check for Damp	1	2	3	4	5	
Satellite/Cable	1	2	3	4	5	
Mobile Reception	1	2	3	4	5	
Hall						
Decoration	1	2	3	4	5	
Carpets	1	2	3	4	5	
Storage	1	2	3	4	5	
Living Room						
Decoration	1	2	3	4	5	
Carpets	1	2	3	4	5	
Storage	1	2	3	4	5	
Dining Room						
Decoration	1	2	3	4	5	
Carpets	1	2	3	4	5	
Storage	1	2	3	4	5	
Bedroom 1						
Decoration	1	2	3	4	5	
Carpets	1	2	3	4	5	
Storage	1	2	3	4	5	

9

Viewing checklist

Mark out of 5- circle your choice **1 Bad** **2 Worrying** **3 Average** **4 Good** **5 Brilliant**

Bedroom 2						Comments
Decoration	1	2	3	4	5	
Carpets	1	2	3	4	5	
Storage	1	2	3	4	5	
Bedroom 3						
Decoration	1	2	3	4	5	
Carpets	1	2	3	4	5	
Storage	1	2	3	4	5	
Bathroom/En-suite 1						
Shower/Bath	1	2	3	4	5	
Decoration	1	2	3	4	5	
Floor covering	1	2	3	4	5	
Storage	1	2	3	4	5	
Bathroom/En-suite 2						
Shower/Bath	1	2	3	4	5	
Decoration	1	2	3	4	5	
Floor covering	1	2	3	4	5	
Storage	1	2	3	4	5	
Kitchen						
Units	1	2	3	4	5	
Appliances	1	2	3	4	5	
Lighting	1	2	3	4	5	
Decoration	1	2	3	4	5	
Floor covering	1	2	3	4	5	
Storage	1	2	3	4	5	
Other						
Decor ation	1	2	3	4	5	
Floor covering	1	2	3	4	5	
Storage	1	2	3	4	5	

10

(Part 1) Making an offer in England, Wales and Northern Ireland

(For making an offer in Scotland see Step 10 part 2)

You've looked at several places and you think you like the look of one. What next?

Putting in an offer

The deposit for the seller

Solicitors and fees

Part 2:
Making an offer in Scotland

Putting in an offer

Once you've found the property you want, you will need to put in a 'subject to **survey**' offer to the **seller** or the estate agent.

The deposit for the seller

You will sometimes be asked to pay a **deposit** to the **seller** or estate agent, to show your intention or commitment to buying the property. These deposits normally range from around £500 to £1000 and are usually re-payable should the sale fall through. Remember that this is in addition to the main **mortgage** deposit you will need.

Solicitors and fees

It's important to get a good solicitor (or **conveyancer**) to deal with all the legal parts of the sale (known as conveyancing) and who will carry out **searches** (for example to find any likely rights of way, or changes or developments due in the area that might affect the property) and deal with the **seller's** solicitors. They will also need to hold your **deposit** on the property (the difference you are personally paying between the **asking price** and what the **mortgage lender** is giving). You need to find one you can trust and word of mouth is often the best way; otherwise contact the Law Society or the Council of Licensed Conveyancers. Make sure you get a quote first!



10

Role of solicitors

The Home Report

Surveys

Putting in an offer

The deposit for the seller

Final preparations

Completion

Part 1:
Making an offer In England,
Wales and Northern Ireland



(Part 2) Making an offer in Scotland

(For making an offer in England, Wales and Northern Ireland see Step 10 part 1)

The property market in Scotland works very differently to the property system in the rest of the UK. For instance, very few houses and flats in Scotland are leasehold, the vast majority are freehold.

Role of solicitors

In Scotland the solicitor plays a greater part in buying homes, than in the rest of the UK. Solicitors in Scotland are usually also estate agents; most are members of solicitors' Property Centres, who have showrooms, websites and newspapers, where properties are advertised collectively from member solicitors in an area. Of course estate agents do operate in Scotland too, but have a far smaller share of the market.

If you want to buy a house in Scotland, it is necessary to use a Scottish solicitor. So when you see a property you like, the first thing you should do is find a solicitor to act for you. Do some research, ask friends, family or work colleagues for recommendations and ask for an estimate of their charges for buying a home. Approach several local solicitors as fees vary, check if it is a fixed fee or variable and check if it includes all outlays (such as **stamp duty**, search fees, **land registration fees**, etc.).

The Home Report

A **seller** must have a **Home Report** pack prepared. The Home Report pack consists of three compulsory documents that provide buyers and sellers with information about the condition and value of homes before an offer to purchase is made:

- Property Questionnaire
- an Energy Report
- **Single Survey**

The Property Questionnaire is completed by the **seller** of the home. It contains information about the home, such as **Council Tax banding**, factoring arrangements and any alterations made to the home.

The Energy Report shows the home's energy efficiency rating and assesses its environmental impact. It also recommends ways to improve its energy efficiency.

The **Single Survey** contains an assessment by a **Surveyor** of the condition of the home, a **valuation** and an accessibility audit for people with particular needs.

10

Role of solicitors

The Home Report

Surveys

Putting in an offer

The deposit for the seller

Final preparations

Completion

Part 1:
Making an offer In England,
Wales and Northern Ireland



(Part 2) Making an offer in Scotland

Surveys

The **Single Survey** may be acceptable to your **lender**. However, some **mortgage** lenders may insist on having an additional **survey** completed, paid for by you, the buyer. If the property is older or the survey raises concerns you might want to get a **Structural Survey** done.

Putting in an offer

When you want to make an offer on a property, your solicitor may recommend '**noting an interest**' which puts you under no obligation, but will mean that the **seller's** solicitor or estate agent will let you know if anyone else is interested. If two or more people are interested in buying a property a closing date can then be fixed and sealed 'offers' are made by all those interested. If there are no other notes of interest, an offer may be made immediately. However, in the current economic climate, many homes are being offered at fixed prices.

Your offer will be submitted by your solicitor to the **seller's** solicitor or estate agent and should include the price you want to pay and when you wish to have entry. In deciding what to offer, you will need to take into account how many others will be making offers, however sellers do not always accept the highest offer

- other conditions of the offer such as how soon you can move may influence their decision.

This is followed by written negotiation backwards and forwards, conducted by the solicitors. When all conditions are agreed by both parties, the final

document is then a **binding contract**. Neither side can withdraw without having to pay **compensation**.

The deposit for the seller

Any deposit will be held by your solicitor in a special account, where it will gain interest until the sale. Estate agents are not permitted to hold deposits.

Remember that this is addition to the main **mortgage** deposit you will need.

Final preparations

After a **binding contract** has been agreed, your solicitor will prepare a number of documents, including a '**Disposition**' which will transfer ownership of the house to you.

They will also make all the financial arrangements for settling on the agreed date of entry, including liaising with your **mortgage** provider. You will also be asked to make sure any additional funds are with your solicitor in advance of settlement, to cover the whole **purchase price**, **stamp duty** (if applicable) and registration dues on the title.

Completion

On the date of entry your solicitor will send the **purchase price** to the **seller's** solicitor. In exchange, your solicitor will receive the signed '**Disposition**' and other relevant documents... and the keys to your new home!

Main mortgage application

Applying for a mortgage may seem complicated, however your mortgage adviser will ensure everything is done correctly. This Step includes tips on the main application and what documents you will need to provide.

The main application

By the time you find a property you like and make an offer on it, the **lender** your mortgage broker got the **Agreement in Principle** from might not be offering the best deal anymore, so re-check what others are offering. Once you have found the best **mortgage**, the **lender** will ask you to give them some more detailed information about the property, your chosen solicitor and the type of **survey** you want (see **Step 12**), as well as proof of your **income**. This is so they can make sure the property is suitable, you have chosen a reputable solicitor, can afford the repayments etc.

Don't get frustrated, this is so they can make an informed decision about lending you money, so it's in your interest to give them the information. They – and you – need to be sure you can manage to make the regular repayments.



The main application

What they will want from you

Before you start



Main mortgage application

What they will want from you

Proof of your:

1. Identification

- passport, driving licence or birth certificate and your National Insurance number

2. Address

- proof of your address(es) for the last three years such as utility or council tax bills

3. Employment

- employer and contact number (including your own details if you are self-employed)

4. Financial situation

- your **income** eg. – pay slips, P45, accounts if self-employed
- your outgoings – debts, loans, store accounts etc., and your last few **bank** statements
- detailed breakdown of any **assets** such as other accounts, properties, **investments**, etc.

5. Current mortgage

- your **mortgage** statement
- a redemption statement from your current **lender**.

6. Details of:

- the property you wish to buy
- your choice of **mortgage**
- your **valuation/survey** requirements
- your mortgage protection requirements
- your home **insurance** requirements

- your bank account (if not with the **lender**)
- your solicitor's/ **conveyancer's** details

And if an 'interest only' deal:

- proof that you have in place the means to repay the full loan amount at the end of the term, via **investments**, endowment, pension, ISA, etc.

