

10 STEPS TO BUYING YOUR FIRST HOME

What you need to know when you're a first-time buyer





WHEN YOU'RE buying your first home, there is so much to think about. The process can fill you with a mixture of both nerves and excitement.

From getting together a deposit to investigating the different types of mortgage, and, of course, what kind of property should you buy, it's decisions, decisions. And that's before you've even considered where you might like to live.

DO YOUR RESEARCH AND UNDERSTAND THE PROCESS

10 TIPS TO HELP YOU GET STARTED

1. Save up a deposit. Deposits to purchase a home usually start at as little as 5% and can go up to 20% and beyond, depending on your financial situation. Most of us have to buy our first home with the help of a mortgage – a loan that generally runs for 25 years. At the moment, most lenders may typically offer up to four-and-a-half times your salary for a mortgage. Any shortfall between your mortgage and the price of the property you want to buy will have to be made up by you, which is why you need a deposit.

For a first-time buyer, the minimum deposit is usually 5% of the property value. If you can save up a larger deposit, you'll be able to apply for mortgage deals that offer a more competitive rate of interest. The government-backed mortgage scheme could help you secure a mortgage with just a 5% deposit.

If you're a first-time buyer, you may also be able to buy a home for 30% to 50% less than its market value. The First Homes scheme is for new homes built by a developer, or a home you buy from someone else who originally bought it as part of the scheme. The First Homes scheme is only available in England.

2. Work out what you can afford.

We can help you determine how much you could borrow, but it's important to know your own budget as well. Don't forget to factor in things like conveyancing, surveys, insurance and stamp duty. When you're trying to work out how much you could afford to pay in terms of monthly mortgage repayments, remember you'll still have to cover everyday costs like energy bills, travel, council tax and food.

3. Check your credit score. Your credit score is one of the most important factors lenders look at when approving a loan. Make sure you know where your score stands and take any necessary steps to improve it if necessary.

Getting on the electoral roll, closing credit cards you no longer use and not missing any debt repayments will help.

4. Find the right mortgage. There are many different types of mortgages available, so be sure to choose one that fits your requirements. The mortgage market can be a confusing place full of options: fixed rate, variable, repayment, interest-only – the list goes on. We can help you to compare interest rates and terms from different appropriate lenders.

5. Get an Agreement in Principle (AiP)

(also called a 'Decision in Principle' or 'Mortgage in Principle'). An AiP is exactly what it sounds like – confirmation from a lender that they would, in principle, be willing to lend you a certain amount of money. As a first-time buyer it's really useful to have one, as it proves you can afford to buy a property and gives you a good idea of which homes are within your budget.



6. Work out where you want to live. It's a cliché but 'location, location, location' still rings true. When trying to work out the best area for you, there are many factors to consider, such as transportation, shops, schools, restaurants, green spaces, crime levels and more.

If you've found somewhere you like, it's often worth just walking around the area to get a better feel of the place. Sometimes you can even discover hidden gems and more affordable homes on the edge of sought-after neighbourhoods.

7. View the property. Once you've found a property you're interested in, there are some useful questions you should consider asking while you're looking around:

- How long has the property been on the market?
- How old is it?
- Has it been renovated recently?
- Has there been a large insurance claim in the past five years?
- What's the council tax?
- What's the ownership – leasehold, freehold or part-freehold?
- If it's leasehold, how long is the lease?
- Are there any service charges?
- Is there parking available?

Last but not least, have a good nose around. Pay close attention to things like the windows (new-build UPVC windows keep the heat in better), signs of damp on the walls or ceilings, ventilation and the state of any drains and guttering.

8. Make an offer. Once you've found your dream home, you'll need to put in an offer. You do this by telling the estate agent managing the home what you can pay for it, and detailing the position you're in. The agent will then pass your offer on to the homeowner. Your offer can be made in person, over the phone or via email.

You may need to provide proof that, as a first-time home buyer, you can secure the required mortgage. This might be by way of an 'Agreement in Principle', 'Decision in Principle' or 'Mortgage in Principle' from the lender that's offering you the mortgage loan. As a first-time home buyer, you're in a strong position to negotiate because you're not part of a chain. And sellers like this.

9. Arrange a survey. It's not a legal requirement to have a survey on a property you're buying, but it could end up saving you thousands of pounds in the long run. There are three types of survey available: a

condition report (basic), a homebuyer report (suitable for buildings under 50 years old) and a building survey (very thorough).

10. You'll need a property solicitor. They might also be known as a conveyancer. Their job is to help you manage the legal side of your home purchase. They'll draw up the contract, deal with the Land Registry and manage the stamp duty charges. The Land Registry fees will vary depending on how much the property is worth. ♦

>> LOOKING TO TAKE YOUR FIRST STEP AND GET ONTO THE PROPERTY LADDER? <<

Buying your first home is an exciting time and a big achievement, but it can also feel overwhelming. We're here to help with each stage of your journey. To discuss how we can help you get the keys to your first home, contact **Capital Mortgage UK Ltd** – telephone **0131 241 1601** – email **info@capitalmortgageuk.co.uk**.