# **First time buyers**

## A guide to buying your first home in England and Wales

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

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## Affordability check

Before you get a mortgage, you'll need to check on whether you can afford to pay it back. Your broker/mortgage lender can take you through an affordability check - this is based on your income and outgoings.

When to do it: before you start your property search.

## Decision in Principle (DIP)

Ask your broker to give you a Decision in Principle (DIP). This will give you a rough idea of how much you might be able to borrow on a mortgage, but it won't be a figure set in stone. A DIP could leave a footprint on your credit report, so it's a good idea to check with the mortgage provider before you get one.

#### When to do it:

when you've found a property and you're ready to make an offer.

## Make an offer on a property

You make an offer directly to the estate agent selling the property. They might want to see your DIP as assurance that, in principle, you can get a mortgage.

#### When to do it:

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once you've got a DIP and found a house you want to buy.

## Choose a conveyancer (aka solicitor)

A conveyancer (also known as solicitor or licensed conveyancer) is a property lawyer who takes care of the legal aspects of buying your property. They act for the buyer and the lender, so the conveyancing firm needs to be on the lender's conveyancing panel.

#### When to find one:

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it's best to be prepared, so the sooner the better, but you won't need to instruct them until you've submitted your mortgage application.

## Move in

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Once your mortgage has completed and your convevancer has paid the purchase money to the seller's conveyancer, they'll instruct the estate agent to give vou the kevs. Congratulations!

You're officially a homeowner. Now it's time to make it vour own.

## **Exchange contracts**

Once you've received your mortgage offer. the convevancer will arrange the exchange of contracts and give your initial deposit to the seller's conveyancer. From exchange of contracts, it is your responsibility to ensure that you have buildings insurance in place, which you may need to get straight away.

#### When it happens:

once you've received your mortgage offer and the initial convevancing process is complete.

## Conveyancing, lender valuation and independent surveys

At this point your conveyancer could start work. Your mortgage provider will also carry out a mortgage valuation on the property to make sure it provides sufficient security for the loan. Once they're satisfied it does, and providing they're happy with everything else on your application, they'll issue your mortgage offer. The mortgage valuation is an assessment of the saleability and mortgageability of the property and is for the benefit of the lender. Read the 'get survey savvy' section overleaf to find out more about the types of survey you can get.

#### When to do it:

once your offer on a property has been accepted.

## Apply for a mortgage

Not all mortgages are the same, so vou'll need one that's right for you. Your broker will recommend a mortgage, guide you through the process and keep you up-to-date with the progress of your mortgage application.

#### When to do it:

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after you've made an offer on a property.



# Get survey savvy

There are lots of different types of surveys. Here are some of the more common ones.

Mortgage valuation. This is to check if the loan amount you require is appropriate and the property is valid security for the loan. The valuation may be a physical valuation, where a surveyor visits and assesses the property or a desktop valuation. The valuation is for mortgage purposes only, it doesn't guarantee the property is free from defects and you might not receive a copy of the report.

**RICS Home Survey** – Level 2 and Level 3. Either of these surveys will cost more than a basic mortgage valuation, but may be a good idea for certain properties e.g. if you are buying an older property. It could also provide you with important points to raise with the seller when discussing the purchase price. Unlike a basic mortgage valuation, these surveys are for your benefit, not the lender's.

A RICS Home Survey – Level 2 will give you general information about the condition of the property inside and out.

A RICS Home Survey – Level 3 will give you a complete review of the property's structure and pin-point any defects.

# **Government schemes**

The government runs a number of schemes designed to help first time buyers get on the property ladder.

### **First Homes England**

You can get big discounts on house prices of between 30% and 50% (compared to the market price set by an independent valuer) if you're eligible for the First Homes scheme. Once the discount has been applied to a property, it will be passed on when the property is sold, so that future first time buyers can also benefit from the scheme.

You'll need to have at least 5% of the discounted price available to put down as a deposit, and a mortgage in place for at least 50% of the discounted price. There may also be some other rules around eligibility, depending on the area you are buying in.

### Shared Ownership

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

## Help to Buy Wales

This scheme is designed to help you purchase a new build property is only available in Wales. If the eligibility criteria is met, the government may give you a loan of up to 20% of the property's value to boost your deposit. All you have to do is pay a minimum deposit of 5%.

### Lifetime ISA (LISA)

The Lifetime ISA is a savings account designed to help people aged between 18 and 39 save towards their first home or retirement. You can save up to £4,000 in a Lifetime ISA each tax year until the age of 50 and you don't pay tax on the interest you earn. Tax rules may change in future.

The government will also pay a 25% bonus on your contributions, up to a maximum of £1,000 a year. The Lifetime ISA can be a great way to boost your deposit when you're saving for a house. Any withdrawals within the first 12 months of your first payment into a Lifetime ISA will incur a 25% government charge, which would mean you would get back less than you paid in.

After 12 months from your first payment in, you can withdraw money to buy your first home (maximum purchase price £450,000 and you must be using a mortgage to buy your home), but if you withdraw for any other reason before you reach 60, the government withdrawal charge will apply.

You can ask your mortgage adviser or search for UK surveyors on the <u>Royal</u> <u>Institution of Chartered Surveyors</u> <u>website</u>. Alternatively, you can call Connells, a Skipton Group company, who can provide a RICS survey. Call 01525 218619 for more details.

The more in-depth the survey, the more it will cost.

If a survey reveals problems, you might want to get a builder or other expert to assess what repairs could cost. It could potentially be used to negotiate a lower price for the property or you could even ask for the problems to be put right before you buy the property.



# **Getting organised**

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

- proof of income e.g. payslip(s) and/or P60, or self-employed evidence
- bank statement(s) showing salary credit
- other items required by the lender will be based on your circumstances, but will be confirmed as part of your application.

Speak to your broker if you'd like to find out more or visit <u>skipton.co.uk</u> for further information about Skipton Building Society.

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