Before you start

Here are a few ways to make the process go smoothly.

- **Prepare beforehand:** whether you are applying in person, on the phone or online, get every single bit of information ready to hand. There is nothing more frustrating than having to go back and forth looking for stuff you could have found earlier.
- **Be thorough:** when completing any forms, fill out every single little box that applies to you, no matter how trivial you may find it. Don't leave anything blank, as this should prevent you from having to go back and redo your whole application again.
- **Just ask:** If you are stuck for answers and are not sure how to fill in the application, just ask your adviser or **lender** to help you. Application forms aren't a test, they are there to help you get the right home for you.

Most Independent Mortgage Advisers fill out the application form for you, so don't worry – you will not be on your own!

The main application

What they will want from you

Before you start



12

Surveys

Insurances

Surveys and insurances

Once your offer has been accepted (subject to survey), it's then vital you carry out the survey on the property. This will then ensure you are aware of the state the property is in before you buy. This includes its value and any possible structural problems, etc.

Surveys

Once your offer has been accepted (subject to [survey](#)), it's then vital you arrange for a [survey](#) to be carried out on the property. Your [lender](#) will arrange for a [valuation](#) to check that your property is worth the [asking price](#), but it will not give you details on what may be wrong with the property.

A [HomeBuyers Report](#) or Full [Structural Survey](#) (also now known as a Building Survey) on the other hand (which are optional), examine the structure of the building to find if there are any faults or problems likely to happen – they can also help to re-negotiate the asking price, if faults are highlighted that will need to be put right! If you are buying a new home you don't need one of these detailed [surveys](#) as it should have [NHBC certificate](#) (A National House Building Council certificate gives a 10 year guarantee, covering any major fault or problem in new homes).

HomeBuyers Report:

- This checks the condition of the property and its value
- Usually for properties of reasonable condition up to 150 years old
- Checks for major faults and estimated costs to put right
- Tells you what the value of the property is
- It won't tell you about any minor issues or the actual details of any major issues identified.

Structural Survey (or Building Survey):

- This is a comprehensive, detailed [survey](#), which costs more than a [Homebuyers Report](#)
- Usually for older, unusual or listed buildings or properties that have extensions or renovations
- Checks all parts of the property for faults (major and minor) estimated costs to repair and if any further reports are needed
- It won't give you the value of the property so a [valuation](#) will still be necessary.



12

Surveys

Insurances



Surveys and insurances

Insurance

You know how important it is to take out **insurance** to protect your home – both buildings and contents, so why not use this opportunity to reassess your cover? Remember to include in your calculations any new furniture or expensive electrical goods you may have bought for your new home.

- **Buildings Insurance:** this covers you financially for any damage to your building (e.g. from fire, flood or wind). Make sure that you look at the level of cover as well as the cost of the policy: in the worst case scenario it will need to cover the cost of rebuilding your home – not just what you paid for it. Most **mortgage lenders** will insist on seeing this is in place before **completion**. Often included as part of **leasehold** properties.
- **Contents Insurance:** this is often overlooked because it's another expense, but just think what it would cost if you had to replace everything in your home because of flood damage, fire or theft – furniture and furnishings, TV and audio, all electrical goods and appliances, clothing and jewellery!

Tip

Your Independent Mortgage Broker should be able to do this for you as well.

Other types of insurance

Now you have your home covered, what about you? Think about how your **mortgage** will be paid if you became unemployed, ill, injured or even died? While there are State Benefits available, if you are under pension age, you would not receive help with your mortgage payments for 13 weeks and even then not enough to cover all your monthly repayments. There are several kinds of **insurance** that you could look at to safeguard your repayments:

- **Critical Illness:** provides funds if you should become critically ill.
- **Life Assurance:** provides a lump payment to your next of kin should you die or become terminally ill.
- **Income Protection:** this can give a regular monthly **income** if you can't work because of an accident or illness.
- **Mortgage Payment Protection:** this can cover your **mortgage** payments for a period of time if you become unemployed, or can't work because of an accident or illness.

(For further information on **insurance** please see **Appendix b Useful Contacts**.)

13

Exchanging contracts

Final preparations

Completion day



Exchanging contracts and completion

At this point in the process there are only a few things left to do before the house is yours!

Exchanging contracts

When you and your solicitor are happy to proceed, then it's time to sign the contract. Once the **seller** has signed theirs too, then the solicitors will swap or exchange them.

The **deposit** your solicitor is holding for you will then be transferred to the **seller's** solicitor ready for **completion**. (If you pull out of the deal after this you will probably lose your deposit.)

Final preparations

Make sure you know exactly what is being done by your solicitor, and when, as these last few days are vital.

- **Land Registry:** your solicitor will do a final check to see nothing has changed and you should have the registered title of the property.
- **Transfer deed:** this will be sent before **completion** to the **seller's** solicitor and shows you as the new legal landowner.
- **Money transfers:** all arrangements for the final payments and getting the **mortgage** monies in.
- **Final accounts:** includes preparing all the details of all monies already paid or due.

Completion day

A really important day with lots happening.

As you are likely to be moving house you may need to take a day or two day off work to make sure everything gets done.

- **Transfer Payments:** all monies are transferred to the **seller**.
- **Keys:** and at last the keys to your new property!

Congratulations... you have a new home!



14

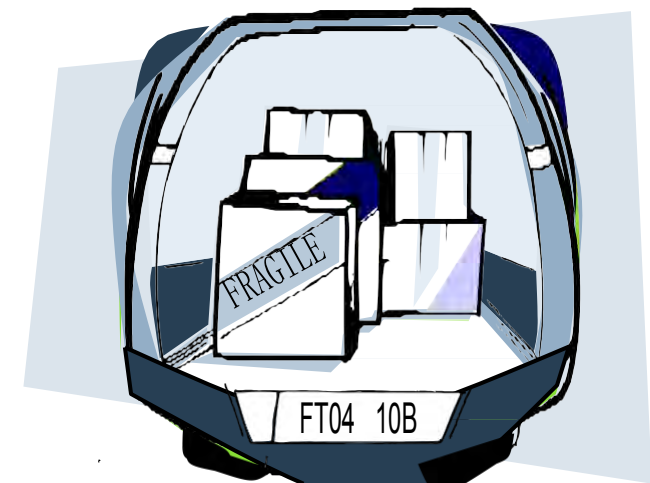
As soon as you can

Getting organised before the move

It's been a long process and you may feel that you are home and dry now you've sorted your mortgage, found your home, and exchanged and completed contracts...well not just yet, you need to make sure moving in is trouble free! We've given you a checklist of things to plan and book.

As soon as you can

- Plan your actual moving in date and book your time off work
- If you are renting:
 - give notice to your landlord (you don't want to pay both rent and a **mortgage**)
 - tell your existing **utilities** and telephone companies when you are moving out of your present address
- Confirm your moving date, your new address and get new agreements with:
 - Gas, electricity water and telephone companies
 - Your local authority for Council Tax
 - The Post Office to redirect any post (there will be a charge for this)
- Start to sort all your things, clear out, sell on eBay or locally, donate what you don't need – don't move what you don't need
- Book removal company or arrange for family and friends to help move you and your things.
 - If you are using a removal firm, get quotes from removal companies and negotiate to get the best deal for your move
 - Use someone from the British Association of Removers (BAR) or the National Guild of Removers and Storers (NGRS)
 - Check your home **insurance** covers you for any damage during the move, just in case!



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A few days before

Moving day

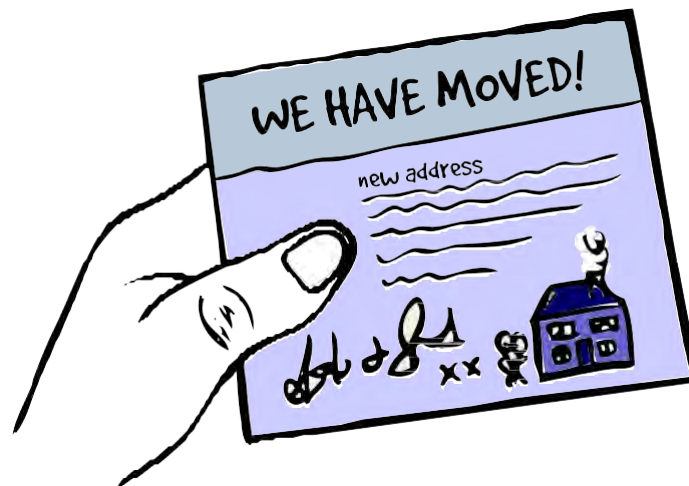
Moving day action plan and checklist

The time to move into your new home is here!

