



DENTAL & MEDICAL

FINANCIAL SERVICES

Dental & Medical Financial Services

1 Market Square, Horsham,
West Sussex RH12 1EU

T: 01403 780 770

F: 01403 780 771

E: info@dentalandmedical.com

W: www.dentalandmedical.com

Securing your first dream home

Guiding you through your home-buying journey from start to finish

Venturing into homeownership as a first-time buyer is an enthralling yet complex endeavour requiring meticulous consideration and foresight. Those keeping a close eye on the news can attest to the rollercoaster ride the property market has been on in recent years.

This whirlwind of fluctuating market conditions can seem daunting for any first-time home buyer. However, fear not! We're here to guide you through the labyrinth of first-time home buying and help you secure your dream home.

Boosting your savings

The initial step towards homeownership involves building up sufficient savings. Unless you already have a substantial amount saved or have family who can lend a helping hand, it's advisable to accumulate a minimum deposit of 5% of the property value you're eyeing.

In April 2021, the government implemented a mortgage guarantee scheme to facilitate 95% mortgages for buyers with 5% deposits until mid-2025. This scheme, which was participated in by several major lenders, opens up opportunities for potential homeowners to secure 95% mortgages.

However, it's worth noting that aiming to save more than the minimum 5% deposit can offer numerous benefits. A larger deposit can

lead to lower monthly mortgage repayments, access to more competitive mortgage deals, a more significant purchasing budget and reduced risk of falling into 'negative equity'.

Factoring in additional costs

You must also be aware of the additional costs when buying a home. In addition to the deposit, other expenses such as stamp duty and survey fees, conveyancing, mortgage arrangement fees and moving services can amount to thousands of pounds.

If these costs haven't been accounted for, you may find that your deposit fund is less than anticipated. So, remember to factor in these costs when planning your budget.

Stamp duty costs

Stamp duty is a crucial consideration for first-time property buyers in England. If you're stepping onto the property ladder for the first time and your new home costs up to £425,000, you're in luck – no stamp duty will be levied on your purchase. The situation changes if your first home costs up to £625,000. In this case, while you're exempt from stamp duty on the first £425,000, any cost above that attracts a 5% tax rate.

For homes priced over £625,000, standard stamp duty rates apply. These rates are tiered, increasing as the value of your house

rises. For properties valued between £250,001 and £925,000, the rate is 5%, while those worth over £1.5 million attract a 12% rate.

Valuation/survey fees

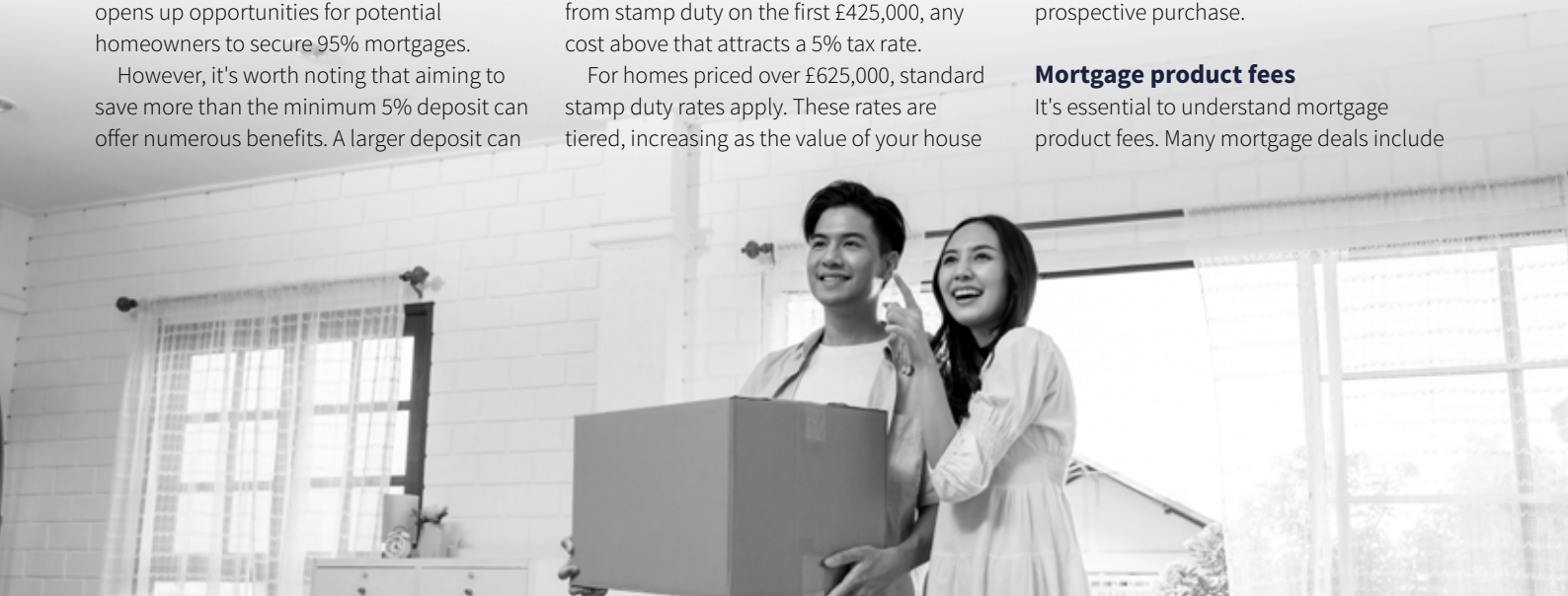
When buying a property, it's imperative to conduct a mortgage valuation. This process allows lenders to verify that the property's price aligns with its value. Some mortgage deals may include this valuation as part of the package, but you'll incur additional costs if you require an in-depth report or a full structural survey. Although this might seem like an extra financial burden, it can help you avoid unexpected issues with the property in the future.

