

First Time Buyers

To assist you, this section of the site has been broken down into a step-by-step guide, and should prove to be of great assistance as you decide on the correct choice of property and mortgage.

- Buying a house vs renting- Is purchasing a house the right decision for you?

Buying a House

Advantages

- Becoming a home-owner can be seen as an investment. Assuming that over time you pay off your mortgage, you are left with valuable asset.
- The freedom to make any changes to the property that you wish.
- You are not dependant on the landlord when it comes to maintaining the property.

Disadvantages

- The financial costs can be daunting, both in terms of size and complexity. As well as the mortgage repayments there are many other costs to factor in, such as legal fees, estate agent fees and stamp duty.
- You will have to finance any major repairs to the property.
- You are less mobile than if you were renting a property.
- Negative equity - If your house price falls, you may be repaying a loan that is worth more than the value of your property.
- Borrowing Capacity- Before looking for a house, you have to understand how much you can spend on it. We begin by helping you work out how much you can afford.

Before looking for a house, you have to understand how much you can spend on it. To help give you a ball-park figure of your potential borrowing capacity, we recommend trying our simple Maximum Borrowing Calculator . This should help to quantify how much you should be able to borrow.

Please bear in mind that there are many factors that can affect how much you can borrow and the interest you would pay. The main things to consider include; your salary,

whether you put down a deposit (and the size of it if you do), your credit history and the Bank of England interest base-rate.

For example, consider a person that earns £25,000 net, each year.

If he has monthly outgoings of £500 per month and no other income, the Maximum Borrowing Calculator shows that most banks will offer this person a loan of £100,000, and a few borrowers would give a mortgage of £125,000.

Now that you have some idea of how much you can spend, you need to start thinking about what you are looking for in your new home. In the next section,

Finding a House, we talk through some of the factors you should consider when deciding on the right house.

- Searching for a House- We explain how you go about finding the right house, and what factors you should consider when deciding on a property.

At this point you should have a rough estimate of how much you can afford on a home. If not, please take a look at our Borrowing Capacity section.

The next step is to find the right house, but there are many factors to consider when deciding on a property.

The three major decisions to make before any other considerations are:

1 - Location. What area do you want to be based in? Would you prefer to live in the centre of a city? An outer suburb? The countryside? You should consider how far you will have to commute, transport links, local infrastructure (such as broadband internet) and the type of community you wish to live in. Every estate agent will tell you that the three biggest factors that affect the long-term value of a property are "Location, Location, Location!"

2 - Type of property. Do you want to live in a house or an apartment? If you choose a house, what type of building do you want? The main types of buildings are detached, semi-detached and terraced. When it comes to apartments, you should think about whether you wish to live in a large complex or a smaller converted building. Do you want to live on the ground floor or higher up? What communal facilities are available (e.g. garden, washing line)?

3 - Size of property. Quite simply, you need to consider how many people will be living in the property. If you are planning a family, you may wish to consider a property large enough to accommodate everyone in the short- and medium-term. This should then lead you to the number of bedrooms you wish to have in your new home.

You must remember to remain realistic. Consider our previous example of someone making £25,000 per year that can borrow between £100,000 and £125,000. He/she will not be able to afford a 5-bedroom detached house in Central London. However, they could comfortably afford to purchase, say, a 3-bedroom semi-detached house in The West Midlands.

So once you have worked out the big three points from the previous page, you're ready to go see an estate agent. As you have roughly decided on the location, visit the estate agents in that area. You can then provide more detail to the estate agent as to the type of property you wish to purchase, and they should hopefully come back to you with a selection of properties to view.

What further features of a house should you discuss with the estate agent when deciding upon a property? We recommend you think about the following:

- The condition and age of the property - Are there any repairs that need to be made?
- Parking - Do you want a garage or drive? Are street-parking permits required?
- Proximity of schools, shops, train/bus/tube station
- Windows and Doors - Double glazed? UPVC or wood? If not, has this been factored into the price?

Any other issues that may concern you can be addressed by the estate agent. It is essential that you visit several estate agents in the area you have targeted, as any new property will only be held by one estate agent, so to see all the properties in any given area, you really must visit all the local estate agents. Many estate agents are in large national networks, so may offer alternative areas for you to consider. The larger chains have their own internet sites, and these can also be a valuable tool when house-hunting.

