



CHILTERN MORTGAGES

TAILORED MORTGAGE SOLUTIONS



CHILTERN GUIDE
FOR MOVING HOME



SHOULD YOU MOVE HOME?

Most people look to buy their new home at the same time as they sell their existing one. Searching for a new home at the same time as trying to sell your existing home can be stressful however, and you could think about doing things in a different order.

You could consider selling first. This might put you in a stronger position when it comes to buying, but you could find that you have to rent for a while. If you do rent you also need to consider the hassle of moving twice and paying to move twice.

If you don't want to rent you could accept an offer for your existing home on the condition that you find another home to move into, but this option could take some negotiation and you may also find that the house prices go up as you wait. Alternatively, you could consider buying first. This could put more pressure on you to accept any offer on selling your home.



FINANCIAL CONSIDERATIONS

How much is your home worth? Estate agents will usually give you a free valuation and an estimate of any fees or costs they charge. As these vary it's worth shopping around for the best quote.

Do you have any equity in your home which you could use? (Equity is the amount of money your home is worth over and above the amount you owe on your mortgage). For example, if your home is worth £200,000 and your mortgage is £150,000, then you have £50,000 of equity. If you are moving to a property worth more than your current home you will either need to find more money upfront to secure a good mortgage deal, or borrow more.

You'll also need to think through the ongoing costs of the new property – will they be substantially more than you're currently paying, and can you afford them?

If you need to get a new mortgage, you may be charged an Early Repayment Charge (ERC) to get out of your existing mortgage?

If you're moving because you need more space, have you considered extending your home instead? You may find that this gives you what you need without having to uproot.



CAN YOU KEEP THE SAME MORTGAGE?

You can apply to take your current mortgage with you to your new home. Sometimes known as 'porting', this could save you money if your interest rate is lower than other mortgages available. It also means you might not have to pay an early repayment charge (ERC) if you transfer the same mortgage amount to the new property. If you do want to borrow more, you can speak to one of our advisers who can guide you through a range of options to suit your requirements.

You could save money if your existing rate is higher than the rate we can obtain for you.

A new mortgage on a different property will be subject to status and any lending criteria.



BUYING OPTIONS

House prices may seem high, but that doesn't necessarily mean you can't afford to buy your next home. With some lenders, you could get a mortgage with just a 5% deposit meaning you have less to pay upfront. There are a number of other ways you could buy a home – with someone else or using one of the schemes run by the government.

Buying with someone else

Joining forces with a good friend or family member can help you reduce the amount of deposit you have to find, and share the cost of the mortgage. But, sharing a home and being financially tied to another person is a big step. You need to be sure that the person you share the property with can keep up mortgage payments, and wants to stay in the property as long as you do. Some mortgages let you buy a home with up to three other people but it's important to be cautious – we recommend getting legal advice before you enter into any agreement to buy a house with another person. If you own a property jointly, either as a married couple, civil partners or friends, you will need to choose one of two kinds of ownership.

Beneficial joint tenants

This is where you jointly own the home.

Tenants in common

You still jointly own the home, but you own a share of the home, which you can gift away or sell.



BUYING OPTIONS

Shared Ownership

Another way of obtaining a new home is through a Shared Ownership scheme, run by a Housing Association. The Association owns part of the property and you own the rest of it. You have a mortgage and make payments for the part of the home that's yours, and you pay rent for the part that belongs to the Housing Association. Over time you can buy extra shares from the Housing Association to increase the proportion of the property you own.

Help to Buy: equity loan and London Help to Buy

A combination of a mortgage and an equity loan from the government to buy a brand new home in England. You put in a minimum of 5% deposit and the government provides an equity loan of up to 20% of the purchase price, or up to 40% if you're buying in a London borough (London Help to Buy). The equity loan is interest-free for 5 years.

The government equity loan can be repaid in full at any time or you can make partial repayments of a minimum of 10% of the value of your home at the time you make the payment. The equity loan must be paid off in full when you sell your home, or when the mortgage is paid off.



UNDERSTANDING MORTGAGES

Even if you've taken out a mortgage before, it's worth giving yourself a little refresher course on the fundamentals.

A mortgage is a loan that uses a property as security for the lender. Different lenders offer different interest rates and types of mortgage, but all mortgages have a few things in common:

- You are charged interest on the money you borrow.
- The higher the mortgage rate, the more money you pay in interest.
- The quicker you pay off your mortgage, the less interest you pay.
- Most borrowers aim to repay their mortgage over 25 years, but it's also possible to take out a mortgage for a shorter or longer period.
- The deposit you need depends on the kind of mortgage you go for. Lenders typically look for a deposit of at least 10%. The bigger the amount you can pay upfront, the better the deal you're likely to get.