A few days before

- Check what time you can actually move in and plan everything around that
- Confirm all details with the removal company and or friends
- Speak to neighbours, at both your current home and your new home, and check you can get parking access for the removals van
- Pack all things (except those you will need before the day)
 - Label each box with the contents and the room they should go in
- Place all valuable or important things somewhere safe

- See if you can visit the owners to help make sure:
 - they've shown you where all the important things are like water cocks, fuse boxes, and gas/ electricity meters
 - you have looked into and sorted out a parking permit (if needed)
 - that they have had final meter readings done or booked
 - that all window, garage, shed, internal door and front and back door keys and spares are all left labelled and in one place
 - that all relevant manuals, leaflets etc for boiler or any appliances left in the property.
- Settle all your present bills
- Let others know:
 - your **bank**, **building society**, **insurance** companies, credit card companies, Inland Revenue, DVLC, Council Tax office, DSS office, Electoral Roll, employer, doctor, dentist, etc. And don't forget to let all your friends and family have your new address too!



15

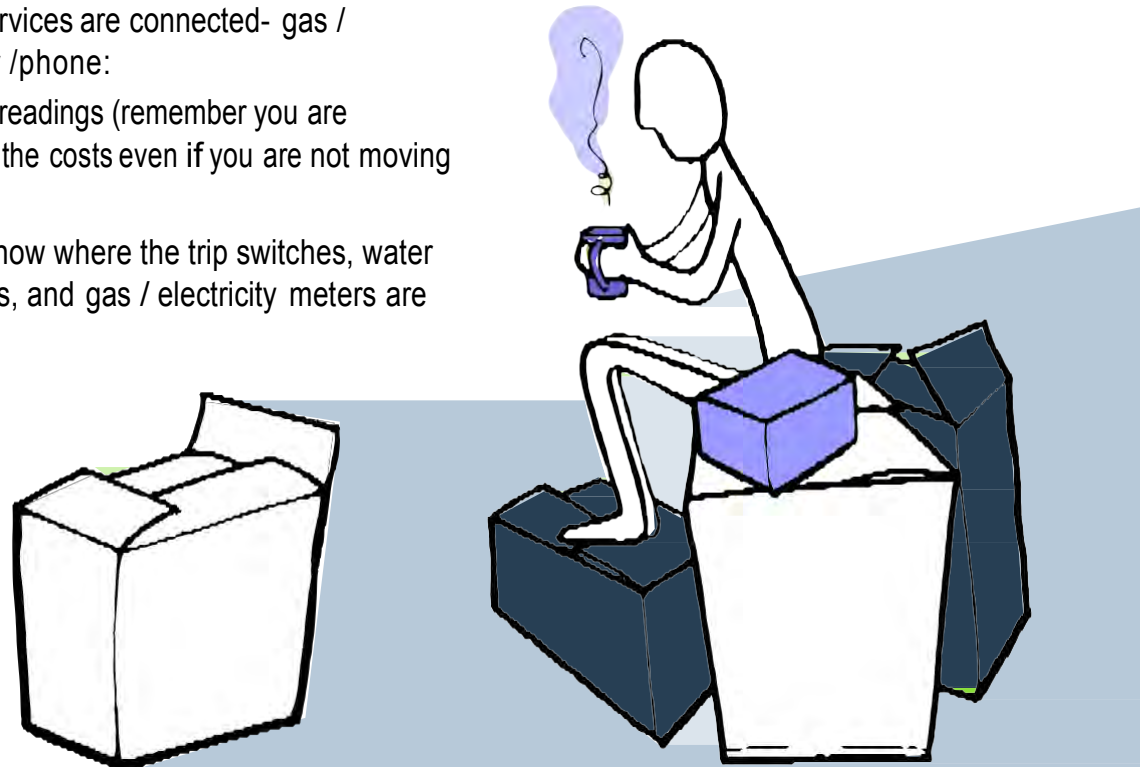
A few days before

Moving day

Moving day action plan and checklist

Moving day

- Make sure you have a 'moving box of essentials'
 - Kettle, mugs, tea, coffee, milk, sugar
 - Cleaning things: cloths, detergents, dustpan and brushes, vacuum cleaner and dustbin bags
 - Toilet paper, kitchen towels and tissues
 - Torch, light bulbs, pliers and screwdrivers
 - Pens and paper and post it notes
- Make sure all services are connected- gas / electricity /water /phone:
 - take your own readings (remember you are responsible for the costs even if you are not moving immediately).
- Make sure you know where the trip switches, water cocks, fuse boxes, and gas / electricity meters are
- Make sure **insurance** cover is immediate
- Put each box into the room you intend the things to be in, and don't unpack everything at once
 - Start with the kitchen and the foodstuffs
 - Then the bedroom so you can have somewhere to sleep even if you don't finish in one day!



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As soon as possible

First month in

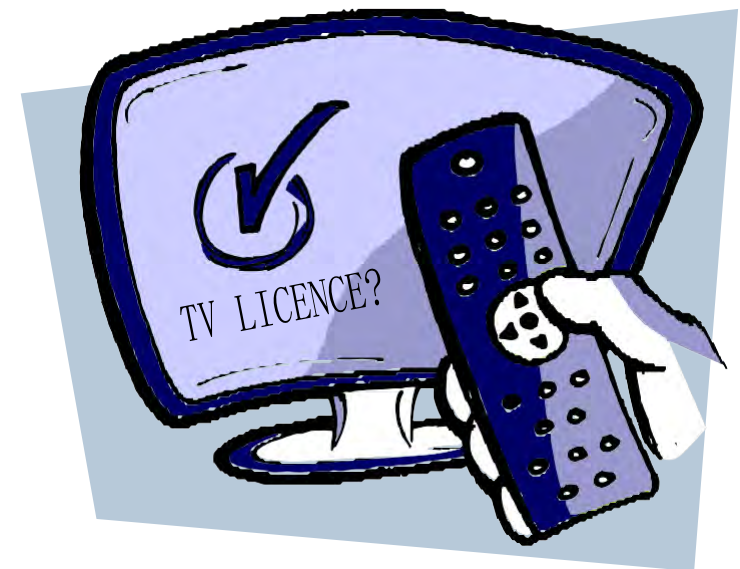


After the move

The work doesn't stop once you have moved into your new place! Here are a few things to consider after you have moved into your new home.

As soon as possible

- **Get to know your area:** it may be a completely new area to you, so there's no better way to start to feel at home than familiarising yourself. Get to know your way about, take regular walks around and get to know the nearby street names, where local shops are, schools and night schools, libraries, social places to go like cinemas and clubs, places of worship, transport routes, etc.
- **Get to know your neighbours:** take time to introduce yourself, you'll be surprised how a simple 'good morning' can make people's day and you never know it could be the start of good friendships. It's always good to build up relationships with neighbours as you can help each other out in times of need, by taking in deliveries, keeping an eye out if you're away or in an emergency.
- **Register with doctor, dentist etc:** as soon as possible, register with a local doctor and dentist, and if necessary an optician. You can go on recommendation or whoever is nearest, but be aware there may be waiting lists. You could use the NHS website.
- **Get numbers of local take-away places:** a simple thing, but having phone numbers to hand of good local take-aways can help if you're overwhelmed with your unpacking, are too tired to cook or are late in from work.
- **Don't forget to get a TV licence registered at the new address!**



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As soon as possible

First month in

After the move

First month in

- **Check your contents insurance:** you should have checked that your contents cover was in place before the move, but just double check that the amount covered is sufficient to cover all the new items you may have bought since.
- **Check the gas and electricity are connected and in your name:** you should check these are connected on your moving in day, and within the first month you should double check that it is registered in your name, that the correct 'moving day' readings are being used, when you will be first billed and that you don't get bills for the previous owner.
- **Think carefully before buying new furnishings and appliances:** try not to rush out and buy lots of new furnishings and appliances in the first months – instead, wait to see whether the level of all your outgoings is as you expect, so you can budget sensibly. Perhaps buy something monthly as needed.
- **Decoration:** again the temptation is to decorate immediately to get it to feel like yours. If possible, try and live with the previous owners' décor, plan the urgent changes and try to economise by keeping all walls similar colours so you can bulk buy paint and then create personal colour schemes with accessories, cushions, lampshades, etc. when finances allow.



17

Budgeting

We live in difficult economic times, so budgeting wisely has never been more important! Why not use this Budget Sheet to stay on top of your finances?