Solicitor search fees

Another expense to factor in when buying a property is solicitor search fees. Your solicitor carries out specific searches as part of the conveyancing process. For instance, Local Authority searches can reveal any pending planning permissions or restrictions that may affect the property. The cost of these searches varies depending on the location of your prospective purchase.

Mortgage product fees

It's essential to understand mortgage product fees. Many mortgage deals include





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arrangement or product fees, which can amount to several hundred or over a thousand pounds. Therefore, it's crucial to look beyond the headline rate and consider the overall cost of the mortgage. While you can usually add arrangement fees to the mortgage amount, remember that this will increase your monthly repayment costs.

Getting your finances in shape

Mortgage providers will thoroughly examine your financial situation before agreeing to lend. Hence, it's in your best interest to ensure your finances are in pristine condition. They will conduct affordability checks, scrutinising your expenditure to determine whether you can reliably meet the monthly repayments.

It's advisable to hold off on major purchases, close redundant accounts, settle your credit card balance every month and only take out new lines of credit after your mortgage is approved. Ensuring there are no outstanding issues affecting your credit score is also essential. Moreover, getting your paperwork organised ahead of time will enable you to provide clear evidence of your income and repayment capacity to a mortgage lender.

Securing the right mortgage

One of the key steps in this process is securing a mortgage deal that is right for your needs. This isn't just about finding the lowest advertised rate; it's also about understanding the fine print, including extra fees and hidden costs.

Seeking professional mortgage advice will ensure you are equipped to navigate these complexities. This also means providing you with a comprehensive overview of different mortgage options and identifying the ones that align with your unique circumstances. Whether you're self-employed, have a small deposit saved up or are dealing with credit issues, professional mortgage advice provides tailored advice to enhance your chances of mortgage approval.

The expertise of professional mortgage advice can be particularly beneficial if someone's financial situation deviates from the norm. For instance, providing specific guidance for self-employed individuals or those with a history of credit issues. Their advice isn't confined to the obvious but extends to all possible scenarios that could affect your mortgage application.

Agreement in Principle

Securing an Agreement in Principle (AIP) is the first concrete step towards acquiring your mortgage. Also known as a 'Decision in Principle', an AIP indicates how much a lender will let you borrow.

Having an AIP helps narrow your property search to homes within your budget. It also demonstrates to sellers and agents that you're a serious buyer, which could give you an edge in competitive markets. Obtaining an AIP doesn't usually take long, provided you have all the necessary documents and no issues with your application. ■

Are you a first-time buyer looking for the right mortgage?

Here's the good news – you don't have to navigate this process alone. We're here to guide you through your home-buying journey from start to finish. This includes helping you find the right mortgage, assisting with application management and liaising with the lender on your behalf. To discover your mortgage options, please contact us.

