



Guide to Buying Your House

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Choosing a mortgage is one of the biggest financial decisions you're likely to make. Each lender has its own set of rules and guidelines. These vary from product to product and depend on your individual circumstances. Do you know what mortgage you want? Have you found a house you want to buy and don't know how to go about turning your dream into reality? Is your priority to save money on your existing mortgage?

What you need to know

How much can you borrow? - All banks are different. What fits with one bank may prove unaffordable at another bank. All banks now take into account your financial commitments, including credit cards and loans, as well as your normal monthly spending, on utilities, transport and shopping.

What type of mortgage do you want?

Repayment mortgages see your mortgage balance reduce on a monthly basis with each mortgage payment.

Interest only sees your mortgage balance stay the same, you only pay the interest. At the end of the term you still owe the original amount. Mortgage companies do not always allow you to do an interest only mortgage, without a solid repayment vehicle in place.

Fixed or Variable – A fixed rate fixes the mortgage for a specific length of time. Meaning you know what you're going to pay every month until the initial term ends. A variable rate mortgage could change depending on the individual bank or Bank of England rates changing. A variable rate mortgage can increase or decrease throughout the initial term.

What is Loan to Value (LTV)? - Loan to Value is the percentage of your property value the lender will own. At this moment in time we can get a mortgage with only 5% deposit. Meaning the bank will own 95% of your property. This has a LTV of 95%. The more deposit or equity you have in your property the cheaper the interest rate will be. Mortgage companies have different rates from 60% up to 95% with rates changing generally every 5%.

Remortgage, Purchase or Buy to Let?

Remortgage - Get a better deal on your mortgage. Reduce your monthly payment, consolidate your other debts, and release equity from the house. This may not be available with some lenders. You need to know your property value and don't forget the more equity the cheaper the interest rate. If you are unsure ask Paul- he can show you ways to get an approximate property value. Every lender will do a valuation on the property and this can vary massively. It pays to have a good idea of what we think it is worth. Do your research.

Purchase - Are you buying a new home or are you a first time buyer? As above the main issue is the deposit / LTV (see above). Where is the deposit coming from and how much do you have? This has an impact on the rates and options available to you.

Purchase Help to Buy - Help to Buy is a government backed mortgage, you still must have a minimum of 5% deposit, the government will lend you 20% interest free for 5 years. After 5 years you start to pay back the interest. It is only available for brand new homes. You need to apply for the help to buy as well as a mortgage.

Buy to Let - A property you do not live in but rent out. Most lenders use the rental income to confirm this is affordable, but a minimum income may be needed. You should also note stamp duty is payable on buy to let properties. This starts at 3% of the property value and increases in stages.

Estate agent - Estate agents work for the seller not the buyer. As a buyer you will not have to pay the estate agent, but they may need information from you before they will accept an offer on property.

Valuation - Every lender will employ a surveyor to give them an idea what your house is worth. Every lender has different fees, in some cases the mortgage company will pay for this. You can have different levels of survey.

- Mortgage valuation - Will tell you what it is worth and do a basic overview.
- HomeBuyer Report - A more detailed survey looking at the electrics, plumbing roof etc.
- Full Structural survey - Most comprehensive survey, and gives you a detailed report on the property, this is the most expensive.

Solicitor- When you buy a house you need to instruct a solicitor to look after the legal side. We do not recommend individual solicitors but we use and have used most of the local solicitors and a number of online options. In some cases, we can arrange the mortgage company to pay for the legals. They can instruct their own solicitors to do this, saving you the legal costs. Or, more and more lenders are offering cash back so you can pay for your own solicitor.

Stamp Duty- You must pay stamp duty land tax (SDLT) if you buy a property in England. There are different rules whether you are buying your first home or buying a second property.

Residential Rates

Up to 125,000 - NIL

£125,000 - £250,000 - 2%

£250,000 - £925,000 - 5%

First time buyers do not pay tax up to £300,000 and 5% from £300,000 - £500,000.

On buy to let or second purchases all stamp duty rates increase by 3%.

Up to 125,0000 - 3%

£125,000 - £250,000 - 5%

£250,000 - £925,000 - 8%

Make sure you have calculated this before making an offer on a house.

To help you make the right choice Good Mortgage Solutions will guide you along the way.

So why use Good Mortgage Solutions?

We take great pleasure in helping clients achieve their goals. It is very important to make sure we live up to and exceed your expectations. We save time and money for busy clients, there is no need to search up and down the high street or spend hours surfing the internet. Where possible home visits can be arranged or we can transact business by telephone, post and email.

- We offer truly independent advice by searching the marketplace for the right products to fit your circumstances using the latest technology.
- We work mainly from referrals from other satisfied customers and for us this is a true test and we hope will give you reassurance of the good service we provide.
- Our experience helps you avoid unforeseen penalties, understand the jargon and point out the small print. By explaining the process and the options available this helps you make a fully informed decision.
- To protect your mortgage and family we advise and guide you through the various options available. We explain what you can do, and if you need further information we help you choose the right option for you.
- Our vision is to be recognised by our clients as providing financial solutions which precisely meet their requirements.
- We are advisors, not sales people. You will never be pressurised or receive the hard sell.
- We are independent, which means that we will search on a whole of market basis to ensure we find the best product for you
- We are not tied to any lenders.
- We can arrange your mortgage for you wherever or whenever it is best for you. We can conduct business face to face, over the phone or by email, whichever you prefer.
- We can do this at a time and place that`s convenient to you, even if this is outside of normal office hours.
- Our advice is free and you are under no obligation

What do you need to do next?

We can provide a brief summary of some of the more commonly asked questions but please feel free to contact us if there is anything you need to know. We will be able to provide you with expert mortgage advice, tailored to your own personal circumstances and requirements. Remember, if you are about to make one of the biggest financial commitments of your life, no question is too small or too silly to ask!

Good Mortgage Solutions Limited

“Working with you for you”

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