Budget Sheet



Home Buyer

Budgeting

	Amount	Notes
Income In		
Salary		
Interest from savings		
Gifts		
Other income		
Total Income		
Personal Costs Out		
Food and drink		
Travel (car & public transport)		
Insurance		
Clothes		
Toiletries		
Household necessities		
Mobile phones		
Entertainment		
Clubs or memberships		
Credit card payments		
Other outgoings		
Total Personal Costs Out		

	Amount	Notes
Home Costs Out		
You may have to estimate some of these - ask family and friends to help you work out		
Mortgage (or rent)		
Council Tax [or Domestic Rates for Northern Ireland]		
Buildings and content insurance *		
Mortgage protection plan *		
Service charges (on leasehold)		
Landline telephone and internet		
Utility bills, (e.g. Gas, Water, Electricity)		
TV licence		
Total Home Costs		
* see step 9 for more details		
Summary		
	Amount	Notes
Total personal costs out		
Add total home costs out		
Total Costs Out		
Total Income in		
Minus Total Costs Out		
- disposable income for any savings some luxuries and emergencies		

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Budgeting

	Amount	Notes
Income In		
Wages/Salary		
Interest from savings		
Benefits		
Other income		
Partners income		
Total Income		
Personal Costs Out		
Food and drink		
Travel (public transport)		
Car (fuel, insurance, tax)		
Insurance (home, travel, health etc)		
Childcare costs		
Clothes		
Toiletries		
Household necessities		
Mobile phones		
Entertainment		
Clubs or memberships		
Credit card payments		
Other outgoings		
Leisure and recreation, sports, hobbies, holidays		
Total Personal Costs Out		

	Amount	Notes
Home Costs Out		
Mortgage		
Council Tax [or Domestic Rates for Northern Ireland]		
Buildings and contents insurance		
Mortgage protection plan		
Service and maintenance charges		
Landline telephone and internet		
Utility bills, (e.g. Gas, Water, Electricity)		
TV licence		
TV satellite/cable costs		
Total Home Costs		
Now add up your personal and home costs and take the total away from your income, then you should know how well you are doing. Remember a good budget allows for saving, some luxuries and an amount for emergencies such as repairs and maintenance!		
	Amount	Notes
Total personal costs out		
Add total home costs out		
Total Costs Out		
Total Income in		
Minus Total Costs Out		
= disposable income		

18

Ways to economise and live sustainably

Preparing for unexpected events

Getting behind with mortgage repayments



Economising and living sustainably

As you settle into your new home, aim to have a secure and sustainable future!

Ways to economise and live sustainably

There are many creative ways to economise! And no matter what your circumstances, it's important to live within your means and only use what you need – so make sustainable living a personal goal!

Some ways in which you can do this include:

- Reduce, reuse, recycle to cut down on your waste
- Renting out a room to allow for an extra **income**. The Government **rent-a-room scheme** allows you to receive £4,250 a year in rent tax free.
- Save energy – turn the thermostat down, even by 1 degree makes a difference!
- Save water by only using what you need
- Look for and buy energy efficient appliances, not just those that are cheap
- Be carbon conscious when renovating and doing 'DIY' – look into government grants for projects to increase your home's energy efficiency such as draught-proofing or insulation
- Compare deals offered by energy suppliers to get the best deal for you.

Preparing for unexpected events

However well we plan, there will always be things that happen outside of our control, but you can make provisions and that's why **insurance** can be so important, at least to cover **mortgage** payments and have some **income** if you experience:

- **Unemployment:** for example, through a **mortgage payment protection** plan, or an **income protection** plan
- **Illness (long term):** for example, through critical illness, **income protection** or **life assurance**



18

Ways to economise and live sustainably

Preparing for unexpected events

Getting behind with mortgage repayments



Economising and living sustainably

Getting behind with mortgage repayments

One of the worst things you can do if you find yourself in difficulty with **mortgage** repayments is to bury your head and try to ignore things, thinking they will go away – they won't, and often they will only get worse! The moment you realise you cannot make a mortgage payment, act!

Your broker may be able to :

- give you a **payment holiday**
- accept reduced payments from you in the short term
- agree to change or lengthen the term of your loan
- allow you to add **arrears** to the total **mortgage** debt
- temporarily convert a 'repayment' to an '**interest only**' mortgage .

You should make sure you know how each of these options will have a bearing on your payments, the length of your loan and the overall amount it will cost. For example, often deferring a payment can lead to incurring additional **interest**. Remember too that many **lenders** will charge penalty fees for late payments which will be added to your arrears.

Your **lender** will usually make every effort to help you avoid repossession by reaching a workable settlement with you, so it is best to keep the lines of communication open with them. You may also want to seek the help of an independent adviser, or contact your local Citizens Advice Bureau or Shelter Advice Centre, who may help with the court paperwork and look for ways to help you keep your home. It's never too late to get advice, so don't just walk away or hand over your keys to your lender without finding out if you have other options!



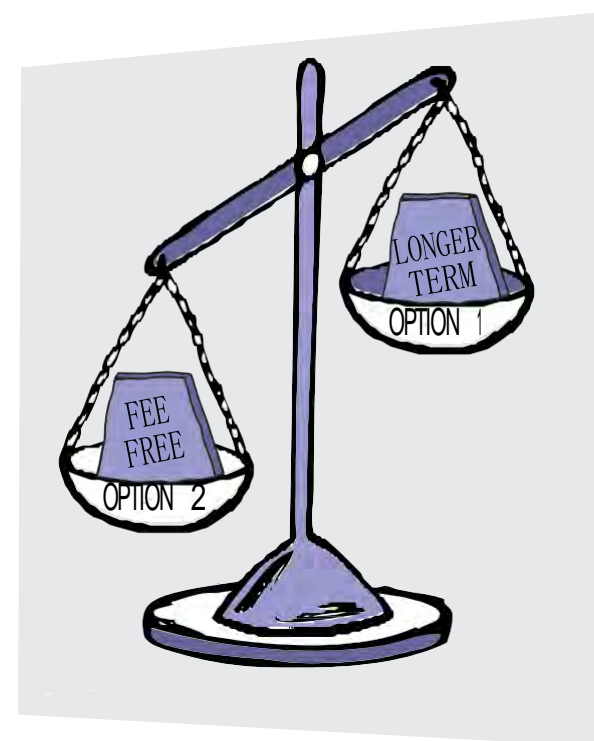
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Top tips

Top ten tips

Top tips for home buyers

1. Make good use of all the checklists and action plans to get organised, stay focused and find the home of your dreams!
2. Explore all the buying options... just because house prices seem high, it doesn't necessarily mean that you can't afford to buy.
3. Do your sums! Take the time to calculate the real cost of the various **mortgage** options and how much you can afford to borrow.
4. When choosing a **mortgage**, remember to shop around and compare like with like.
5. If you decide to get help from a **mortgage** adviser, **broke**, do check that they're regulated by the Financial Conduct Authority.
6. Check out your **credit rating** in advance. There may be steps you can take to improve it.
7. Remember all the one-off fees and costs you face when buying a property and factor them in.
8. Remember 'location, location, location'! Don't make the mistake of picking the right house but in the wrong place.
9. When viewing, stay focused on your needs and use our Viewing Checklist at each property. It will help you review and compare properties later when making the all important decision.
10. Don't forget to get a new budget planned and in place as soon as you can after your move.



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Frequently Asked Questions

1. If I chose an interest only mortgage, what type of investment should I pick to run alongside it?

You have several options including investing in an ISA (individual savings plan), a pension or an endowment; all these offer tax benefits. Your [mortgage lender](#) may well be in a position to help in this regard. Remember though that an inheritance or the disposing of another property in the future may also provide the funds you need, although you need to assess the risk factor involved.

2. Are income multipliers not used anymore, when deciding how much you can borrow?

In the past [lenders](#) would have asked you how much your [income](#) (or joint income) was and multiplied this by an amount (most commonly 3 times, or 2.5 times if a [joint application](#)) and arrived at a figure that you could borrow up to. These days lenders are trying harder to personalise your borrowing capability and are using more sophisticated lending criteria, which includes more than just income multipliers.

3. When should I sell my present home?

In this current economic climate there are mixed views on whether to sell first or buy first. However all things considered, you are likely to be in a far stronger position if you have sold first. You can always state in the contract with your buyer that you will not move out before you have a new home to go to.

4. I have heard of an Energy Performance Certificate (EPC) but what is a Predicted Energy Assessment (PEA)?

This is the energy certificate used by property developers of new build homes that are under construction or being sold 'off-plan'. When a home is physically completed an EPC is required.

5. What happened to HIPs?

The legal requirement to have a Home Information Pack (HIP) prepared in order to market your home, was removed in May 2010. However, [Energy Performance Certificates \(EPCs\)](#) are still required and, in Scotland, a [Home report](#) pack is still needed.

6. I have found the home I want, should I offer the asking price?

There is no harm in making an offer that is below the asking price, especially in this current housing market. The [seller](#) or their agent can always come back to you and negotiate your offer up... you can't negotiate yours down!

7. Should I ask for the property to be taken off the market?

For any offer you make you should state that you want the property taken off the market. If the house is left on the market after you make your offer, there is a far greater chance of you being gazumped. However, the seller will want to know you are serious and may ask for a deposit. Remember though that buying in Scotland is different.





