

# FIRST-TIME BUYER

## *Getting onto the property ladder*

Buying a home is the largest purchase you're likely to make. Getting onto the property ladder can be a big step. Where should you live? Which property should you make your home? How will you pay for it?

### **SAVING FOR A DEPOSIT**

If you're a first-time buyer, you need to save for a deposit before looking at properties. Generally, you need to try to save at least 5% to 20% of the cost of the home you would like. Saving more than 5% will give you access to a wider range of cheaper mortgages available on the market.

As a first-time homebuyer, the most important thing to bear in mind is whether you can really afford to take this step. It's wise to put together a budget before you start looking for a property. There are now also strict checks when you apply for a mortgage.

### **MORTGAGE 'STRESS TEST'**

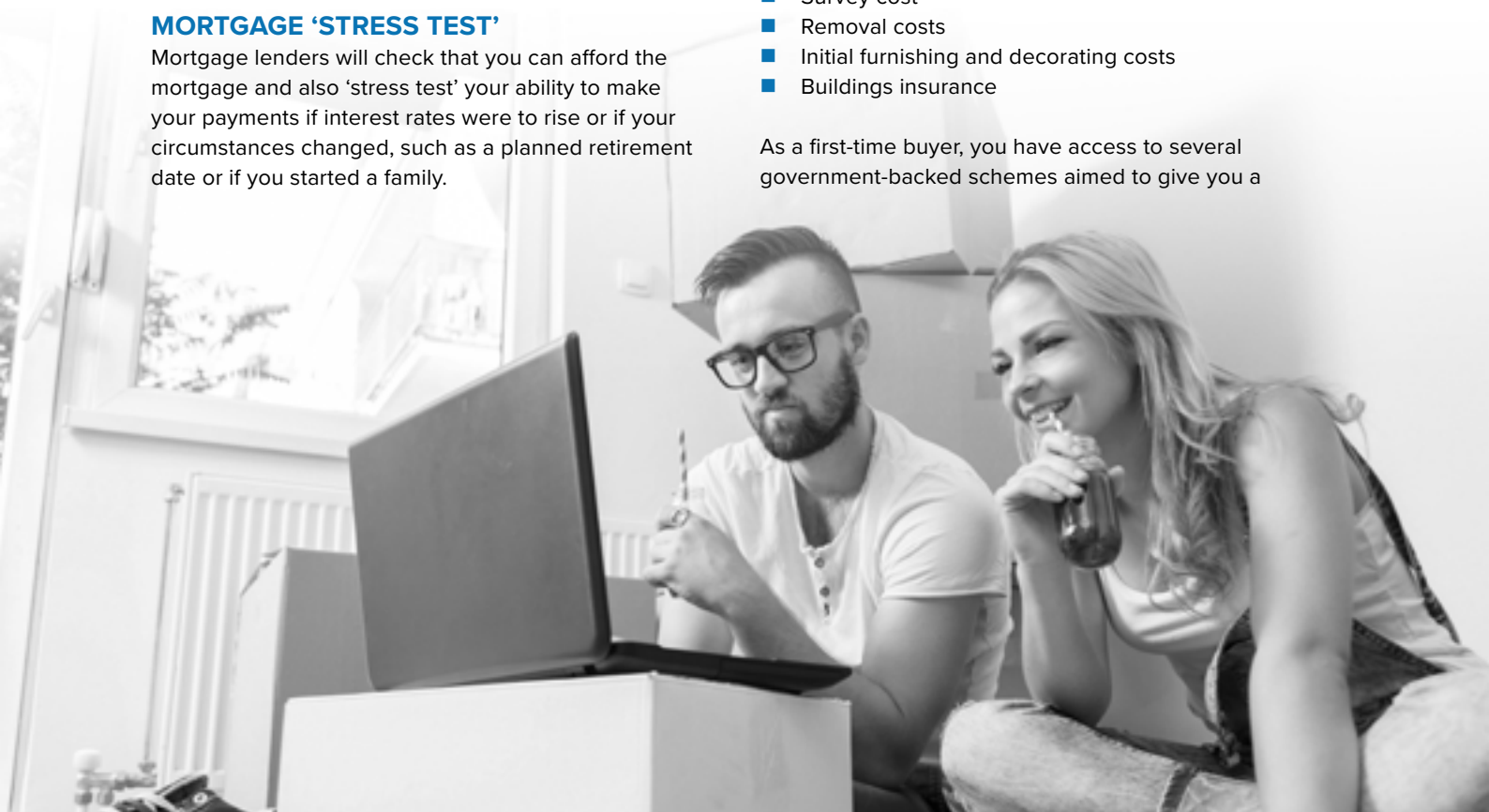
Mortgage lenders will check that you can afford the mortgage and also 'stress test' your ability to make your payments if interest rates were to rise or if your circumstances changed, such as a planned retirement date or if you started a family.

As part of the mortgage application process, you'll need to show the lender evidence of any outgoings you have and prove your income.

**Apart from your monthly mortgage payments, there are other costs when buying a home. These include:**

- Mortgage arrangement and valuation fees
- Stamp Duty (or Land and Buildings Transaction Tax in Scotland)
- Solicitor's fee
- Survey cost
- Removal costs
- Initial furnishing and decorating costs
- Buildings insurance

As a first-time buyer, you have access to several government-backed schemes aimed to give you a



helping hand onto the property ladder, which we can discuss with you. Even if you opt to use one of these schemes, mortgage lenders will still want to ensure you can afford to pay your mortgage loan.

If you buy a house, it's likely you'll buy the freehold, meaning you own the property and the land it sits on. If you buy a flat, you'll be buying a leasehold or buying into a share of the freehold.

### ARRANGING YOUR MORTGAGE

**When considering the different mortgage deals available, we'll discuss the following with you:**

- **Type of loan** – repayment (where you pay part of the balance and interest each month), interest-only or both
- **Type of mortgage** – for example, fixed-rate, tracker or schemes designed to help first-time buyers
- **Mortgage rate** – it's important to look beyond the initial interest rate and consider what the rate will be after the deal ends
- **Mortgage fees** – these can be considerable, particularly if you change your mortgage before your

deal ends, so make sure you check what fees apply to the mortgage you're considering.

### REQUIRE FURTHER INFORMATION?

We can help you with your mortgage needs. Whether you're a new customer or we've previously arranged a mortgage for you, please contact us to discuss your requirements.

**Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.**

