



# First time buyers

A comprehensive guide to  
purchasing your first home

# What's Inside

- 3 I want to buy a home – what's the first thing I need to do?
- 4 What is a mortgage?
- 5 Types of mortgages
- 6 How much can I borrow?
- 6 I've found my dream home, how do I get started?
- 7 I want to buy a home but I haven't found 'the one' yet.  
Is there anything I can do now?
- 8 How do I decide which mortgage is right for me?
- 9 What other costs do I need to budget for?
- 10 What's my credit score and how can I check it?
- 11 How can I improve my credit score?
- 12 I've found my new home and my offer has been  
accepted – what happens now?
- 13 How do I finalise the purchase?
- 14 What happens at completion?
- 15 I've moved into my home and I'm paying my mortgage  
each month – what happens now?



# I want to buy a home – what's the first thing I need to do?

## Start saving.

If you want a mortgage (with any lender) you'll usually need a deposit of at least 5% of the value of the property in savings.

Often the more you've saved, the better the interest rate you'll be able to get.

Many banks and building societies offer savings products that will help you save towards your first home.

You can also get help from close family relatives towards your deposit. Speak to us to find out more.



# What is a mortgage?

**It's a long-term loan to buy a property.**

You can choose a 'repayment mortgage' or an 'interest-only mortgage'.



## Repayment mortgage

A repayment mortgage means each monthly payment you make covers part of the amount you've borrowed and part of the interest charged on it. As long as you make the repayments, in full and on time every month, at the end of the term you'll have completely paid off your mortgage.

## Interest-only mortgage

With an Interest-only mortgage you pay just the interest charged each month, meaning that you will pay back more over the term of your mortgage. At the end of your term, you'll also have to pay the original amount borrowed.

The term of the mortgage is the length of time you've agreed with your lender to pay back your mortgage – the maximum loan period is 40 years depending on the chosen lender. As mortgage brokers, our job is to recommend the most suitable mortgage type and term for you, depending on your circumstances.

The mortgage is 'secured' on the property – which means your home could be repossessed if you don't keep up with your repayments.



# Types of mortgages

## Fixed rate

Your monthly payments stay the same for a fixed length of time, usually two, three or five years. We'll write to remind you when your fixed rate is coming to an end and prompt you to review your mortgage.

## Base rate tracker

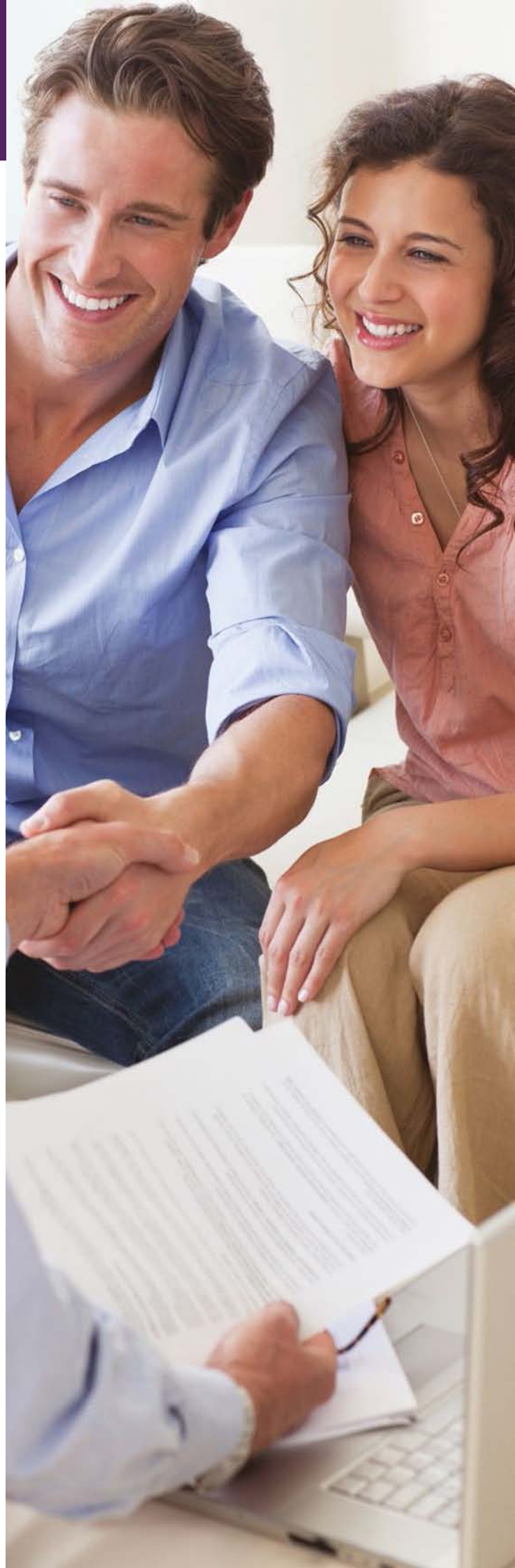
The interest rate is tracked against the Bank of England Base Rate (BBR) for an initial agreed amount of time. This means that your interest rate increases or decreases in line with any changes to BBR during that time and your monthly payments can vary.