Appendix a – Glossary

A - B

Advance	Another term for the mortgage loan; the amount your lender agrees to lend you
Agreement in principle	An initial document from your lender that gives you an idea of the amount they are likely to lend you. This certificate is not a guarantee, but is often needed when dealing with estate agents, so they have an idea of the size of your mortgage and if you can afford the property. Also known as a ‘lending decision’ or ‘decision in principle’
Annual Percentage Rate (APR)	This is the interest rate you would pay over a year period and helps you to compare the ‘cost’ of borrowing between different mortgage lenders (also known as the ‘overall cost for comparison’). It takes into account interest to be paid, length of the repayment term and any other charges. It also assumes you will keep the mortgage for the whole term and does not take into account possible changes in interest rates. Note: if you plan to remortgage at the end of your initial deal period, APR may not be the best comparison as it assumes you will have the mortgage for the whole term
Arrangement fees (or booking fees)	Charged by lenders to set up a mortgage loan. These are normally payable upfront and non-refundable
Arrears	When payments haven’t been paid on the due date they are said to be in arrears

Asking price	The amount the seller values their property at and wants to get if it’s sold. Remember you may be able to negotiate if you think a property is too highly priced
Assets	Anything that you own of a monetary value
Bank	An organisation that offers a range of services (e.g. current and savings accounts, loans and mortgages), and has shareholders
Bank of England	Responsible for setting interest rates, issuing bank notes and maintaining a stable financial economy; the Government bank and also a lender for commercial banks
Base rate	The interest rate set by the Bank of England which is used as a benchmark by lenders to set their own charges, which would generally be higher. This is reviewed from time to time throughout the year and can fluctuate (go up and down)
Beneficial joint tenants	This means the property is jointly owned, you don’t own a specific share in the property and if you die the property goes to the other owner
Binding contract	An agreement that is legally enforceable



Appendix a – Glossary

B - C

Bridging loan	A special type of loan which is taken out to overcome a short term cash flow problem, usually needed when you buy a property before you sell
Broker	A person who gives advice (usually independent advice) on a mortgage (also called 'mortgage broker' or 'intermediary'). If using a broker, make sure they are registered
Buildings insurance	A type of insurance that covers you financially for any damage to your building (e.g. fire, flood, wind). Sometimes called 'home insurance' when grouped together with contents insurance
Building society	A financial company that offers the same kinds of services as a bank (e.g. letting you save or borrow money) but it is owned by its members (customers)
Buoyant market	When property is selling and prices are rising
Buy-to-let investors	People who buy property to rent out as a form of investment
Buy-to-let mortgage	Specific mortgages that are aimed at those that buy property to rent out

Capital	The amount of money you have actually borrowed, or still owe on your property (not including interest or other charges)
Capital Gains Tax	A tax levied on profit from the sale of property or of an investment
Capital and Interest mortgage	Where you pay off part of the 'capital' (amount borrowed) as well as interest each month (as opposed to 'interest only'). This usually means that everything (capital and interest) will have been fully paid off by the end of the agreed term. Also known as a repayment mortgage
Capped Rate mortgage	A type of mortgage where you have a guaranteed maximum amount that you have to pay each month. Your payments may go up or down under that amount, as interest rates increase or decrease, but you wouldn't have to pay more above that maximum even if the interest rates rise higher
Cashback mortgage	A type of mortgage that gives you an extra lump sum of cash at the beginning of your mortgage, for you to spend on anything you like (but usually the house!); often linked with variable rate mortgages. However, be aware that with some cashback mortgages you will need to pay this back (will be added to your overall mortgage)



Appendix a – Glossary

C - C

Chain free	Where a purchaser is not dependent on other properties selling first before buying or where the vendor is not reliant on their purchase proceeding before they can complete the sale of their house
Claim for possession	A legal claim, made by the mortgage lender, for possession of a mortgaged property because the borrower has not paid their mortgage loan; this is the next step after a notice of default has been issued (see Notice of Default)
Collared mortgage	A type of mortgage usually found in combination with a capped or tracker mortgage where there is a set lower level (the 'collar'), so your payments would never fall lower than that level
Collateral	Something of value that is given as a guarantee to the lender that you are able to payback the loan; in the case of mortgages it is the house itself
Commission	The fees charged by estate agents, usually calculated as a percentage of the final selling price of the property; this is known as the rate of commission
Compensation	Something, typically money, awarded to someone for loss, injury, or suffering
Completion	The final stage of the sale when the ownership changes hands from the seller to the buyer

Completion day	The day when all money is transferred and the buyer has access to the property
Contents insurance	Insurance against damage to or theft of the contents of your house including furniture and furnishings, TV and audio, all electric goods and appliances, clothing and jewellery
Contract	A legal document showing an agreement between two people, in this case between the lender and the borrower or the seller and the buyer
Conveyancing	The process of transferring ownership from one person to another
Conveyancer (or Solicitor)	The professional required to carry out the legal work involved in the process of buying and selling property
Council Tax banding	A letter code indicating assessment of a property market value on a specific date. This is given for the administration of council tax bills and will affect how much you pay
County Court Judgements (CCJs)	Is an order made in a county court for a debt to be repaid in England and Wales
Credit rating	See Credit score



Appendix a – Glossary

C - E

Credit score	A score given to a person based on their 'creditworthiness' (how big a risk there is for you managing to keep up with repayments), used to assess credit and loan applications; done through a credit agency
Credit reference agency	These are specialist companies that are used to check your credit rating or worthiness
Credit worthiness	See Credit Score
Current account mortgage	This combines your current account and your mortgage into one. You still make a monthly mortgage payment, but any savings or money paid in acts as an overpayment
Daily interest	The interest on a mortgage is calculated on a daily basis, so you only pay interest on what you actually owe
Debt consolidation	To add your debts together to help in paying them off. It may be possible to increase your mortgage to pay off debts, but it's best to seek advice before doing this. You need to think very carefully before securing other debts against your home as your home may be repossessed if you do not keep up repayments on your mortgage
Decision in principle	See Agreement in Principle

Deposit	The money you put in upfront towards buying a house, usually at least 5% of the property cost, depending on how much money you have saved and the lender of the mortgage
Disposition	The Scottish legal term for the formal document transferring ownership or 'title' to land
Draught-proofing	The process of filling in unwanted gaps in a building to reduce heat loss and save energy
Early repayment charge (ERC)	An amount of money (a charge) you may have to pay a lender if you either move your mortgage to another lender during the special deal period or overpay by more than you are allowed within the agreed period
Endowment policy	A long-term savings policy (usually between 10 and 25 years), which can usually be used to repay the capital element of an interest-only mortgage at the end of the term
Energy Performance Certificate (EPC)	This certificate shows how much energy a building uses, and how energy efficient it is, looking at things such as insulation and electricity use. The certificate gives the building a rating from A to G, where A is the most and G is the least energy efficient
Equity	The difference between the value of the property, and what you owe as a mortgage



Appendix a – Glossary

E - G

Equity release	Where you can borrow more on a mortgage against any increase in the value of your property
Evicted	To force someone to move out of a property by legal means
Evidence of title	Legal proof of land ownership, normally in the form of a deed
Exchange of contracts	The swapping of contracts between the seller and the buyer usually carried out by their solicitors and, once exchanged, it's a legally binding agreement
Exit fees (also known as redemption charges)	Charged by some lenders when you pay off your mortgage early
Expenditure	The amount of money spent on goods and services
Extended tie-in	Some lenders specify a set time beyond a mortgage's special deal period, during which you will be charged if you pay off or move your mortgage
False economy	An action that saves you money in the beginning but which in the longer term results in being more costly
Financial Conduct Authority (FCA)	An independent non-governmental body that regulates the financial industry in the UK (www.fca.gov.uk)

First Buy	Only for First Time Buyers and new-build properties. Unlike with shared ownership, in First Buy shared equity the first time buyer owns the property, with as little as a 5% deposit. A shared equity mortgage covers 75-80% of the property and a 15-20% shared equity loan covers the rest of the deposit.
Fixed Rate mortgage	A type of mortgage where the rate of interest stays fixed for an agreed period of time (2, 5, 10 years or longer) allowing monthly payments to remain the same throughout
Freehold	Where the sale includes the property and the land on which the property is built, and you have complete ownership of both for an unlimited time
Freeholder	A person who owns a freehold building or land estate
FSA Register	A list of firms, advisers, etc that are regulated by the FSA, which means they meet certain standards and give information that you can trust
Gazumping	When the seller accepts a buyers offer and then later rejects it, to accept a higher offer from another buyer
Gazundering	This is when a buyer who has agreed to pay a certain amount for a property, then tries to reduce the price they will pay at a crucial point in the selling process



Appendix a – Glossary

G - I

Ground rent	The amount of money a leaseholder has to pay to the freehold owner as a condition of taking a lease; usually paid on an annual basis
Guarantor	A person who guarantees you will pay the mortgage repayments. If you don't pay they are liable to have to pay them themselves. Often parents or relatives are guarantors for first time home buyers to help them to afford a property
Guarantor mortgage	A type of mortgage where a guarantor ensures the lender receives the mortgage payment each month, by paying the mortgage if the borrower is unable to. This does not necessarily need to mean jointly owning the property
HomeBuy Direct	A Government initiative to help eligible applicants in England to buy their first home. Entitles applicants to a loan of 30% the cost of the property (called an 'equity loan'), which must be paid back when the property is sold
HomeBuyers Report	A report on the condition of the property showing the value of the property, any major faults and estimated costs to fix; though it does not include any detailed, or minor issues
Home Condition Report	Information about the physical condition of a property, done by a certified Home Inspector; this is helpful for the buyer, seller and lender. A Home Condition Report usually forms part of the Home Report

