



SIMPLY MONEY LTD

Independent Mortgage Specialists

A Guide to Buying
Your Own Home

Useful Contacts

MORTGAGE SPECIALIST

LENDER

ADDRESS	ADDRESS
TEL:	TEL:
CONTACT NAME	CONTACT NAME

ESTATE AGENT

SOLICITOR

ADDRESS	ADDRESS
TEL:	TEL:
CONTACT NAME	CONTACT NAME

LIFE ASSURANCE CO.

PROPERTY INSURANCE CO

ADDRESS	ADDRESS
TEL:	TEL:
POLICY NUMBER:	POLICY NUMBER:

10 Steps to Buying Your New Home

Looking for a new home can be a time of great excitement, however it can also be a time of great anxiety, with many people to deal with and unfamiliar procedures to be followed. It's little wonder that the whole process can often seem daunting. Simply Money have produced this guide as a summary of the steps involved in buying a new home and to help to explain the terminology and technical jargon in a way that is easy to understand.

As well as our Mortgage Specialists, Simply Money also has an administration team available to answer all your questions and keep you up to date with the progress of your mortgage from the time you make your 'offer' to the day you get the keys to your new home. Buying your new home may be one of the greatest financial commitments you ever make and it is therefore prudent to make sure that you have all the facts at the earliest possible stage. We would suggest that you arrange a meeting with one of Simply Money's Mortgage Specialists as soon as you possibly can.

As Independent Mortgage Specialists we have access to over 4000 mortgage products ensuring you that we will find a mortgage that suits both your personal circumstances and budget. Our Mortgage Specialist will assess your current situation and carry out a financial analysis and will both advise you and recommend a mortgage to suit your personal circumstances and establish how much you can borrow and what additional costs are involved. We can also provide you with a wide range of complimentary products such as life and critical illness insurance, unemployment cover and buildings and contents insurance.

Your home may be repossessed if you do not keep up repayments on your mortgage.

For protection products we usually offer products from a selected panel of providers. For accident, sickness and unemployment cover and buildings & contents insurance we usually offer products from a single provider.

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How Much Can You Borrow?

As a rough guide, most lenders will lend you 3 times your income or, in the case of joint mortgages, two and a half times your joint income. Depending on availability of funds at the time of application, and your own individual circumstances, lenders may offer higher multiples if they work on a basis of 'affordability'.

The size of loan also depends on the type of property that you want to buy and its value. Most lenders are willing to offer up to 90% of the price of the property although a few will lend up to 95%. If the property you are looking at is either shared ownership or a keyworker purchase you may be able to borrow 100%. Further more if you cannot afford a suitable sized property on the open market you may be eligible for the 'mychiocehomebuy' scheme. This is a scheme to help social tenants, keyworkers and other first time buyers who cannot afford the full price of a suitable home in the area where they live or work. You would obtain a mortgage from a lender for the full amount you are capable of borrowing and the scheme will give you a low cost equity loan to cover the remainder of the purchase price between 15% and 50% of the property value, depending on your individual circumstances. If you would like to know more about these schemes, please call and speak to Fiona Wilson who specialises in Shared Ownership mortgages, on 01473 310006.

Fees and Expenses

As well as the actual price of your house, there are lots of extra costs involved in buying a new home. Before you decide how much you can afford, you have to take these 'extras' in to account. These extras could include, Valuation fees, Surveyor's fees, Land registration fee, Stamp duty, Removal company costs, Buildings insurance and Legal fees.

Depending on your circumstances you may also incur costs for a Higher Lending Charger (Mortgage Indemnity Policy) - typically where your loan exceeds 75% of the purchase price or the valuation.



Choosing a Property & HIP Packs

After you find out how much you can borrow, start hunting for a home within your budget.

Different people have different tastes and ideas, but most people want to live in the right area for travelling to work and for schools, shops and other local amenities. When it comes to choosing the property itself, you'll have to decide on the age and style of the property you want and consider how easily you could sell it if you had to move again.

You should pay attention not only to the general appearance of the house, but also look closely for potential structural problems, both inside and outside. Remember to ask questions and don't feel obliged to commit yourself after the first viewing.

All properties marketed since 14th December 2007 will need to be marketed with a Home Information Pack. This pack contains information about the property including an Energy Performance Certificate, Land registry Title and Plan, the Local Authority Searches and Leasehold documentation where necessary. Please study this information carefully and discuss any concerns you may have with either your solicitor or ourselves. The pack may also contain a Home Condition Report and any Warrantees and Guarantees, which are relevant to the property and any work, which has been carried out upon it. The information in this pack is designed to make you more fully aware of the property you are looking to purchase.