REPAYING YOUR MORTGAGE

A mortgage has two parts. The original amount borrowed to buy the property, sometimes known as the 'capital', and the additional amount the lender charges for lending you the capital, otherwise known as the 'interest'.

When you take out a mortgage you choose how you would like to repay it. You can take out:

- a repayment mortgage (sometimes called 'capital and interest') - your mortgage payment covers the interest and helps to reduce the amount you owe ('the capital'). As long as you keep up your payments, you can be sure your whole mortgage will be paid off at the end of the mortgage term.
- an interest only mortgage - your mortgage payment only covers the interest on what you owe. At the end of the mortgage you pay off the amount you've borrowed using savings or investments built up during the mortgage period. If you take out an interest only mortgage you must be sure that you'll have enough money to repay the mortgage at the end of the term.
- a combination of the two.



APPLYING FOR A MORTGAGE

Your mortgage adviser will ask you questions about your needs and circumstances so that they can confirm that the mortgage is affordable and advise you on the right mortgage. They'll also take some details about the property and your solicitor. Next, they'll give you a mortgage illustration for the mortgage deal, which is essentially a quote that shows the costs and fees for the mortgage.

Key documents

Having your key documents to hand when you're applying will make the process smoother:

- Your last three years' address history, with no gaps.
- Your last three months' payslips or last three years' accounts/ SA302s and Tax Year Overviews if you're self-employed.
- Your last three months' bank statements.
- Full details of any loan or credit cards you have.
- ID such as driver's licence or passport.

Valuation

Once you've completed your mortgage application, your home needs to be valued. This valuation is for the lenders purposes.

When they've received the valuation they can make you a formal mortgage offer, after your mortgage has been approved.



Other costs

There are a number of costs to factor into buying a property other than your monthly mortgage payments. Some of them are listed here, but you should also check with your mortgage provider, solicitor/conveyancer and surveyor, to get an accurate picture of the one-off costs for buying your home.

Product Fees

Mortgages with product fees usually carry a lower rate of interest during the initial product term. Product fees can often be added to your mortgage but that means that you pay interest on the product fee unless it is repaid within 21 days of completing on your mortgage.

Valuation

A valuation fee is normally charged as part of the mortgage process. It makes sure that the property is worth the amount of money you're borrowing.



Surveys

Surveying firms in the UK are governed by The Royal Institution of Chartered Surveyors, or RICS. There are a number of RICS surveys, and costs vary depending on which type you want. The RICS Homebuyer Report is cheaper than the more detailed RICS Building Survey, for example. Talk to a licensed surveyor to figure out what type of survey would be best for the property you are looking to buy, and remember that paying a little extra on a survey upfront could save cost on potential unpleasant surprises once you have moved in.

Legal / Conveyancing Fees

The administrative legal work around transferring ownership of a property from one person to another is known as conveyancing. You will need a solicitor or a licensed conveyancing firm to help with this. Always get a quote upfront.

Solicitors or licensed conveyancers also carry out searches on the property, to check, for example, whether there are plans to develop new roads nearby. These will normally be covered in the conveyancing costs, but it's best to check exactly what the fee includes.



Stamp Duty

If you are buying a property, you have to pay Stamp Duty Land Tax (SDLT) to HM Revenue and Customs.

SDLT is charged at the rates set*. See www.gov.uk/stamp-duty-land-tax/residential-property-rates

*Correct at July 2019.

Removal costs

Don't forget you may want to employ a removal firm to help you move into your new home – costs can vary so get a few quotes so you can compare prices. It's really important to get the right removal service for the right cost. A few points to check are: does the price include packing? Does it include insurance? What is the capacity of the van provided? Is access suitable?

JUST MOVED IN? JOB DONE



**Well not quite. Have you considered
how you'd pay the bills if you were too ill to work for a while?**

Ill health can happen to anyone, at any time.
In fact, every year almost a million people in the UK suffer an injury
or a serious illness that means they can't work for a month or more.*
Income protection could provide you with an income if you're too ill to work.

Protect your income to help pay the mortgage if you're ill

To find the best way to protect your income, talk to us today



CHILTERN
CONSULTANCY

INDEPENDENT FINANCIAL ADVISERS

Call us on 01494 451441

Visit us at www.chilternconsultancy ltd.com

*Source: Department for Work and Pensions, February 2014

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LOOKING FOR A HOME

Buying your next home is a big commitment, which is why it pays to be careful and plan ahead. As you start looking for your new property you'll probably have a good idea of what you'd like to move to, and how it should compare to the property that you're living in at the moment, but asking yourself a few questions again should help you get all the boxes ticked.