## Variable rate

The interest rate can change so your monthly payments can vary. It's not a tracker mortgage so it's not linked to BBR. Instead, it's set by the lender and can change in line with your mortgage terms and conditions.

## Offset

Your savings offset the amount of interest you pay on your mortgage. This means that you will only pay interest on the difference between the Offset savings balance and the mortgage amount.



# How much can I borrow?

**The amount you can borrow depends on your income, your outgoings and your ability to pay back the amount you're borrowing.**

We will help you work out what you may be able to borrow based on your income and outgoings.

## **I've found my dream home, how do I get started?**

Do you have your deposit saved?

You now need to work out how much you can afford and understand which mortgage product best suits your needs.



### **Broker advice**

**Get in touch with us on 0118 449 2349.**

We will do a lot of the work for you by finding out what you need and what you're eligible for. We have access to multiple lenders and their latest mortgage rates meaning you will often get a better deal than by going direct.

### **Direct to lender**

You can speak directly to a lender (bank or building society) who will recommend a mortgage that suits you from their mortgage product range. You will need to do your own processing and provide information direct to the lender, which can be very time consuming.

# I want to buy a home but I haven't found 'the one' yet. Is there anything I can do now?

**If you haven't found your new home yet, you can still find out how much you might be able to borrow.**

Most lenders have online affordability calculators that will help you work out what you could borrow based on your income and outgoings. And you can also get an indication of how much your repayments will be. Please bear in mind that not every lender uses the same affordability criteria and the amount you can borrow will vary from lender to lender.

**You can also apply for an Agreement in Principle (AIP).**

This is a statement from a mortgage lender to say that 'in principle', they'll lend you a certain amount. It's based on you providing some information to the lender, such as your income and outgoings, without going through a full mortgage application. They may also do a credit check on you. Remember, it's only an indication of what you could borrow at this stage. It's valid for 28 days and it's usually a good idea to have one ready for when you find 'the one' and want to make an offer.



# How do I decide which mortgage is right for me?

**We will ask you detailed questions about what you need and what you can afford. We will then recommend the best product for you.**

## **We will also take into account**

- **How much peace of mind you want**  
A fixed rate mortgage may have a slightly higher interest rate than a variable rate mortgage, but you'll know exactly what your repayments will be each month until the end of the mortgage deal.

## **What your short-term and long-term plans are, for example:**

- **Do you want to make overpayments?**  
Some mortgages allow unlimited overpayments while others only allow overpayments up to a certain limit. You might get a large bonus or a windfall and want to pay that off your mortgage – it's worth thinking about before you take your mortgage out.
- **Do you think you might want to pay off your mortgage before the end of the term?**  
We will ask you about this so that we can recommend the right mortgage for you.
- **Do you have savings?**  
An Offset mortgage might suit you if you have substantial savings. We can link your Offset savings to your mortgage to reduce the mortgage interest charged.

## **REMEMBER**

Most mortgages automatically transfer to a variable rate after the initial deal finishes, so your monthly payment could increase at this point. We will write to you to remind you that your current deal is coming to an end and will research the market to ensure that you continue to receive a competitive rate in the future.



# What other costs do I need to budget for?

As well as your mortgage repayments, you'll need to pay:



- **Deposit**

You'll need to have saved at least 5% of the property value for a mortgage with most lenders. There are a few lenders now offering 100% mortgages again.

- **Mortgage application and product fees**

These vary. We will tell you about any fees and charges that apply.

- **Valuation fee**

Your lender will instruct a basic valuation once they've reviewed your application and they're often free. A physical inspection of the property may not always be required. The valuation is for the lenders benefit only and used to confirm whether they can lend on the property. It's important to remember that the lender decides what type of valuation is most appropriate for them to make the decision and you often will not receive a copy. If you would like a more in-depth valuation for your benefit this will cost extra.

- **Moving costs**

Hiring a van, hiring helpers, buying packaging materials, etc.

- **Stamp duty**

This is a Government tax that every house purchaser has to pay if the value of the property is above a certain amount. If you're a first time buyer you could be exempt from paying Stamp Duty depending on the property value. Find out if you have to pay Stamp Duty on the property you're interested in buying at [www.gov.uk](http://www.gov.uk) (type 'stamp duty' in the search box).

- **Legal fees**

There will be solicitor's fees plus the Land Registry charge and a fee to transfer the money.

- **Building and contents insurance**

It's a condition of your mortgage to have adequate buildings insurance in place. This covers the cost of rebuilding your home if it's damaged. If you're buying a flat, this may be covered in the maintenance charge, you must check this. Contents insurance covers your furniture and possessions and is optional, we recommend you consider this as well.