If you find a property you like make sure that you get a copy of the HIP pack and show it to your solicitor or ourselves before you proceed with the purchase.

If you find that a suitable property, for yourself and your family, is out of your budget, it might be worth considering a shared ownership property. These are available nationally and are especially designed to help those on lower incomes to be able to afford their first home. Typically you will need to have an income as a single person of a minimum of £18, 000 or a joint income of £20000 as a couple. This may also include tax credits subject to the lenders criteria. If you would like further information about these schemes please contact Fiona Wilson on 01473 310006.



Making an Offer

Once you've found a house at the right price your next move is to make an offer. At this point you should consult your solicitor who will advise you about the terms of your offer and look after the legal paperwork.

You may have to pay a holding deposit once your offer is accepted. This will usually be around £100 for a private purchase or £250 for a shared ownership property and is simply to show that you seriously intend to buy.

Once your offer has been accepted, there is still a lot to do. On average it will still take a further 6 – 8 weeks before you can move in !



Choosing a Solicitor

It can sometimes prove to be a difficult and costly decision choosing the right Solicitor / Conveyancer to suit your needs and budget. If you have not appointed a solicitor yet, your Mortgage Specialist at Simply Money will be able to provide you with guidance in choosing either a Solicitor or Conveyancer, as they will have had extensive experience dealing with them both locally and nationally.

We have access to many law firms locally and can provide you with an instant quote and details of the kind of service they offer.

Your Solicitor / Conveyancer not only acts for yourself but on behalf of your Lender as well. He will check the title of the property, carry out Land Registry searches, apply for all local searches he deems necessary, and will make sure that you comply with the terms laid out in the mortgage offer and contract. He will also negotiate with your Vendors solicitor on your behalf. It is also your Solicitors responsibility to pass on your Stamp duty (Purchase Tax) on your purchase to the Stamp Office.

Stamp duty is a tax on certain types of transfer. It is paid by the purchaser of a property on transfer from the vendor. The tax is levied on a sliding scale, determined by the sale price of the property. The rates are:

1% where the price is more than £125,000* but no more than £250,000:

3% where the price is more than £250,001 but no more than £500,000

4% where the price is more than £500,000.

Shared ownership properties are exempt from stamp duty if you are purchasing less than an 80% share.

For further information and a guide to their fees and disbursements, call us on 01473 310006.

* This lower limit has been raised to £175,000 from September 2008 for 1 year only.



Applying for a Mortgage

At this stage if you have already seen one of our mortgage specialists you will most likely already have an Approval in Principle from your chosen lender.

If not arrange an appointment as soon as possible and we will search our portfolio of mortgage lenders to find one that best suits your needs and budget. There are many different mortgages available and we will be able to explain these fully and assist you in finding the most suitable product and repayment method to fulfil your needs both now and in the foreseeable future.

We will need to send a full application to the lender of your choice. In order to do so, we may need additional documents and information from yourselves. This process can be speeded up if you can have these to hand when we visit. These may include proof of Name and address such as Passports and drivers licences where available, recent utility bills, bank statements, etc.

The lender will begin by credit scoring your application and carrying out a credit search through a credit reference agency.

The Lender will also require a valuation to be carried out on the property by a surveyor. This is for the benefit of the lender and will enable them to ascertain if the property provides good security for the proposed loan. Many people rely on the lenders valuation but it is prudent to have either a Home Buyers Survey or a Full Building Survey carried out. Both of these cost more than the standard valuation but will give you a much better picture of the true value and condition of the property you are purchasing. It could prevent you from making a very costly mistake. For further information on Surveys please see section 7.

If you would like any further information on this matter or assistance in finding a local surveyor, please call 01473 310006 or ask our Mortgage Specialist.



Life Assurance and Other Insurances

Taking out a mortgage is a long-term financial commitment and precautions should be taken to ensure that regular payments could be met throughout this time. It is therefore worth taking out a life insurance policy on those parties named on the mortgage deed to ensure that if either party was to die that the mortgage would be paid off in full. We can provide a choice of inexpensive mortgage protection plans to suit your requirements.

