

Help to Buy

# Mortgage advice you can depend on

Whether buying your first home, or a homeowner looking to move, Help to Buy schemes help people take steps to buy a home.

This guide aims to help you feel more confident about your financial decisions

If you want to learn more and receive advice tailored to your personal circumstances, please get in touch.

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

# Our Lenders

As part of Openwork Ltd, we can access competitive rates from most of the UK’s best-known lenders.

## Residential









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# The importance of affordability

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Buying a home, for many, will be the biggest financial decision they make in life. Both your income and outgoings will make a difference to the mortgage products that meet your requirements.

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The EU Mortgage Credit Directive of 2015 introduced stricter lending criteria which led to mortgage lenders having to take greater steps to check affordability – including on remortgages.

These rules require your lender to check you can afford your repayments now and in the future. To do this, they will need information about your income and outgoings. You will have to tell them if you expect your income and outgoings to change in a way that means you'll have less to spend on your mortgage payments. You will also need to give your mortgage lender evidence of your income.

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# Help to buy schemes

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Before you choose a specific deal, you need to decide what type of mortgage is the most appropriate for your needs.

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## Help to Buy: Shared Ownership

is available to first-time buyers, those who used to own a home but can't afford to buy one now, or existing shared owners looking to move. The scheme gives you the chance to buy a share of between 25% and 75% of the home's value, and you then pay rent on the remaining share. Later on, you could buy bigger shares when you can afford to.



## England – Help to Buy: Equity Loans

are available to first time buyers as well as homeowners looking to move. The home you want to buy must be a new build costing up to £600,000. The Government will lend you up to 20% of the cost of the home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest.



## Help to Buy (Scotland) Affordable New Build Scheme

is available to first-time buyers and existing homeowners looking to move. The home you want to buy must be a new build. You'll be expected to pay a minimum of 85% (which will include any deposit you pay and your mortgage) of the home's total purchase price and the Scottish Government will hold the remaining % share under a shared equity agreement.



## Help to Buy – Wales

is available to first time buyers as well as homeowners looking to move. The scheme provides a shared equity loan to buyers of new-build homes with a maximum purchase price of £300,000. The Government will lend you up to 20% of the cost of the home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest.



## London Help to Buy

is available to first time buyers as well as homeowners looking to move. The home you want to buy must be newly built with a price tag of up to £600,000. The Government will lend you up to 40% of the cost of the home, so you'll only need a 5% cash deposit and a 55% mortgage to make up the rest.



## Forces Help to Buy

allows service personnel who are first time buyers or homeowners looking to move to borrow up to 50% of their annual salary, to a maximum of £25,000. This can be used towards a deposit and other costs such as solicitor's and estate agent's fees. All regular service personnel are eligible who:

- have completed the pre-requisite length of service
- have more than 6 months left to serve at the time they apply
- meet the right medical categories.

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# Costs involved

It's easy to underestimate the costs involved when buying a property.

Many people underestimate the costs involved when buying a property. Here's a summary of the main costs you could incur.



# Costs involved

## Valuation fee

Lenders may ask you to pay the valuation fee. The type of valuation you choose will depend on factors such as the age and condition of the property.

## Application/Arrangement fee

This is the costs your lender will charge you for arranging your mortgage. Some lenders will allow the fee to be added to your mortgage, but this means you will be charged interest on it over the term of the mortgage.

## Legal costs and fees

The fees charged by a solicitor include the charge for conveyancing (the transfer of ownership of land), and the costs of legal registrations and miscellaneous costs (known as disbursements) such as Local Search fees and Land Registry fees. Some lenders may offer to finance some or all of the legal costs as an incentive.

## Higher lending charge

If the amount you wish to borrow is greater than a certain proportion of the property's value (typically 75%), you may incur a higher lending charge

## Early repayment charge (ERC)

Lenders may charge an ERC if you make an overpayment in excess of any stated limit, if the loan is repaid early or you remortgage during early repayment period. This can sometimes be a significant amount, so you should always check the terms in the offer letter from your lender.

## Deeds release or exit fee

Lenders may charge a fee to release the deeds of a mortgaged property to you or a new lender.

## Our advice fee

Before we get started, we will explain how we will be paid for arranging your mortgage.



In England and Northern Ireland, you can be liable to pay Stamp Duty Land Tax when you buy a residential property or a piece of land. In Scotland you will pay Land and Buildings Transaction Tax and in Wales you will pay Land Transaction Tax

