



First time buyer guide

All you need to know before you buy your first home.

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Becoming a first time buyer

Would you like to know how to buy your first home? We can help you - and make it easy to understand! This guide will walk you through the process and any terms coloured in green are explained in the glossary.

Why ask us?

Sturgess Mortgage Solutions prides itself on honest and straightforward advice, tailored to your specific needs and priorities. With meetings conducted either face to face or remotely; Our role is to understand your requirements and recommended the right product from a range of Mortgage lenders.

Can you expect unbiased advice?

Yes. Treating our customers fairly has always been at the heart of how we do business.

We are committed to ensuring that you are treated fairly at every stage of your dealings with us, now and in the future.

A fee will be payable for arranging your mortgage. Your Expert will confirm the amount before you choose to proceed.

Mortgage availability is subject to your individual circumstances.

www.sturgessmortgage.co.uk

Things to consider

Buying your first home is a big step and a huge commitment. However, if you remain realistic, do your research and follow key guidelines, the process will seem a lot less daunting.

Be realistic

Be realistic about what you can afford. Your Mortgage and Protection Expert will help you to complete a Detailed Budget Planner. This will be used to outline your options.

Consider the additional services you may require and fees you will need to pay; for example, **Stamp Duty Land Tax / Land Transaction Tax**, conveyancing and **arrangement fees**.

Your Mortgage and Protection Expert will discuss all of this with you.

Remain Flexible

- Be flexible about the type of home you want and its location.
- Explore all the possibilities but think about the repercussions on your expenses – including purchase costs, travel and insurances. In terms of location, what is most important to you? Do you need to be close to a school, shops or work?
- How might your needs change over time?

Bear in mind that you may want to sell one day, so take a long-term view in terms of your property.

Investigate other purchase options such as property auctions. Auctions may provide the opportunity to acquire property below market value. However, it is sensible to have a survey carried out and finance agreed before the auction. Buyers should also be fully aware of the terms and conditions of the auction before bidding.

Ask for help

Only you can make personal decisions when it comes to asking for financial help. It might be that somebody close to you could help with a deposit or act as a guarantor.

Remember, your Mortgage and Protection Expert is there to help and offer Advice, use their experience as much as possible.

Making an offer on your dream home

Before you make an offer on a property, ask for advice on the best approach to take. Here are a few tips for you to consider:

- Look at the prices of similar properties in the area, and how quickly they are selling – it will help you to gauge a realistic amount to offer.
- Agree in writing which fixtures and fittings will be included so that there is no confusion later on.
- Consider asking the seller to take their house off the market once your offer is accepted. They don't have to agree but it would show that they are serious about accepting your offer.





What is a mortgage?

The majority of buyers require a loan to purchase property. This loan is known as a mortgage.

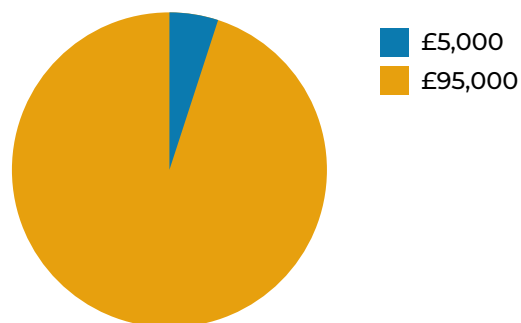
Mortgages can be obtained from banks, building societies and mortgage lenders. They will assess your circumstances and lend you an amount that you can realistically afford to repay. They will charge interest on the loan and you will have an agreed time span (**Mortgage Term**) to repay the amount borrowed.

Deposits

Usually the lender will want to see that you can provide a **deposit**. However, that deposit may be as little as 5% of the property's market value. This means that your Mortgage would be on a 95% **LTV (loan to value)** basis.

If you can raise a bigger deposit then your loan amount will be reduced and you will typically qualify for a better interest rate.

Loan to Value is the loan amount expressed as a percentage of the property value. For example, with 95% **LTV** on a £100,000 house, you would need a 5% deposit, i.e. £5,000 deposit and your loan would be £95,000.



If you can raise a bigger deposit, your loan amount will be reduced and you'll be on a lower **LTV**.

Generally, this means you will pay less interest over the term of the mortgage.

Choosing the right mortgage

When buying your first home, it is important that you choose a mortgage that you are comfortable with. With so many lenders and mortgage products available, it's easy to become confused. That's why we are here to help.

There are several key things to consider when choosing your mortgage:

- How much can you afford to borrow and repay on a monthly basis?
- How long should your mortgage term be?
- Which repayment option is best for you?
- Which type of mortgage is most suitable for your circumstances?

How much to borrow

The amount you are able to borrow is dependent on a number of factors, so you will need to consider the cost of moving, your monthly income, expenditure and credit history.

Your Mortgage and Protection Expert will:

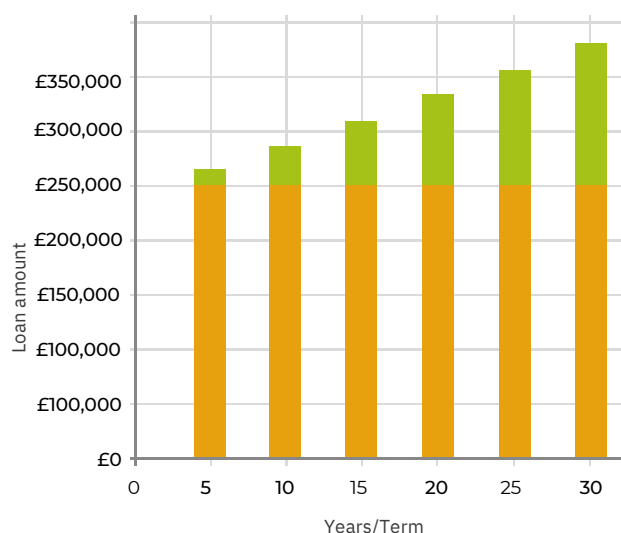
Help you to complete a Costs to Consider exercise. It will:

- Assist you in understanding the costs associated with buying your home.
- Prompt you to carry out your own research so that the estimated total cost is as accurate as possible.
- Help you to complete a Detailed Budget Plan.
- Review your payslips, bank statements and other financial evidence.