For example, do you want to live in town, in the suburbs, in a village or in the countryside? What sort of home would you like? A terrace? A detached house? A flat? A bungalow? Would you like to live in a period property or a new build? What are the 'must haves' and what are the 'nice to haves'? How many rooms do you need? Will you want to start or grow your family in your new home?

For expert advice call 01494 451441



VIEWING PROPERTIES

You will often know exactly how you feel as you start looking round a property, but it's important to scratch under the surface and think about the local area as well as the property itself. Don't be afraid to ask yourself, the owner and the estate agent plenty of questions.

It's also worth visiting the area at different times of the day and taking someone with you. They may notice things you miss.

Questions about the property should include

- Is it a freehold or a leasehold property¹?
- Does the property look in good condition, inside and out?
- Have there been any structural problems?
- Have surveys shown that there are problems with the property?
- Are the wiring, woodwork, windows and damp-proofing in good condition?
- Would you feel safe and secure living there?

¹Freehold means that you're buying the property and land it's built on, so there will be no ground rent or service charges. With a leasehold property you are buying the property but not the land it's built on, so you'll have to pay a ground rent to the owner of the land (the freeholder). You may also have a service charge to pay for the upkeep of the building and communal areas.



VIEWING PROPERTIES

- Does the property have a working security system?
- What are the neighbours like?
- How much light does the property get – especially in winter?
- Which direction does the garden face?
- Is parking easy?
- Have the owners got somewhere to move to? Are they looking for a quick sale?
- Is there a chain, or number of other property sales and purchases that this seller is depending on to be able to sell his home, and what would the seller do if the chain broke?
- How long has the property been on the market?
- Is the estate agent the sole agent? If they're not the property could have been on the market for some time with other agents.
- How many people have viewed the property? And have any of them put in an offer?



QUESTIONS ABOUT THE AREA SHOULD INCLUDE

- What is the traffic like?
- Is the area quiet?
- Are there any known major developments planned nearby?
- Are shops and services within easy reach?
- What are the local schools or nurseries like?
- How well is the area served by public transport?
- Are there parks or open spaces nearby?

Remember that although estate agents are happy to give you information, they're actually working for, and being paid by, the seller.

- The estate agent is required by law not to mislead you, so they have to describe the property in a true and accurate way.
- You can make an offer on a property with certain conditions attached, but the seller doesn't have to accept them.
- If an estate agent asks you to pay a pre-contract deposit, check with your legal adviser whether this is necessary – and whether you'll get the money back if the sale falls through.
- Keep a record of all correspondence relating to the sale.



HOME VIEWING CHECKLIST

Make a few copies of this checklist and use it as a handy reminder when you're viewing properties.

Interior	Comments
Hallway	
Lounge/living area	
Kitchen	
Dining room	
Stairs	
Bathroom/en-suite	
Main bedroom	
Bedroom 2	
Bedroom 3	
Other bedrooms	
Storage	
Other rooms	
Central heating	
Telephone	
TV points	
Exterior	Comments
Walls	
Window frames	
Paintwork	
Front door/back door	
Security	
Fences	
Gardens	
Drainpipes/gutters	

Other notes:

Services	Comments
Parking availability	
Garage	
Electricity	
Gas	
Oil storage	
Water mains/meters	
Amenities	Comments
Local shops	
Doctor/dentist	
Childcare/schools	
Public transport	
Restaurants/cafe	
Parks/open space	

Other notes:



MAKING AN OFFER

At this point you should already have a decision in principle to let you know if you can borrow the amount you need based on your monthly income and outgoings. You can get a decision in principle by speaking to your adviser.

Before you make an offer it's worth looking at the prices of similar properties in the area to check that you're being asked a fair price.

The seller or their agent should also give you an Energy Performance Certificate, which shows how much energy a property uses (all sellers in the UK must provide one). In the case of a new build you should be given a Predicted Energy Assessment.

How to make your offer

Make your offer to the estate agent, based on the mortgage you can afford and the deposit you have available.



CHOOSING A SOLICITOR / CONVEYANCER

Once you've made an offer, you will need a solicitor or licensed conveyancer to take care of all the legal work.

When choosing a solicitor/licensed conveyancer make sure you:

- ask for a full breakdown of their costs.
- check they'll be available to do all the work when you'll need them to, and
- ask how often they will keep you updated and whether they'll do so through letters, phone calls or email.



WHAT THE LEGAL WORK INVOLVES

Local Authority Search

Your solicitor/conveyancer will look for anything that might affect your property, such as plans to develop nearby land and roads.

