

First Time Buyer's Guide



Looking to get on the property ladder?

Buying a house is one of the most important and probably the largest investment you may make. As a first time buyer looking to get on the property ladder, your mortgage could be one of the most important financial decisions you will ever make. But with so many factors to consider it can be difficult to know where to begin. Watts Mortgage & Wealth Management has access to a comprehensive range of mortgages from across the market and will look to get you a great deal when you are looking to purchase a property.

We are whole of market advisers and have access to some exclusive packages. We also look to guide you through the process, and find a mortgage that should be affordable to you.

Save a Deposit

You need to establish how much cash you can put towards the cost of a new home. Generally, the bigger your deposit – the equity you put towards the cost of your new home - the better mortgage rates you will be offered, and the lower your monthly mortgage payments will be.

You need to try and save a minimum of 5 per cent to 20 per cent of the cost of the property to obtain a mortgage, with at least 25 per cent to access the best deals.

Mortgages

Unless you are in a position to buy a property with cash, you are going to need a mortgage. Simply put, a mortgage is a loan from a bank or building society against a house or flat. The borrower has to pay back the loan in addition to accrued interest.

This may all sound extremely daunting, but it is the case for most first-time home buyers and the more research you do the better.

If you need a mortgage, it is usually a good idea to get independent advice. As independent advisers we are not tied to any one company and are able to research the whole of the market to help find you a mortgage suitable for your current requirements.

Stamp Duty

If you are buying a home in England or Northern Ireland you will pay a reduced rate of Stamp Duty Land Tax (SDLT)*

For first time buyers, no stamp duty will be payable for residential properties costing up to £425,000. First time buyers purchasing property for more than £625,000 will not be entitled to any relief and will pay the SDLT at the normal rates.

If you purchase additional properties you may have to pay Stamp Duty on top of the revised rates for each band.

Considerations

We suggest you try not to make multiple applications to lenders. If each lender does a credit search this could affect your credit rating and possibly preclude you from some of the more attractive deals and end up costing you money.

Also, don't borrow more than you need to and keep within your means. This is the most important factor ensuring that you do not overstretch yourself on the mortgage payments. Our advisers will talk you through affordability prior to submitting an application.

Find a Property

With your budget in place, you will now be in a much better position to start your hunt to find a property. Consider whether you'd like to buy a house or a flat? Would you prefer a new build home or an existing property? Freehold or leasehold?

You can start searching for homes for sale by navigating property portals, such as Rightmove or Zoopla. You can beat the crowd and be the first to know about new properties matching your requirements by signing up for a property alert.

You can also register your interest with estate agents and house builders operating in the area you are looking to buy, and keep an eye on the property pages in local newspapers and magazines.

Putting in an Offer

Once you have found your dream home, you will need to put in an offer to the vendor via the estate agent - which your broker will be able to support you with. You may need to provide proof that, as a first time home buyer, you can secure a mortgage. This is where an agreement in principle comes in handy. Also as a first time buyer, you are in a strong position to negotiate because you are not part of a chain.

When your offer has been accepted, you will need to apply for your mortgage formally. This is also the point to get surveys carried out on the home you'd like to buy. Now you are on the final stretch of the home buying journey - and it is largely managed by solicitors and supported by your mortgage broker.

Exchanging Contracts & Completing

Your solicitor will start all the legal and administrative work associated with transferring the property, known as conveyancing. This includes arranging Stamp Duty, contacting Land Registry, transferring money during the sale, and acting as a general intermediary between you, the lender and the seller.

You will agree the terms of the sale – including who you are, how much the house or flat is transacting for, and a completion date, when you can move into your new home. Your mortgage will now be approved. Your lender may require you to insure the property as part of the approval process and our team of Client Account Managers are on hand to assist you with this.

The contracts will then be exchanged and you are locked into a legally binding deal to buy the house or flat. At this point, you will need to arrange for your deposit to be transferred to your solicitor.

On completion day, you will be able to pick up the keys from the estate agent or seller.

Protecting Your Investment

You may want to consider life and protection insurance. This gives you and your loved ones peace of mind in the event you are taken seriously ill. Our dedicated Protection Advisers will be more than happy to talk you through what options are available to you.

Other Costs

Bear in mind the other costs associated with buying a home. The lender may charge you for entering into a mortgage agreement - this is sometimes referred to as an arrangement fee. They may also ask you to cover the cost of assessing the value of the property you intend to purchase, known as a valuation fee.

Once you have found the home you want to buy, you will most likely need to hire a chartered surveyor to check that the building is structurally sound. They will flag up any potential issues before you sign on the dotted line. The cost of a survey can vary, depending on how thorough it is. However, it can save you money on repairs and maintenance in the long run.

It is also highly advisable to appoint a property solicitor - known as a conveyancer - to manage the legal side of the purchase. It may be tempting to do yourself, but they will draw up the contract, deal with the Land Registry and manage Stamp Duty charges. Land Registry fees, like Stamp Duty, vary depending on how much your property is worth.

Other costs to consider include the hire of a removal firm and redecoration. Be careful to consider these costs when buying a home as they are often forgotten.

Testimonial

Having recently completed a house purchase and using Watts to arrange the mortgage, it is important to bring your attention to how pleased we were with the service provided. Emma was polite, positive, friendly and professional throughout the whole application process, she kept us fully informed with the progress, she provided accurate and timely feedback to all queries raised and is a valuable asset to your team.

Mrs A

Testimonial

I just wanted to say a massive thank you for your assistance in my purchase. I would like to place on record my appreciation of your professionalism and tenacity. You kept me fully updated in terms of progress and answered all of my questions in a timely manner. Great service and hope we can do business again in the future.

A Henshall

Testimonial

I wanted to send you an email of thanks for your professional services in relation to the renegotiations of my recent mortgage. The service and support provided by both you and Shannan has been of the highest calibre and I'll certainly recommend Watts Mortgage & Wealth Management Ltd. I offer my sincere thanks and I look forward to doing further business with you in the future.

J Bird



Contact

tel 01270 620555
email advice@watts-ifa.com
web www.watts-ifa.com