

Home Finance Solutions

First Time Buyer's Guide

Buying your first property can be a scary task but an exciting one. With lots of jargon and complicated processes it pays to have an experienced adviser on hand to make everything as stress free as possible.



Home Buying Process

When purchasing your home there is a route to take which is best practice to follow, your adviser will guide you through each step and manage everything for you:

1. Affordability



2. Decision in Principle



3. House Hunting



4. Full Submission



5. Valuation / Survey



6. Mortgage Offer



7. Exchange / Completion



Affordability

The first step all home buyers take is to check their 'Affordability'. In simple terms this is working out how much money you can borrow by way of a mortgage. Each lender has a completely different approach to working out what their maximum mortgage amount will be. Your mortgage adviser will help guide you through this maze accurately but as a general rule of thumb and a good calculation to work from:

Take your income, let's say £25,000 add your partners income £15,000 = £40,000 and multiply by 4.5 = maximum mortgage amount of £180,000
(this is a very rough example and some lenders affordability calculations may differ to this)

Each lenders calculator will take your debts and expenditure into consideration and make a holistic decision on how much they are prepared to give you.

Your Home (or property) may be at risk if you do not keep up repayments on your mortgage or other debt secured on it.

HINT



To help give you a better idea of how much you can borrow contact us on: **07990 522770** to speak to a qualified mortgage adviser or feel free to use our interactive calculator on our website:



Valuation \ Survey

Making sure the property you are buying is up to scratch and isn't going to fall down is the job of a survey. There are three types of survey you can choose between and each has a different level of service and a different price tag:

Standard Valuation: Paid for by you but for the benefit of the lender. Just a basic report confirming the value and eligibility of a property for mortgage purposes. Typical price for an average property: £250 -£350 (some lenders will give you a free valuation).

Homebuyers Report: A more detailed report for your benefit. You will receive a copy of this report and it will flag up any areas of concern. Typical price for an average property: £350-£450

Building Survey: More in-depth than a home buyer report as a result of a thorough investigation. Typical price for an average property: £600-£1,000.

Decision in Principle (DIP)

You have worked out how much you can afford and you know how much of a deposit you can put together, now it's time to see if your dreams can become a reality.

At the DIP stage your adviser would have looked at all your needs, wants and circumstances and have a good idea about what direction you will be taking. Remember the DIP is not legally binding and is just a step to let you know if a mortgage lender would be happy 'in principle' to give you a mortgage.

Your adviser will need to provide comprehensive information to the chosen lender to enable them to assess your circumstances and decide whether they can provide a mortgage.

The lender will check with credit referencing agencies such as Experian and Equifax to see if you have a positive or negative credit history. It is always best to be completely upfront and honest with your mortgage adviser as even if you do have anything like a County Court Judgement or have missed payments on credit cards there are still specialist lenders that may be able to help.

Once your DIP has been accepted you will be given a certificate which you can give to Estate Agents to prove you are eligible for a mortgage

Mortgage Offer

Once the valuation has been assessed by the lender, they will complete their final checks and release the mortgage offer. This is not a legally binding document, and you can still pull out of the purchase if you so wish but the offer is the final piece of the mortgage puzzle. The mortgage offer is a formal document stating the terms under which the lender is now happy to lend you the money to buy your home. Always give this a good read and check that everything is exactly how you want it to be.

HINT

To increase your chances of getting a decision in principle avoid pay-day loans & make sure you are on the voters roll at your current address.

For more tips, contact our qualified advisers on

07990 522770

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