Drawing up and exchanging contracts

Your solicitor/conveyancer must transfer your deposit once contracts have been exchanged, as you're now committed to buying the property.

Completion dates

Your solicitor/conveyancer will agree a date for completion with you and the seller. This is when the purchase price is paid to the seller's conveyancing team, and the property actually becomes yours.

The Transfer Deed, Title Deed and Stamp Duty

The Transfer Deed is a document that your solicitor/conveyancer will submit to the Land Registry after completion, to transfer the legal ownership of the property to you. Find out more at www.landregistry.gov.uk.

Your conveyancing team will also lodge the Title Deed, to prove who owns the property, with the Land Registry for England and Wales.



WHAT THE LEGAL WORK INVOLVES

You must pay Stamp Duty Land Tax (SDLT) to HM Revenue and Customs if you buy a property over a certain price in England and Northern Ireland. Find out more at www.landregistry.gov.uk.

When you're buying your first home you get a discount (relief) which means you pay less or no tax if:

- the purchase price is £500,000 or less; and
- you, and anyone else you're buying with, are first time buyers.
- Your solicitor/conveyancer will transfer this payment for you.



EXCHANGING AND COMPLETING

The contracts

As soon as the solicitor/conveyancer has everything they need, they will send you a contract to sign – along with any relevant paperwork. You must read through all the documents and make sure you're happy with what they say. The seller's conveyancing team will be doing exactly the same thing at the same time. Then the two sides will agree a completion date and, when you're ready, contracts will be exchanged (this is called Conclusion of Missives in Scotland). At this point you're both legally committed to the sale.



Home Insurance

At this stage, you'll also need to organise some home insurance to start when you exchange contracts. Buildings insurance is a requirement of your mortgage and is essential to protect you against damage caused by things like fire and flooding. It is also advisable to protect your belongings with contents insurance.

Mortgage Protection Insurance

It is also important to start any life assurance and/or critical illness insurance on exchange of contracts too. As this type of cover often involves an insurer writing to your GP to assess the risks on your life, it is wise to apply for cover early in the home buying process.

Completion

On completion, money will change hands between the conveyancing teams and you'll be able to pick up the keys from the estate agency and move in! A title deed is lodged with the Land Registry by your solicitor/licensed conveyancer to show that you are the property owner (or owners, if you're buying jointly).



MOVING

Before you move...

Completion normally happens on a weekday because solicitors and conveyancers don't usually work on weekends. It's a good idea to now give some thought to your move, booking time off work and a removal van and starting to clear your house of anything you don't want to take with you. Make sure you close down any old utility and services accounts in your name and set up new ones for your new home.

Start packing and get friends and family lined up to help you move.

Make sure you label your boxes, so you can find things when you're in your new home and keep a few essentials handy: a kettle, mugs and cleaning things for example.

On the day of completion, the property becomes yours!

You won't be able to collect the keys for your new home until the money we're lending you has been transferred to the seller's solicitor/licensed conveyancer.

Normally you'd collect the keys from the estate agent dealing with the sale of the property. Once you've picked them up, you can start moving in.



MOVING

Taking care of the essentials

Make sure you have contacted companies you choose to supply gas, water and electricity for your new house so that all your services are working in time for your move date. And remember to take meter readings as soon as you move in. By letting utility companies know the readings you can make sure you're only charged for what you use.

Your new address

When you move you'll need to let many people know, from your doctor to your bank. Let everyone know your new address and phone number as soon as you can.

Important Information

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

All applications are subject to status and lending criteria. This means that the amount you can borrow will depend on your individual circumstances, the type of property and the amount you borrow. For example, some lenders may require a bigger deposit if you're buying a flat or new build property.



WANT TO TALK IT OVER?

You can speak to one of our mortgage advisers in person, or chat things over on the phone.

Call us on 01494 451441 (Mon-Fri 8.30am – 5.30pm) or you can arrange a personal appointment either at your home or if convenient at our Head Office in Stokenchurch.

When you have your mortgage appointment, your mortgage adviser will find out what mortgage is right for you. You'll discuss the various types of mortgages, interest rates and any associated fees.

For more information of our services and our Guide to Chiltern Mortgages visit the Our Services section of our website www.chilternconsultancy ltd.com

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

You may have to pay an early repayment charge to your existing lender if you remortgage.

We will charge a fee of £750 payable (non-refundable) at the outset.

We will also be paid commission from the lender and any such commission will be disclosed to you in writing.

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PLEASE NOTE:

The information contained within this brochure is intended to provide a general appreciation of the topic and it is not advice.

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