Home Contents form	Contains details of a property's fixture and fittings (e.g. curtains, carpets, kitchen appliances) which the seller is including, excluding or willing to negotiate over in the sale
Home Report	An information pack, prepared by the seller containing key information about the property (a requirement in Scotland)
Home reversion loan	Where you sell your home, or part of it, to a company in exchange for a cash lump sum, a regular income or both
House swapping	Where two home owners, that want to live in different homes or locations, trade homes
Housing Associations	Independent not-for-profit organisations that provide affordable homes (for rent or to purchase) for people in need
Income	The amount of money you earn or you receive in gifts
Income multiples	The number by which your income can be/is multiplied, so a lender can decide how much you can borrow
Income protection	This insurance can give regular monthly income if you can't work because of an accident or illness
Independent Financial Adviser (IFA)	A person who gives independent, unbiased advice on a range of financial products (including mortgages), acting in the best interest of the client



Appendix a – Glossary

I - L

Individual Savings Account (ISA)	A tax-free savings account, where the interest earned does not need to be declared on the saver's tax return.
Inflation	An increase in the general level of prices
Interest	The amount of money that is charged on money borrowed
Interest only mortgage	A type of mortgage where each month you only pay the interest on what you have borrowed. It usually means lower monthly payments, but at the end of the agreed mortgage term you still owe the entire amount borrowed
Interest rate	Tells you how much interest you are charged on your mortgage loan, expressed as a percentage
Insurance	Compensation for specified loss, damage, illness or death, in return for a premium
Investment	Putting money or capital into something, with the hope that you will get a profit out of it at a later date; for instance you invest in property so that when you sell your home you hopefully get more than what you bought it for. But remember, house prices can move up or down so this might not necessarily be the case
Joint agency	Where two estate agencies market a home and share the commission regardless of which actually finds the buyer

Joint application	When two or more people apply for a mortgage together (e.g. a couple)
Joint mortgage	When a lender buys a property with someone else (e.g. parents or a partner), usually for financial reasons, in which case the property would be jointly owned
Kerb appeal	The attractiveness of a home to potential buyers when viewed from the road
Key Facts Illustration (KFI)	This sets out details of the mortgage product that a customer is interested in. All mortgage sellers are required to set out the details in a Key Facts Illustration in the same format, so it's easier for you to compare different mortgage deals
Land registration fees	Fees paid to the Land Registry, for instance when ownership of land is transferred
Land Registry	A Government department that records registered land in the UK (or ownership), along with details of that land such as mortgages or sales
Lease	A contract that conveys land from one person to another for a specified period (e.g. 99 years), usually in return for rent



Appendix a – Glossary

L - M

Leasehold	Means you own a property (possess it), for an agreed number of years, (as set out in the lease) but once the lease expires or finishes, the property belongs to the freeholder; leases can be extended but this often means an increase in charges
Leaseholder	A person who has possession of a leasehold property; a tenant under a lease
Lender	The mortgage company or financial institution (such as a Building Society) that loans you the money i.e. gives you a mortgage
Lending decision	See Agreement in Principle
Length of term	The time period over which you choose to take out your mortgage loan
Liabilities	These are the debts you owe to creditors, which may include your mortgage, car loan, credit card debt, etc.
Life assurance	Also called life insurance, it is a type of insurance that can give cash to your next of kin, if you die or become terminally ill
Lifetime mortgage	A way for older homeowners to release value from their property as a lump sum or as a regular income

Loan to Value (LTV)	The amount of money you have borrowed/want to borrow expressed as a percentage of your property value. For example, if you borrow £90,000 on a property worth £100,000, your loan to value will be 90%
Local Authority Search	When solicitors carry out searches with the local authority to check for any likely rights of way, or changes or developments etc are due in the area that might affect the property you are buying
Mortgage	Simply, it means a loan. It's an agreement to borrow money in order to buy a property, with the property belonging to the lender until all the money has been repaid by the borrower. Once the money is fully repaid, the property then belongs to the borrower
Mortgage Adviser	A person who gives advice and recommendations on mortgages (usually from their own companies). Always make sure they are FCA registered
Mortgage Payment Protection Insurance (MPPI)	This insurance can cover your mortgage payments if you can't work because you've become unemployed, or can't work because of an accident or illness. But this type of insurance has many exclusions, so make sure you check for instance how long it will cover your payments for



Appendix a – Glossary

M - P

Mortgage term	The agreed length of time for your mortgage, within which you have to pay back all the borrowed money and interest
Multiple agency	Where several estate agencies market a home and only the one that sells it gets paid the commission
Negative equity	This is usually when house prices fall and the value of the property is less than the amount you owe as mortgage
New Buy Direct	Where you buy a share of a newly built property and pay rent on the remainder
NHBC Guarantee	The National House-Building Council is the standard setting body and leading warranty provider for new homes in the UK. They provide new home buyers with a 10 year warranty and insurance policy, paid for by the builder
Notice of default	Legal notice given by the mortgage lender detailing a payment default (missed payments) by the borrower. This notice will also contain details of the steps the borrower must take to pay this off and by what date, otherwise the property may be taken over by the lender (see Claim for possession)
Noting an interest	Where you let the seller's Solicitor or estate agent know you are interested in buying a property. If two or more people 'note an interest' a closing date is fixed and sealed 'offers' are made by all those interested

Offset mortgage	A type of mortgage that allows you to save on the interest you will pay on your mortgage debt by 'offsetting' any savings you (or perhaps family/friends) have linked to your mortgage. For example if you have a mortgage of £120,000 and put savings of £20,000 with your lender, in this type of mortgage you would only pay interest on £100,000
Overall cost for comparison	See Annual Percentage Rate (APR)
Overpayments	When you pay more than the minimum (or agreed) monthly payment. This builds up as a reserve and depending on your mortgage and lender, can allow you to save money on interest, pay off your mortgage earlier, make an underpayment in the future or even take a payment holiday (see Payment holiday)
Part and part mortgage	Where you chose to split your loan so that you repay part of it on an interest-only basis and part of it on a repayment (capital and interest) basis each month
Part-exchange	See house swapping
Payment break	See payment holiday



Appendix a – Glossary

P - R

Payment holiday	Available with some mortgages, this is an agreed period of time when you don't have to make any mortgage repayments; for instance because of a previous overpayment
Planning permissions	Written permission from a local authority permitting development of a house, extension or certain renovations
Portable	A feature of a mortgage which means it can be transferred from one property to another
Predicted Energy Assessment (PEA)	This is the energy certificate used by property developers of new build homes before they are complete
Product fee	A fee charged on some mortgages to secure a particular mortgage deal. Also known as a reservation fee
Property auction	The sale of a property by auction, where it goes to the highest bidder; in some cases the property is not sold if the minimum selling price has not been reached. Auctions can be in person, by phone or online
Property Information Questionnaire (PIQ)	Contains information on things such as parking, council tax bands, property access and utility suppliers

Purchase price	The amount or cost of the property you are buying or purchasing – it may differ from the initial asking price if you have negotiated!
Redemption charges	See exit fees
Redemption quote	Is issued by an existing lender to show exactly the total amount needed to pay off your current mortgage
Redundancy	A situation in which someone must leave their job because they are no longer needed
Release of funds	When a lender moves the funds required when purchasing a house. There is usually a charge for the electronic transfer of this money
Remortgage	When you move your mortgage to another lender (adding to or replacing your existing mortgage) without moving home. Usually people remortgage to save money by taking a better deal with another lender, and sometimes also to get cash for (e.g.) an extension, car or other purchase
Rent to Buy	Allows you to rent with a view to buying at a future time at an agreed price, protecting you if property prices rise drastically



Appendix a – Glossary

R - S

Rent-a-room scheme	The government currently allow homeowners to earn a certain amount of money a year, which is tax free, by renting out a room in their home
Repayment mortgage	Each month you pay off part of the 'capital' (amount borrowed) as well as interest. This usually means that everything, capital and interest, will have been fully paid off by the end of the agreed term of the mortgage
Repayment term	The period of time over which you choose to repay your repayment mortgage (capital and interest)
Reposessed	A property is 'taken back' by the lender if the borrower fails to make the repayments. The properties are then sold so the lender can get their money back; usually a last resort for the lender – always let them know as soon as possible if you are struggling with repayments
Sale statement	Contains basic information about the property such as the full address, if it is a house or flat, whether it is freehold or leasehold, registered or unregistered land and sellers details
Searches	An investigation or 'search' of the local area to see if there are proposed plans or problems in the area that you should be aware of. Some searches are required, while others will depend on the property type and location