You will obviously have to pay a fee to the estate agent through whom you purchase a house. In some instances, houses that have been on the market for some time (and you should investigate why the house has not sold, despite being on the market for an extended period of time) may be offered by more than one estate agent.

When it comes to actually viewing a house, we recommend that you print off our Home Buyers Checklist and complete it as you view the house. This is a simple but effective way of recording all the important information from the houses that you visit, and will be invaluable as you decide on the property to purchase, its merits, and the price you are prepared to pay for it. Now all you have to do is decide on which house you want.

- Paying for it!- As an independent mortgage broker, we can compare the range of mortgage products available from high street banks and financial institutions and find

the best borrowing option for you.

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Terms such as "loan to value ratio", "income multiples", and "discounted mortgages" may all sound very confusing when someone explains things for the first time, and it is important to get as much advice as possible. Our mortgage advisors can explain any of these terms to you, and offer a free, no obligation mortgage quotation service.

Please fill in our quick enquiry form to allow us to contact you , or call us on 0191 4312480 for a free, no obligation mortgage consultation. You may also find our mortgages glossary useful to explain some of these terms.

Always remember that it is in lenders' best interest to provide you with a mortgage, as long as they do not feel you are stretching yourself. A mortgage is generally a lower risk to them, compared to a personal loan, or a credit card, as they always have the house to "secure" the loan if you are unable to make your payments.

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- 10 Tips for the first time buyer- A few things to consider

In addition to the usual tips which would be offered to all housebuyers, we would recommend that you consider the following issues:

Ensure that you are realistic when working out exactly how much you can afford to spend on your new house. Even a newly built house will require some sort of furnishings, whereas older properties may require extensive work, such as re-flooring, tiling, or renewing the wiring. Make sure that you factor in all these likely expenses in addition to the purchase price, and other fees such as conveyancing and stamp duty.

When buying for the first time, there may be a number of details in the houses you are looking at, which you may not pick up. Always take an experienced home buyer, such as one of your parents, or a home-owning friend, when looking at property. If this is difficult to arrange, then make sure you at least get some assistance once you have selected a property you like, and are arranging a second viewing.

If you have been used to living at home with your parents, remember to budget for expenses such as council tax, gas and electricity bills, boiler servicing, and other home repairs.

Make sure you know what the likely council tax charge will be in your new property. The selling agent should be able to tell you what band the house you are interested in buying is in, and how the charges are levied by your local authority.

Even if you do not have children, remember that property in the catchment area of good local schools will always be much easier to sell on. However, this may also be reflected in a higher purchase price.

Always consider how your transport arrangements will change in your new house. If you have a car, your insurance premium may increase dramatically if you move from a town with relatively low crime into a city centre with higher crime rates, or if you move from your parents' house with a locked garage to a smaller terraced house with on-street parking. If your car is insured in your parents' name in order to reduce premiums, be prepared for these to be increased when you move into your new property and become the first named driver.

Consider the availability of public transport services, making sure you find out local bus routes, the frequency of train services from your nearest station, and, if you are moving a long distance, the range of flights available from your local airport. Even if you drive everywhere, this information will be useful for anyone coming to visit you who does not drive.

Write down a list of local amenities which are important to you. This may include shops, restaurants, pubs, sports centres, parks, and cinemas. If you enjoy activities such as walking, or cycling, the neighbourhood you plan to move in to may be very different to the one your parents are living in, and may not have the same access to parks and other recreational facilities. Before making any final decision about where to move to, take a stroll or bike ride around the local area, and note down where the key facilities are.

If you are a heavy internet user, check to see that broadband or other high-speed internet is available in the street you are moving into. The selling agent should be able to tell you this.

Try, where possible, to find somewhere to live that is close to your main place of work. Commuting can be one of the biggest household expenses, and as you are likely to be spending much more time on domestic chores and/or DIY, living somewhere which minimises your commuting distance will be very important. If property is more expensive nearer to your place of work, make sure you weigh up this additional expense, when compared to the costs and time of commuting. You may wish to ask colleagues in your

workplace to see if there are possibilities to lift share with anyone from the area you move to.

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

For mortgages we can be paid by commission, or a fee usually £299.00

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