HOME BUYERS GUIDE

Whether it is your first home, or you are on the move, this guide will help you through the process without feeling lost!

All you need Mortgages.

And Your Future Protected

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You Dream It, We Achieve It!

STAGE 1
HOW MUCH CAN I BORROW?

You have started saving your hard-earned cash to buy your home, or maybe you already have the deposit from savings or a gift? Are you selling your current home and have the money to put down on your new property and want to know what you can afford?

Whatever your scenario we recommend speaking to a broker who has access to all lenders that will match your individual circumstances and needs.

By going direct to your bank, they can only offer their products which may not necessarily be the right option compared to when you look at the bigger picture, with a wide range of products from High Street Lenders and specialist products, not available direct.

Great things happen when we get involved

By meeting with All You Need Mortgages, we will run through a series of questions to understand what is important to you, this is known as a fact find. The questions will include things such as your salary, your current outgoings, existing debts and your credit history – All key details for us to be able to determine how much you can afford to borrow.

We will then make a recommendation that matches your requirements and explain the process, any upfront costs, deposit requirement, monthly mortgage payment and more, to help you budget for your move without any surprises!

TIP

If you have had problems in the past, tell us everything so we will know what direction to head in.

STAGE 2
AGREEMENT OR DECISION IN PRINCIPLE

Once you are happy with the amount you can borrow and your monthly payments, it's time to get an agreement in place with the lender. This is to confirm that you not only pass affordability but also their credit score. A lot of estate agents will ask for this to evidence you can afford the house you are looking to buy.

TIP

Do not get hung up on your credit score on your credit file, as lenders have their own points system.

STAGE 3
FIND YOUR NEW HOME THE EXCITING PART!

Now you know how much you can borrow, its time to look for your new home! Once you find your home and your offer is accepted by the vendor (Seller), this is the exciting part! You will need to choose your solicitor that will complete the legal work on your behalf, and we can submit the full application to the lender.

TIP

When choosing a solicitor get a fixed quote. We work closely with several solicitors so can recommend someone to help you with this.

STAGE 4
VALUATION INSTRUCTED & MORTGAGE OFFER

Your application is in with the lender and the valuation will be instructed. The lender instructs a surveyor on their behalf to visit the property you are buying. This is to ensure the property is suitable security for them to lend against, and that it is also worth the money you are paying for it.

Once the lender is happy with the valuation and the documents we have submitted (such as proof of earnings, ID and address),
they will issue your Mortgage Offer. A copy of the offer is then sent to us, yourself, and your solicitor to confirm that they are happy to lend at the given terms.

TIP

Whilst we will always check the offer on your behalf, ensure you check this yourself and that you understand everything.

STAGE 5
DO YOU HAVE THE RIGHT INSURANCES IN PLACE?

Buying a home is one of the biggest commitments you will ever make, so you need to make sure you keep it should the unforeseen happen!

A specialist insurance adviser will be able to sit with you and understand what is important to you before making a recommendation. This ensures the policy is right for your situation, but more importantly the premiums are affordable.

We understand that everyone's situation is very different. There are a number of simple solutions available such as; Income Protection, Critical illness and Life Cover, which can be set up in many ways to ensure you or your loved ones can continue the lifestyle you are used to, all at a cost that suits you!

TIP

Even if you have existing insurances in place, it is best to get a full review of these to ensure they are adequate going forward.

The bank will require you to have buildings insurance in place ready for exchanging contracts. This protects the banks, ensuring that the property can be re-built should anything bad happen

Whilst other insurances are not compulsory, they will protect YOU to ensure that YOU are able to keep the property should anything bad happen.

Things you will need to consider:

- Could you afford to continue to pay your mortgage and other livings costs if you were out of work through ill health or injury?
- If others are dependent on you (and your partner), would they require funds if either of you pass away?
- What sort of financial impact would it have if your child/children, or the stay at home parent, were to fall critically ill?

STAGE 6
YOUR SOLICITOR IS WORKING TOWARDS COMPLETION

What does the solicitor do in the background?

- They will check the title deeds of the property to ensure the seller is the true legal owner to be able to pass this onto you, and register you as the new owner on the title deeds via the land registry.

- They will carry out local searches to ensure there are no future plans to build or change anything significantly in the vicinity of your new home, that you need to be aware of which could have an impact on the future sale of your property.

- They will carry out an Environmental search to look at any potential contaminated land, water, or an old landfill site near the property you are buying.

- Signing the contract – The solicitor will have completed all the relevant legal work, including any fixtures & fittings to remain in the property. They require confirmation that the building insurance is in place, and then prepare the documents for you to exchange (sign the contract).

Once you exchange you are legally obliged to buy the property; you will then transfer your deposit to the solicitor including any stamp duty payable. The solicitor will now set a completion date that works between you and the vendor (the seller). Once a completion date is agreed they will arrange for the lender to send the money over to them to complete. It is at this stage that we advise your insurances to commence.

TIP

Exchange through to completion can happen on the same day, but can also take anything from 1-4 weeks.

STAGE 7
COMPLETION

Time to collect your keys from the Estate Agent and start building your new home and making new memories!

MORTGAGE LINGO

LTV (Loan to Value) - This is the loan amount against the property value, expressed as a percentage.

SVR (Standard Variable Rate) - This is what you revert to after your initial product comes to an end. In some cases this can be a higher rate and you should look at your options to re-mortgage before you go onto the lenders variable rate.

APRC (Annual Percentage Rate Charged) - It shows you, as a percentage, the annual cost of a secured loan or mortgage including all charges such as fees and other costs, calculated as if you kept your secured loan or mortgage for the full term without changing it.

ERC (Early Repayment Charge) – This is a charge that can occur if you pay off your loan early or switch your mortgage within a certain time period. In some cases, the lenders may allow you to port the existing mortgage over if you wanted to move within this time, so that you do not incur this cost. This will show in your mortgage offer at the outset for the terms acceptable to the lender.

AIP / DIP (Agreement in Principle / Decision in Principle) – This is issued by your lender to confirm you have passed not only their affordability but their credit score as well.

FMA (Full Mortgage Application) - Your details are fully submitted with all the relevant documents for the underwriter to assess and make a decision.

BBR (Bank Base Rate) – This is the rate that the Bank of England will set and some lenders will offer rates that track this rate, meaning your monthly payment could change should the bank base rate change within your initial period.

Stamp Duty – This is a tax that you must pay to your solicitor on completion (if applicable) and can differ depending on the value of your property.

Leasehold – If you buy a flat, you are buying a Leasehold property, whereby you own the lease, but you do not own the property outright. There will be a third party that owns the Freehold (owner of the building and the land it stands on) and you could pay ground rent and a service charge to maintain the areas. Tip – the longer the lease the better as short leases could restrict your options with the banks!

Credit Score – Always a tricky one as every lender has its own points system. They run a check from their system to your credit file and assess the likely hood of you repaying the loan. They will look at your credit history, outgoings, electoral roll register, your payment patterns and any bad credit before making their decision.

Home Sweet Home

TYPE OF VALUATION

Standard Valuation – The lender will always insist on instructing a standard valuation to ensure the property is suitable security for them to put a charge on the property – basic and for their purpose.

Homebuyers Report – Middle of the road report checking the condition of the property and that there are no obvious problems that you may need to consider before purchasing the property – more for your purpose.

Full Structural Report – Most comprehensive report of all three – this checks the condition of the property as well as the structural side of things - this is recommended if you are buying an older run-down property.

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The information contained within this document is subject to the UK regulatory regime and is therefore targeted at consumers based in the UK.

Your home may be repossessed if you do not keep up repayments on your mortgage.