Secured/ Security	A guarantee of a payment on your mortgage. If you fall behind with payments or cannot repay your loan your lender has security of your home and can sell it to get its money back
Seller	(Also called vendor) The present owner of the property who wants to sell it
Shared Equity	A form of affordable housing to help people (e.g. first time buyers) get on the property ladder. It is similar to shared ownership, but generally, with shared equity you purchase all of a property, with an equity share loan making up the difference between the mortgage and purchase price. The equity loan is always paid back as a percentage of what your home is worth, which means the amount you owe will rise and fall with the value of your home
Shared ownership	Similar to shared equity, but with shared ownership you own a 'share' in a property with another party – usually a Housing Association and you pay rent to them for their share of the property
Show homes	Newly built houses that are decorated and furnished for prospective buyers to view



Appendix a – Glossary

S - S

Single Survey	This is required in Scotland and contains an assessment by a surveyor of the condition of the home, a valuation and an accessibility audit for people with particular needs
Sole agency	Where an estate agent has exclusive right to market a home but no commission is due if you find your own buyer
Sole selling	Where an estate agent has exclusive right to market a home and the commission will still be due even if you find a buyer yourself
Special deal period	The time period during which the 'deal' you have selected applies (i.e. usually a fixed or tracker rate), before you move onto the lender's Standard Variable Rate (SVR). Most lenders offer a choice of deal periods, e.g. 2, 3, 4 or 5 years
Staircasing	A process used in shared ownership home buy schemes that allow you to increase your 'share' in a property as your financial situation improves, eventually to 100% of the property
Stamp Duty Land Tax	The one-off tax you would need to pay the Government for your property if it's over a certain value. Currently the rate is 1% on properties over £125,001 but less than £250,000, 3% on properties between £250,001 and £500,000 and 4 to 5% on properties over £500,001. First time home buyers do not pay Stamp Duty if their property value is less than £250,000

Standard Variable Rate (SVR)	This is a variable rate that is set by the lender, and is usually the rate you move onto at the end of your special deal period
Structural Survey	A comprehensive survey of all parts of the property detailing faults (major and minor), estimated costs to repair and if any further reports are needed; does not give you the value of the property
Subject to Contract	The agreement to go ahead with the purchase or sale of the property depending on the final contracts being signed by the seller and the buyer; at this stage either side can still 'pull out' of the deal
Sustainability Survey	Living in a way that minimises the cost to the environment An inspection of the property by a qualified surveyor carried out before buying a property (for example a Home Buyers Report or Structural Survey also known as 'building survey'. See also Surveyor and Valuation)
Surveyor	The professional who carries out the valuation or survey of a property by checking the house for faults, etc; qualified by the Royal Institute of Chartered Surveyors (RICS)
Surveyor's Report	A report by a qualified surveyor detailing the results of a property inspection



Appendix a – Glossary

T - V

Tenants in common	When you jointly own the property, but you own a share of the value, which you can give away or sell, or leave to someone else if you die
Title Deeds	The documents held at the Land Registry that prove legal ownership of a property and all other dealings with that land; England and Wales, Scotland and Northern Ireland all have their own Land Registries
Tracker mortgage	A tracker mortgage is a variable mortgage that tracks (is linked to) the Bank of England's Base Rate by a set percentage. This means that your payments move up and down in line with any changes to the Bank of England Base Rate
Transfer deed	A legal document transferring ownership of land, for instance from the seller to the buyer
Under-payments	When you pay less than the agreed or minimum mortgage payment. Usually only allowed once you have built up a reserve through overpayments
Unsecured debt	An amount of money borrowed without any property or goods used as security against it

Utilities	The public services we need everyday such as water, gas and electricity
Valuation	The inspection that checks the value of a house to see how much it is worth, for instance to see if it is worth the asking price, usually conducted by a surveyor. Also used by lenders to decide how much money they are willing to lend you (also called land valuation or real estate appraisal)
Valuation fee	(Also called valuation cost) The charge for a report detailing the value of a property. Usually the fee increases with the value of the property
Valuer	The person who checks the property and values it by comparing similar properties at that time in the area and also by checking the property for faults, etc, usually done by a qualified surveyor (see Surveyor)
Variable Rate mortgage	A type of mortgage where payments can move up or down dependent on the movement of the interest rates of the mortgage lender
Vendor	Another word for the person selling the property



Appendix b – Useful contacts

Solicitors & Conveyancers

To find a solicitor in England and Wales

- **The Law Society (England & Wales)**
www.lawsociety.org.uk

To find a solicitor in Northern Ireland

- **The Law Society of Northern Ireland**
www.lawsoc-ni.org

To find a solicitor in Scotland

- **The Law Society of Scotland**
www.lawscot.org.uk

To find a licensed Conveyancer

- **The Council for Licensed Conveyancers (CLC)**
www.conveyancer.org.uk
- **The Conveyancing Association**
www.theconveyancingassociation.co.uk

Buying or Selling a Home

For information on mortgages

- **Council of Mortgage Lenders**
www.cml.org.uk/cml/consumers

For details of Energy Performance Certificates

- **Energy Performance Certificate Register**
www.epcregister.com

For details about Home Reports (Scotland)

- **Home Report Scotland**
www.homereportscotland.co.uk

For details about Stamp Duty

- **HM Revenue & Customs**
www.hmrc.gov.uk/sdlt

Estate Agents

- **National Association of Estate Agents**
www.naea.co.uk
- **Guild of Professional Estate Agents**
www.guildproperty.co.uk

Property Search Websites

- **Right Move**
www.rightmove.co.uk
- **Prime Location**
www.primelocation.com
- **Find a Property**
www.findaproperty.com
- **Zoopla**
www.zoopla.co.uk
- **Tepilo**
www.tepilo.com
- **Globrix**
www.globrix.com
- **Home.co.uk**
www.home.co.uk
- **Up My Street**
www.upmystreet.com



Appendix b – Useful contacts

Surveyors

- **The Royal Institution of Chartered Surveyors**
www.ricsfirms.com
www.surveyline.com
- **Independent Surveyors Association**
www.surveyorsweb.co.uk

Land Registry

- **HM Land Registry**
www.landreg.gov.uk
- **Registers of Scotland**
www.eservices.ros.gov.uk
- **Land Registers of Northern Ireland**
www.irelandlandregistry.co.uk

House Prices

- **Land Registry House Price Index**
www.landreg.gov.uk/house-prices
- **Registers of Scotland: Scottishhouse prices**
www.ros.gov.uk/
- **House Price Index**
www.nationwide.co.uk/hpi/
- **RICS housing market survey**
www.rics.org/housingmarketsurvey

Research Locations

- **Office for National Statistics**
www.neighbourhood.statistics.gov.uk
- **Council Tax bandings**
for England and Wales
www.voa.gov.uk
for Scotland
www.saa.gov.uk

- **Public transport links**
www.traveline.info
- **Crime levels**
www.Police.uk
- **Local NHS services**
www.nhs.uk/servicedirectories
- **Environmental, flood and pollution risks**
www.environment-agency.gov.uk/homeandleisure/37793.aspx
- **School reports**
www.ofsted.gov.uk
- **Moblie phone masts**
www.sitefinder.ofcom.org.uk
- **Air quality**
www.uk-air.defra.gov.uk
- **Road developments**
www.highways.gov.uk/roads



Appendix b – Useful contacts

Credit Reference Agencies

- **Callcredit**
www.callcreditcheck.co.uk
- **Equifax**
www.equifax.co.uk
- **Experian**
www.experian.co.uk

Removals

- **The British Association of Removers**
www.bar.co.uk
- **The National Guild of Removers and Storers**
www.ngrs.co.uk

Mortgage and Insurance Broker

www.hyde-associates.co.uk

Debt Help

Free impartial debt advice

- **National Debtline**
www.nationaldebtline.co.uk
- **Consumer Credit Counselling Service**
www.cccs.co.uk
- **Payplan**
www.payplan.com
- **Debt Advice Foundation**
www.debtadvicefoundation.org
- **Citizens Advice Bureau Advice Guide**
www.adviceguide.org.uk
www.citizensadvice.org.uk

For housing debt advice

- **Shelter**
www.shelter.org.uk
- **Housing Debt Helpline Wales**
www.housing-debt-helpline-wales.org



Appendix c – Ten point action plan for home buyers

1. Things to consider before I buy

- Buy and sell at the same time, sell first or buy first?
- Will I be buying with someone else?
- Financial considerations

2. Understand the low cost ownership options

- Shared ownership
- Shared equity
- Rent to buy
- Repossessions or auctions.

3. Mortgage reminders

- How to pay (interest only/capital repayment)
- Types of mortgages (fixed, variable, tracker, capped, collared, cashback, offset, current account.)
- What about special features?
- Where to go to get a mortgage deal (building societies, banks, insurance companies, brokers, house builders, specialised mortgage companies, finance houses)
- Check out online comparison tools
- Consider speaking to my current lender

4. How much can I afford?

- Work out your budget (income in and costs out)
- Interest rates and monthly payments
- How long do I want my mortgage over?

