

First Time Buyers

A guide to buying your first home in England and Wales

There's a lot to think about when you're buying your first home. So whether you've just started saving for your deposit or you're ready to start your property search, here's a step-by-step guide to help you through the process.

1. Affordability check

Each lender has a different way of assessing what you can borrow. Invest Southwest will help you establish your borrowing range based on your current financial position

When: before you start your property search.

2. Decision in Principle (DIP)

Invest Southwest will apply for a decision in principle for you on your behalf. This is a provisional promise to lend a certain amount based on the information you have provided. It is also the point where a lender will credit reference or credit score you.

When: you've found a property and you're ready to make an offer.

3. Make an offer on a property

You make an offer directly to the estate agent selling the property. They might want to see your DIP as assurance you can get a mortgage.

When: once you've got a DIP and found a house you want to buy.

6. Conveyancing, valuation, survey and searches

At this point your conveyancer could start work. Your lender will also carry out a mortgage valuation on the property to make sure it provides sufficient security for the loan. Once satisfied it does, the lender will issue your mortgage offer. The mortgage valuation is an assessment of the saleability and mortgageability of the property and is for the benefit of the lender. Read our 'Top Survey Tips' section for more information reference the types of survey available.

When: once your offer on a property has been accepted.

5. Apply for a mortgage

Not all mortgages are the same, so you'll need one that's right for you. Invest Southwest will recommend a mortgage, guide you through the process and keep you up to date with the progress of your mortgage application.

When: after you've made an offer on a property.

4. Choose a conveyancer (solicitor)

A conveyancer is a solicitor or licensed conveyancer who takes care of the legal aspects of buying your property. The process starts when your offer has been accepted and usually takes several weeks. But it can depend on your own individual transaction and if there is a chain of sellers and buyers. The conveyancer you choose will normally need to be approved by the lender.

When: it's best to be prepared, so the sooner the better, but you won't need to instruct them until you've submitted your mortgage application.

7. Exchange contracts

Once you've received your mortgage offer, the conveyancer will arrange the exchange of contracts and give your initial deposit to the seller's conveyancer. The lender may require you to get buildings insurance at this point.

When: once you've received your mortgage offer.



Move in

Once the seller's conveyancer receives the full purchase amount they'll instruct the agent to give you the keys. **Congratulations! You're officially a homeowner. Now it's time to make it your own.**



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Top Survey Tips

There are lots of different types of survey. Here are some of the more common ones.

Mortgage valuation

This is a valuation rather than a survey and is carried out on behalf of the mortgage lender to make sure the property is worth the agreed price. It's geared towards satisfying the lender that the property provides sufficient security for the loan. It doesn't guarantee the property is free from defects and you might not receive a copy of the report.

Homebuyer report

This gives you general information about the condition of the property. It usually involves a surface examination of the parts of the property that are visible and readily accessible. Services are not tested as part of this report. If you'd like the services tested then you'd need a building survey - see below.

Building survey (full structural survey)

This will give you a view of the property's structure and pinpoint any defects. You'd need to instruct either the homebuyer report or building survey yourself.

If you would like a homebuyer report or building survey carrying out then please let your adviser know.

You can ask Invest Southwest or search for UK surveyors on the **Royal Institution of Chartered Surveyors website**. www.rics.org

The more in-depth the survey, the more it will cost.

If a survey reveals problems, you might want to get a builder or other expert to assess what repairs could cost. It could potentially be used to negotiate a lower price for the property or you could even ask for the problems to be put right before you buy the property.

Government schemes

The government runs a number of schemes designed to help first time buyers get on the property ladder.

Shared Ownership

Shared Ownership allows you to buy a share of the home from a housing authority and pay rent on the rest. This means you take a smaller mortgage, so the deposit you need to save is lower, but you'll need to account for the rent you'll be paying on the rest of the property.

Help to Buy

Help to Buy is designed to help you purchase a new build property. The government lends you up to 20% in England and Wales (40% in London) towards the cost of your home, so you'll only need a 5% cash deposit.

The Lifetime ISA

The Lifetime ISA is a savings account designed to help people aged 18 to 39 save towards their first home or retirement. You can save up to £4,000 in a Lifetime ISA each tax year until the age of 50 and you don't pay tax on the interest you earn. Tax rules may change in future.

The government will also pay a 25% bonus on your contributions, up to a maximum of £1,000 a year. The Lifetime ISA can be a great way to boost your deposit when you're saving for a house. To use your Lifetime ISA to buy your first home, you must have made your first payment into it at least 12 months ago. After that you can withdraw money to buy your first home, but for any other reason before the age of 60, you'll incur a 25% government withdrawal charge on the amount you withdraw, which would mean you'd get back less than you paid in.

Visit gov.uk to find out more about government schemes.

Getting organised

Here's a list of the things you'll usually need when you apply for a mortgage:

- **Identification**
- **Proof of income e.g. payslip(s) and/or P60, or self-employed evidence**
- **Bank statement(s) showing salary credit**
- **Other items required by the lender - will be based on your circumstances, but will be confirmed as part of your application.**

Contact us if you'd like to find out more or visit our website for further information about how we can help.

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