If you're a first-time-buyer in England or Northern Ireland, you will pay no Stamp Duty on properties worth up to £300,000. HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Stamp Duty Land Tax		
You must pay Stamp Duty Land Tax (SDLT) if you buy residential property or land over £125,000		
Residential property SDLT rates	Zero	Buyers of additional residential properties, such as second homes and buy to let properties, will have to pay an extra 3% in Stamp Duty on top of current rates for each band.
up to £125,000		
The portion from £125,001 to £250,000	2%	
The portion from £250,001 to £925,000	5%	
The portion from £925,001 to £1.5 million	10%	
The portion above £1.5 million	12%	
Land and Buildings Transaction Tax		
You must pay Land and Buildings Transaction Tax (LBTT) if you buy a residential property or land over £145,000		
Residential property LBTT rates	Zero	Buyers of additional residential properties, such as second homes and buy to let properties, will have to pay an extra 4% in Land and Buildings Transaction Tax on top of current rates for each band
up to £145,000		
The portion from £145,001 to £250,000	2%	
The portion from £250,001 to £325,000	5%	
The portion from £325,001 to £750,000	10%	
The portion above £750,000	12%	
Land Transaction Tax		
You must pay Land Transaction Tax (LTT) if you buy a residential property or land over £180,000		
Residential property LTT rates	Zero	Buyers of additional residential properties, such as second homes and buy to let properties, will have to pay an extra 3% in Land Transaction Tax on top of current rates for each band.
up to £180,000		
The portion from £180,001 to £250,000	3.5%	
The portion from £250,001 to £400,000	5%	
The portion from £400,001 to £750,000	7.5%	
The portion from £750,000 to £1.5 million	10%	
The portion above £1.5 million	12%	



# What else do you need to know?

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Buying a property isn't just about the right mortgage; it also involves solicitors, surveys and insurance.

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# What else do you need to know?

## Surveying

Before giving you a mortgage, your lender will instruct a survey to confirm the price you're paying for the property is appropriate. The most common types of survey are:

- **Basic mortgage valuation**

This is for the lender's own purposes to confirm the property provides security for the loan.

- **Homebuyer's report**

This provides brief information on the property's condition. The report will include comments on the property's defects and the valuer's opinion as to its marketability.

- **Full structural survey**

This report is the most comprehensive survey it is based on a detailed examination of the property.

## Solicitors

Before going ahead with a property purchase you may need to appoint a solicitor or conveyancer to act on your behalf. They will undertake the legal work required to ensure the ownership (title) of the property and land transfers successfully.

If you don't already have a solicitor who undertakes conveyancing work, we can recommend one using a specialist company that provides access to a nationwide network of solicitors.

Some lenders will offer to pay for the basic mortgage valuation as an incentive. You may also want to consider one of the more detailed surveys, depending on the age and condition of the property. In most cases you can use the same surveyor to carry out both surveys, but there's nothing to stop you appointing an independent surveyor should you choose to do so. We can help you do this.



*Solicitors, valuers and surveyors are not regulated by the Financial Conduct Authority.*



# Protecting your Investment

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It's important to protect your property but it's also important to protect yourself and your loved ones. Whether buying your first home, moving house or remortgaging it's a good time to review any existing protection and making sure you have the right cover in place.

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## Buildings insurance

All lenders require you to fully insure the property for the total cost of rebuilding it. Buildings insurance covers your home and its fixtures and fittings.

## Contents insurance

Contents insurance protects your household goods and personal property.

## Critical illness insurance

This insurance pays out a lump sum if you're diagnosed with a specified critical illness such as cancer, stroke or heart attack. You can use the cash payout to clear your mortgage, pay for medical treatment or anything else you choose.

## Income protection

This can replace part of your income if you're unable to work for a long time because of illness or disability. It will pay out until you return to work, the policy ends or in the event of your death. Income protection plans usually have a waiting period before the benefit becomes payable, and the longer the waiting period you choose, the lower the monthly premium.

## Life insurance

If you die unexpectedly, a Life Insurance policy will pay out a cash sum to your family. Mortgage Protection is a type of Term Assurance where the amount of cover decreases over the term of the policy, tying in with the outstanding amount on a repayment mortgage

## Mortgage payment protection insurance (MPPI)

Also known as accident sickness and unemployment (ASU) cover, MPPI helps you keep up your mortgage repayments if you can't work because of redundancy, accident or ill-health. Benefits are usually paid for 12 months, although some providers offer 24 months' cover for accident and sickness only.

## Serious illness cover

Serious illness cover pays out a cash lump sum of between 5% and 100% of the total cover depending on the severity of the illness.



# Working with you

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Helping you put your  
plans into action.

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## Getting to know you

We will want to learn more about you, your circumstances, and your overall financial position. We'll also want to hear your thoughts on which type of mortgage you believe is right for you, before we talk you through the pros and cons of each option.

## What we must tell you

When you first speak to us, we have to tell you what our charges are and how they are paid. We also have to say if there are any limits to the range of mortgages we can recommend for you.

## Researching the options

Using our expert knowledge and database of several thousand mortgages, we will find the ones that are most suitable for your needs.

## Recommending the right solution

Once we have identified the options available, we'll meet with you again or discuss our recommendations over the phone. We'll also write to you so you can review what we have suggested, and why.

Assuming you're happy with our recommendation, we'll work with you to complete the application forms and liaise on your behalf with solicitors, valuers and surveyors. We can also talk you through the vital areas of protecting your new property and we'll stay in touch throughout the process – and into the future.





# Next steps

We hope this guide has given you a broad insight into what's involved in the property purchase process.

There are many types of mortgages available, numerous additional things to think about and costs to bear in mind.

If you'd like more information, or would like help planning your first – or next – property purchase, please get in touch.

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