5. How much can I borrow?

- What will a lender allow me to borrow?
- Check my credit rating
- What deposit will I have?
- Remember the extra costs (estate agents, solicitors, valuation fees, searches, surveys, stamp duty, land registry, mortgage arrangement fees, removal costs).

6. The application process

- Get a Key Facts Illustration (KFI)
- Get an Agreement in Principle (in person, by phone or on-line)
- The main application and what they will need (personal, employment and financial details, credit rating, and purchase requirements).
- How to make the process go smoothly (prepare, be thorough, ask)

7. Finding a property

- Research the locations you like
- Where to look for a property (estate agents, internet, local papers, 'For Sale' boards, house builders, auctions)
- Freehold vs. leasehold properties
- Complete a 'Finding a Property' checklist
- Fill in a 'Viewing Checklist' for each property and ask questions

8. Making an offer

- Making an offer in England, Wales and Northern Ireland
 - Energy Performance Certificate (EPC)
 - Initial deposit
 - Solicitors and fees.
- Making an offer in Scotland
 - Role of a solicitor
 - Home Report
 - Surveys
 - Putting in an offer on a property
 - Initial deposit
 - Final preparations

9. Surveys and Insurances

- Surveys (Home Buyers Report/Structural Survey)
- Home Insurances (Buildings, Contents)
- Personal Insurances (Critical Illness, Life, Income Protection, Mortgage Payment Protection).

10. Exchanging Contracts and Completion Day

- Final preparations (Land Registry, transfer deeds, money transfer, final accounts)
- Completion Day (transfer payments, legal documents, getting the keys).

And then get ready to MOVE INTO YOUR NEW HOME!
See Appendix d) Ten point plan for moving in



Appendix d – Ten point action plan for moving in

1. Plan and confirm your moving date

- With solicitors and sellers
- Book the day off work

2. Leaving your current home

- If buying and selling on the same day: double check with your home's new owners timings and final handover arrangements.
- If you are renting: give as much notice as possible to your landlord (to avoid double paying rent and mortgage)

3. Contact utilities and services

- For existing address to read meters and send the final bill
- With new address and date to start or take over service provision (take your own readings)
- Post Office to redirect mail

4. Get quotes from moving company/van hire

- Get at least three different quotes
- You could also ask friends to help

5. Donate or recycle unwanted items and pack non-urgent items

- Give to charity shops
- Sell on eBay or locally
- Recycle wherever possible, use Freecycle!
- Pack things you won't need before the move

6. Visit the current owners and your new home to make sure:

- Where water stopcocks, fuse boxes, and gas electricity meters are
- Final meter readings done or booked
- All window, garage, shed, internal, front and back door keys plus spares are all left labelled and in one place
- Manuals, leaflets etc for boiler or any appliances left
- Plan which rooms you want to put your things into
- Apply for a parking permit if appropriate

7. Pack everything and label boxes

- Mark each with the room it needs to go into
- Label all contents carefully
- Pack valuables and store somewhere safe
- Keep cash, credit cards cheque book at hand

8. Settle all bills and let others know you are moving

- Newspaper, milk etc.
- Your bank, building society, insurance companies, credit card companies, Inland Revenue, DVLC, Council Tax office, DSS office, Electoral Roll, Doctor, Dentist, your employer, etc.
- Send out e-mails or cards to let all you friends and family have your new address too!

9. Make a moving box of essentials for the day

- Kettle, mugs, tea, coffee, milk, sugar
- Cleaning things: cloths, detergents, dustpan and brushes, vacuum cleaner and dustbin bags
- Toilet paper, kitchen towels and tissues
- Torch, light bulbs, fuses, tools
- Pens, paper, Post-It notes

10. Moving day

- Check all services are connected (water, gas, electricity, phone, internet)
- Check insurance cover
- Unpack methodically room by room (kitchen, bedroom, then the rest)
- Make sure valuables and important documents are put somewhere safe.

ENJOY YOUR MOVE!



Appendix e – Home buyers’ contact details

There can be many different people involved in the buying process. Use this chart to keep track of everyone involved so you have all contact details in one place!

Contact	Address	Telephone and Fax No.	Name and Email Address	Notes
Bank or Building Society		☎	N	
		☎	@	
Estate Agent		☎	N	
		☎	@	
Insurance Company 1		☎	N	
		☎	@	
Insurance Company 2		☎	N	
		☎	@	
Mortgage Provider		☎	N	
		☎	@	
Removal Firm or Van Hire		☎	N	
		☎	@	
Solicitor		☎	N	
		☎	@	
Other		☎	N	
		☎	@	

If you are also selling your current home at this time you may want to check out our *Selling Guide*.



Appendix f – Home buyers’ checklist (for those you need to contact)

There are many people you should let know that you are moving! Keep track of everyone here once you have let them know that you have moved and what your new address is.

Contact	Address	Telephone and Fax No.	Notes	Date confirmed
Bank or Building Society		☎		<input type="checkbox"/>
		@		
Council Tax Office		☎		<input type="checkbox"/>
		@		
Credit Card 1		☎		<input type="checkbox"/>
		@		
Credit Card 2		☎		<input type="checkbox"/>
		@		
Credit Card 3		☎		<input type="checkbox"/>
		@		
Credit Card 4		☎		<input type="checkbox"/>
		@		
Dentist		☎		<input type="checkbox"/>
		@		
Doctor		☎		<input type="checkbox"/>
		@		



Appendix f – Home buyers’ checklist (for those you need to contact)

Contact	Address	Telephone and Fax No.	Notes	Date confirmed
DVLA		☎		
		@		
Employer		☎		
		@		
Family 1		☎		
		@		
Family 2		☎		
		@		
Family 3		☎		
		@		
Family 4		☎		
		@		
Friends 1		☎		
		@		
Friends 2		☎		
		@		
Friends 3		☎		
		@		
Friends 4		☎		
		@		
Hire Purchase 1		☎		
		@		



Appendix f – Home buyers’ checklist (for those you need to contact)

Contact	Address	Telephone and Fax No.	Notes	Date confirmed
Hire Purchase 2		☎		<input type="checkbox"/>
		@		
Inland Revenue		☎		<input type="checkbox"/>
		@		
Insurance Company		☎		<input type="checkbox"/>
		@		
Buildings Insurance		☎		<input type="checkbox"/>
		@		
Car Insurance		☎		<input type="checkbox"/>
		@		
Contents Insurance		☎		<input type="checkbox"/>
		@		
Life Insur- ance		☎		<input type="checkbox"/>
		@		
Mortgage Payment		☎		<input type="checkbox"/>
		@		
Health Insurance		☎		<input type="checkbox"/>
		@		
Internet Provider		☎		<input type="checkbox"/>
		@		
Library		☎		<input type="checkbox"/>
		@		



Appendix f – Home buyers’ checklist (for those you need to contact)

Contact	Address	Telephone and Fax No.	Notes	Date confirmed
Optician		☎		<input type="checkbox"/>
		@		
Post Office		☎		<input type="checkbox"/>
		@		
School		☎		<input type="checkbox"/>
		@		
Sports Club		☎		<input type="checkbox"/>
		@		
Store Card 1		☎		<input type="checkbox"/>
		@		
Store Card 2		☎		<input type="checkbox"/>
		@		
Store Card 3		☎		<input type="checkbox"/>
		@		
Store Card 4		☎		<input type="checkbox"/>
		@		
Telephone Provider		☎		<input type="checkbox"/>
		@		
University		☎		<input type="checkbox"/>
		@		
Utilities		☎		<input type="checkbox"/>
		@		



Appendix f – Home buyers’ checklist (for those you need to contact)

Contact	Address	Telephone and Fax No.	Notes	Date confirmed
Electric		☎		<input type="checkbox"/>
		@		
Gas		☎		<input type="checkbox"/>
		@		
Water		☎		<input type="checkbox"/>
		@		
Vet		☎		<input type="checkbox"/>
		@		
TV Licence		☎		<input type="checkbox"/>
		@		
		☎		<input type="checkbox"/>
		@		
		☎		<input type="checkbox"/>
		@		
		☎		<input type="checkbox"/>
		@		
		☎		<input type="checkbox"/>
		@		
		☎		<input type="checkbox"/>
		@		



Appendix g – List of things to ask an adviser

The following is a list of suggested things you should ask an adviser:

- What are their rates and any other associated costs, such as reservation fee, product fee and broker fee (if applicable)?
- Can associated costs be included in the mortgage loan or are they payable upfront?
- What does the lender charge for survey / valuations?
- What is the lenders revert rate once the initial deal term is finished and how will this affect monthly payments?
- Are there any charges for early repayment of the mortgage?
- Is there an arrangement fee to pay and if so will I get this back if my application does not proceed?
- Is the mortgage portable to another property if I decide to move?
- Am I allowed to make partial repayments of capital or increase my monthly repayments if I wish to repay the mortgage early?
- Are there any other conditions attached to the mortgage? Will I have to buy insurance from that lender?
- (To ask a Broker) Do you provide advice on mortgage products from the whole market or just a selection of lenders?

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Independent Mortgage Consultants