We can also provide you with a choice of mortgage protection for critical illnesses such as some types of cancer, heart attacks and strokes, etc;

Unemployment and Disability Insurances

As a mortgage is usually one of your highest outgoings every month it is vitally important to be certain that you have enough money to meet your repayments if you are made redundant or suffer an accident or sickness.

Subject to eligibility, you may be entitled to receive some financial help with your mortgage payments through the state benefit system, but a number of restrictions will apply. For example-

- If you are taking out a new mortgage or re-mortgage, you will not receive any help with your repayments for the first 9 months of any unemployment or disability.
 - If your partner works for more than 16 hours per week, or you and your partner have more than £8,000 in savings, you will not receive any help with your repayments.
 - The payment of state benefit only applies to mortgage interest. It does not cover your capital repayments, or any related costs such as life assurance and home insurance.
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- Any state benefit you receive is limited to the first £100,000 of any amount that you borrow.

If you fall behind with your mortgage payments and you are unable to repay the debt you could end up losing your home.

This kind of plan would pay you a regular fixed monthly income to ensure that your mortgage is paid in the event that you are either made redundant or are unable to work due to accident or sickness. Cover is normally available for up to either 12 or 24 months.

This type of cover is available to both the employed and self-employed.

Home Insurance

Not only is it vital to insure your property it is also a requirement of nearly all lenders that your property is adequately insured. Proof of this is required before they will release the funds necessary to complete your purchase. Most lenders also require you to have them as a named interested party on the policy.

Buildings cover needs to be placed on risk upon exchange of contracts, as from this point you are legally bound to purchase the property.

Generally it is cheaper to have both buildings and contents policies with the same insurer.

At Simply Money we have access to highly competitive home insurance, which we can tailor to suit your personal needs. This is also available with the first 3 months cover free of charge.

For protection products we usually offer products from a selected panel of providers. For accident, sickness and unemployment cover and buildings & contents insurance we usually offer products from a single provider.



Surveys and Valuation

Next the lender will appoint a surveyor / valuer to carry out a mortgage valuation on their behalf. This valuation is purely for mortgage purposes and will not give any indication as to the condition of the property.

It may be prudent to arrange to have either a Home Buyers Survey or even a Full Building Survey carried out on the property in order to ascertain its true market value, if it is easily resaleable, any obvious problems, a more accurate assessment of its condition and if any work needs to be carried out. This may seem like another expense but it may prove to be a very worthwhile exercise in what is potentially one of the most expensive purchases you will ever make.

The different types of Valuation are described in brief here:

Valuation Survey - Although you may have paid the lender to have this carried out it is for their purposes only and will tell them if the property provides them with adequate security for the loan.

Home Buyers Report & Valuation - A detailed survey report giving a concise account of the structural soundness and general state of repair, as well as a market valuation.

Full Building Survey – More expensive than a home buyers report and valuation. This is a more detailed and precise report giving a full documented account of the soundness and state of repair of the property. It may be advisable for older properties.

If you would like any further information on this matter or assistance in finding a local surveyor, please call 01473 310006 or ask our Mortgage Specialist.



The Mortgage Offer

Your Bank / Building Society will confirm that they will allow you to borrow the funds in an 'Offer of Advance' letter.

When you receive the offer of Advance check it carefully as this will provide the basis for your contract. Make sure that you understand the terms and contact either your Mortgage Specialist or Solicitor / Conveyancer if there are any points that you do not understand. Both of these parties will have also received a copy of the Offer too.

Your Solicitor will request any further documentation that the lender requires in the terms of the offer such as a copy of the Home Insurance policy, assigned Endowment Policies, etc: Your solicitor will draw up the contracts and send them to you to be signed and witnessed.

Exchange of Contracts

After the preliminary work is over, your solicitor will tell you that he/she is ready for the Exchange of Contracts. It is at this point that you may have to pay a deposit, roughly 10% of the purchase price less any holding deposit you've already paid. It should be noted that most transactions can be completed with a 5% deposit if agreeable to both parties.

As soon as contracts are exchanged, property insurance becomes your responsibility.



Completion

This is the transfer of the mortgage cheque and Title Deeds. Once all funds have been cleared you will be notified by your Solicitor of your Completion. You can then collect the Keys to your new home from either the Estate Agent or Vendor as previously arranged.

Your Moving Day

This is normally on the day of completion unless a prior arrangement has been made with others parties in the Chain. It can sometimes be a tiring and stressful day; this however can be relieved by preparation in advance. It is advisable to have pre-booked a removal company as soon as your completion date has been confirmed. It is also important to have contacted all of your utility suppliers to let them know your moving date and advisable to take meter readings yourself whenever possible. The following Check List may help you to be prepared and help to make your move go as smoothly as possible.