# What's my credit score and how can I check it?

Every time you apply for credit, the organisation will check your records, including your score. Your credit score is made up by looking at:

- how much you owe – credit cards, loans, etc
- how much of your available credit you're using
- your payment history. Do you pay on time? Do you pay in full?
- other credit searches – other applications for credit cards or loans
- public information – electoral register, County Court Judgements, etc.

The UK's main credit reference agencies are Experian, Equifax and Call Credit.



# How can I improve my credit score?



## Here are some tips that could help you improve your credit record:

- Make sure you're on the electoral register – not on it? To register, go to [www.gov.uk/register-to-vote](http://www.gov.uk/register-to-vote). You'll need your National Insurance number.
- Check your address – make sure all your active accounts are registered to your current address. Please also ensure that your employer has your current address as this is reflected on your payslips and P60 and ensure that your bank is also aware. (with online banking it is easy to forget to update this)
- Demonstrate that you can manage credit – for example, by spending occasionally on a credit card and repaying it promptly. Make payments that are more than the minimum and stay well within your credit limit.
- Make payments on time – if you make payments late or miss them altogether, it has a negative impact on your credit rating.

If there's a mistake on your record, you can write to the agency and ask them to correct it. Remember: County Court Judgements for non- payment of debts, Individual Voluntary Arrangements (IVAs) and bankruptcies stay on your credit record for at least six years.

For more tips and information about credit scoring, go to

**[www.moneysavingexpert.com/loans/credit-rating-credit-score](http://www.moneysavingexpert.com/loans/credit-rating-credit-score).**

# I've found my new home and my offer has been accepted – what happens now?

## Appoint a solicitor

You will now need to appoint a solicitor to take care of the legal work and we have several we can recommend. We will now need to complete the mortgage application and may need you to supply some additional documentation.

## Who carries out the valuation?

Your lender will automatically instruct an expert to carry out a valuation of the property as part of the application process.

You can also choose to pay someone external to have a more detailed survey.

## Homebuyer's Report

This reveals any structural problems, such as subsidence or damp, plus problems inside and outside (eg: mobile phone masts, risk of flooding, etc). The survey isn't comprehensive – the surveyor won't

move furniture or look underneath floorboards – and it's only suitable if the property is conventional and in reasonable condition. If you choose to have a Homebuyer's Report, you need to pay the full cost yourself.

## Full Structural Survey

This is the most in-depth type of survey – the structural engineer carries out a thorough inspection from top to bottom. As well as all the things looked for in a Homebuyer's Report, they'll actively look for other problems such as asbestos, insect infestations and faulty plumbing. Their survey identifies any areas that may need work in the future. If you choose to have a full structural survey, you need to pay the full cost yourself.

## How do I finalise the purchase?

After the valuation and

when you have your mortgage offer, your solicitor will send you the contract to sign. Go through it carefully and make sure you're happy with everything because when you sign the contract, you're committed to the sale.

When your solicitor has your signed contract and the seller's solicitor has theirs, they exchange them. This formal 'exchange of contracts' means that the purchase is now legally binding.

Then you and your solicitor can agree a date for completion.

At this point, you must also make sure that you have adequate buildings insurance in place for the property.

We can provide you with a quotation and will also advise you on what additional protection policies you need for you and your mortgage. You may also be asked to pay a holding deposit.



# What happens at completion?

The period between the solicitors exchanging contracts and the purchase being completed can vary, but it's usually no longer than four weeks.

When it's complete, you'll have to pay these charges:

- **The balance in full for the property**  
Your deposit plus the amount you've borrowed to pay for the property. You might also have to pay the solicitor a fee for transferring the money.
- **Mortgage fees (if applicable)**
- **Land Registry charges**  
You usually pay this to your solicitor who pays the Land Registry for you.
- **Stamp Duty**  
You pay this tax to your solicitor and they pay it to the Government for you.
- **Your solicitor's bill**  
When everything's been completed and everyone has been paid, you can move into your new home.





# I've moved into my home and I'm paying my mortgage each month – what happens now?

**Congratulations for achieving a huge milestone. Whether you plan to renovate, just decorate or do nothing at all. You can now start enjoying your new home.**

**Should you need any guidance or support during the term of your mortgage always get in touch with us and we will be happy to help you.**



## REMEMBER

YOUR HOME MAY  
BE REPOSSESSED IF  
YOU DO NOT KEEP UP  
REPAYMENTS ON YOUR  
MORTGAGE.

**Locations Mortgage Solutions Ltd**

Albany House, 14 Shute End  
Wokingham, Berks, RG40 1BJ.

Tel: 0118 449 2349

Email: [info@locationsmortgages.co.uk](mailto:info@locationsmortgages.co.uk)

Web: [www.locationsmortgages.co.uk](http://www.locationsmortgages.co.uk)



The information contained in this brochure is correct as at May 2023.