Removal Check List

2 – 4 WEEKS BEFORE THE MOVE

- ❑ Check your Home Contents Policy to Make Sure you're covered for the move and covered in your new home.
- ❑ Arrange to Cancel deliveries (milk, newspapers, window cleaner, etc)
- ❑ Arrange to close your telephone account or get your number transferred if possible. Also arrange for new connection at the new address if required.
- ❑ Arrange for Gas/Electric meters to be read and ensure supplies will be connected in your new home from your completion date.
- ❑ Send off change of address cards to family, friends and all other regular contacts including Life assurance Companies, Bank, Building Society, Local Authority (for Council Tax), Water Authority, Inland Revenue, National Insurance Office, Children's schools, GP, Dentist, Vet, etc.
- ❑ Arrange for Post Office to redirect Mail.

ON THE DAY

- ❑ Disconnect Cooker
 - ❑ Turn off gas & electrical appliances
 - ❑ Turn off central heating boiler
 - ❑ Turn off water
 - ❑ Read gas & electricity meter
 - ❑ Lock all doors and windows
 - ❑ Leave keys at agreed point for new owner
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The Backing of Simply Money Ltd

Simply Money Ltd is a locally based company owned and run by Chris Whitley who has 14 years experience in the mortgage industry.

Simply Money Ltd arranged in excess of £20,000,000 of mortgages and remortgages annually. Our refreshing approach and high level of quality service has proved extremely popular. We are delighted to say that many of our clients recommend us and use us again and again when appropriate. Our simple aim is to provide you with a friendly, efficient and first class service, which helps you, get the very best mortgage from the huge, complicated selection around at any given time.

We are an appointed representative of Sesame Ltd which is authorised and regulated by the Financial Services Authority.

We do not work for any Building Society, Bank or other Mortgage Lender – we effectively work for you by acting as your independent link between them and you. By applying our specially designed computer programmes to thousands of mortgage schemes, we can quickly help you to find the most appropriate solution to your home loan needs. All your shopping around is done for you and it is continually updated. We explain all the jargon and the different ways to repay your mortgage. What's more, everything is, as you would expect from a leading firm, backed up in writing.

Normally we receive fees from the lenders and/or insurance companies for any work we arrange on your behalf. If the fee is more than £250 we will tell you the exact amount. In addition we will charge a flat fee of £150.00 for arranging your mortgage (£95.00 for remortgages) and this will be payable only on application for the mortgage. Alternatively you can opt to pay us by a fee only method. If you choose this option you would pay a fee of 1% of the loan amount subject to a minimum fee of £500 but would receive all of the payments received from the lender to ourselves. If for any reason your mortgage does not complete the arrangement fee is not refundable. Any fees paid to lenders may also not be refundable.

We will treat all your personal information as private and confidential, except where disclosure is made at your request or with your consent in relation to arranging your mortgage. You have a right of access under the Data Protection Act 1998 to your records held on our computer files. Should you feel dissatisfied a complaints procedure is in place to deal with your concerns promptly. Once your applications have been submitted our administrative team will keep you informed of what is happening, until everything is complete.

As a client of Simply Money you can benefit from the specially negotiated fixed solicitors fees from choice of local solicitors. We can also assist you in choosing an appropriate survey and Surveyor to suit your needs. For you convenience everything can be done over the phone and in the post, making your life even easier !

We would like to build a long-term relationship with you over the years in a completely relaxed but professional way.

If you have any question or would like to have an informal chat with one of our financial consultants please call us on 01473 310003 / 6.

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Our aim is to provide you with a first class service, however in the unlikely event of a complaint, you should contact our Compliance Officer at Conifers Cedars Lane, Capel St Mary IP9 2JA. Thereafter should the complaint not be resolved to your satisfaction we will assist you in resolving it in referring it in writing to our Principle Company Sesame Ltd. The Disputes Department, Sesame Ltd, Independence House, Holly Bank Road, Huddersfield. HD3 3HN or by phone on 0845 122 1515.

Our aim is to provide you with a quality personal service from your first point of contact until your mortgage has completed.

Thank you & Good Luck !

Notes:

Simply Money Ltd

Conifers, Cedars Lane, Capel St Mary, Suffolk IP9 2JA.

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