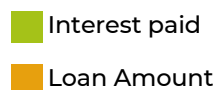
This will give you an indication of how much you can realistically afford to pay each month for your mortgage.

Mortgage term

Your Mortgage and Protection Expert can help you to find the right number of years (term) over which to repay your mortgage. If you spread your mortgage over a longer term, your monthly repayments will be lower. However, please note that the longer your mortgage term, the more interest you will have to pay the lender.



Based on a fixed 3% interest rate on a £250,000 mortgage

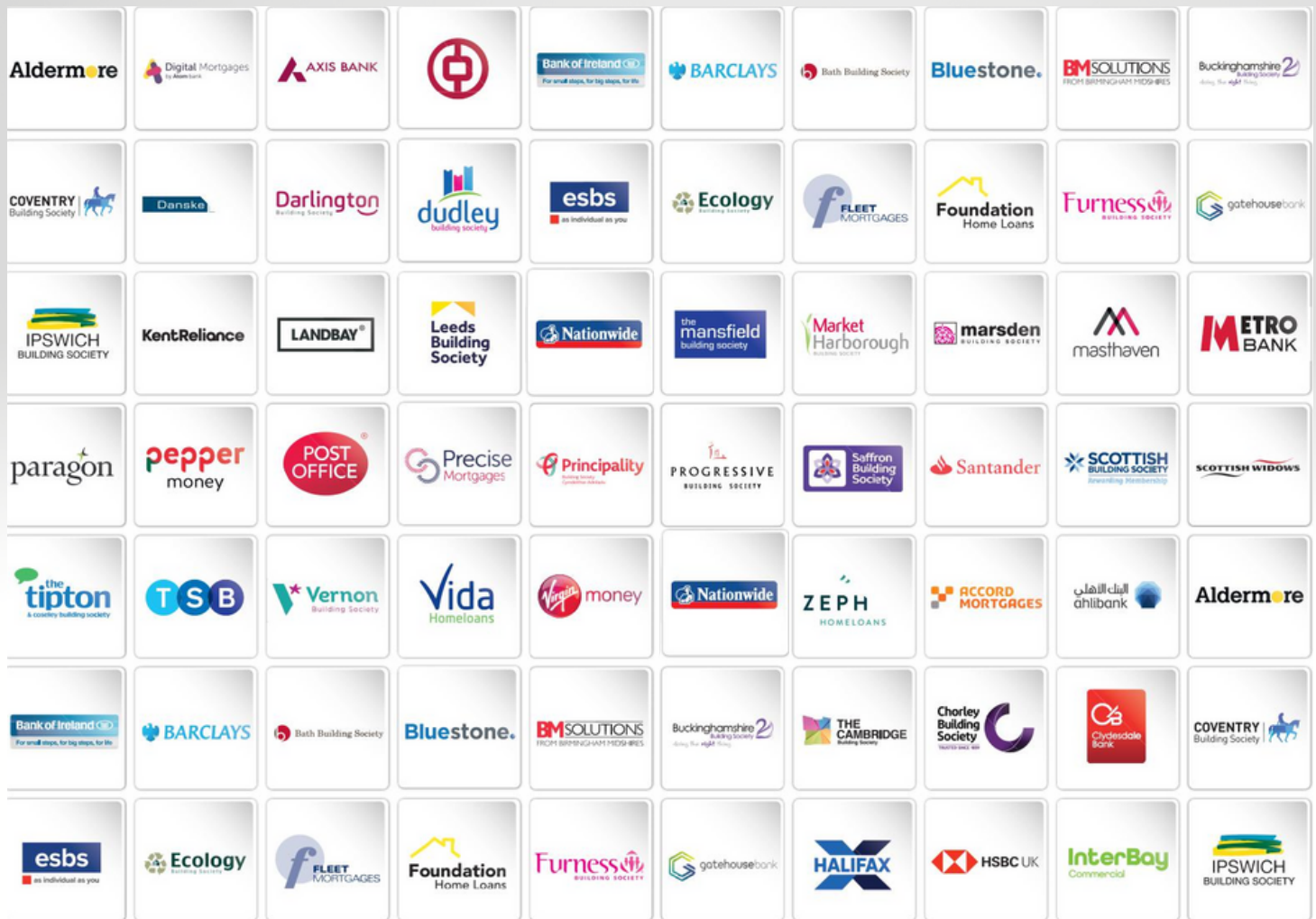


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We can search *1,000's* of mortgages for you!



Choosing the right mortgage lender

At Sturgess Mortgage Solutions we are able to access a whole of market suite of Mortgages ensuring we are able to recommend the right deal for our clients.

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Mortgage Types Explained

Repayment options

There are two main mortgage repayment options available to you: repayment and interest only. The availability of both will depend upon your circumstances. Please note that part repayment part interest only mortgages may also be available; your Mortgage and Protection Expert can discuss this with you.

The Repayment mortgage

Each monthly repayment to your lender consists of capital and interest.

- Gradually your loan reduces, building up equity in your home. At the end of the term, your mortgage loan will be repaid, providing you keep up your monthly repayments.

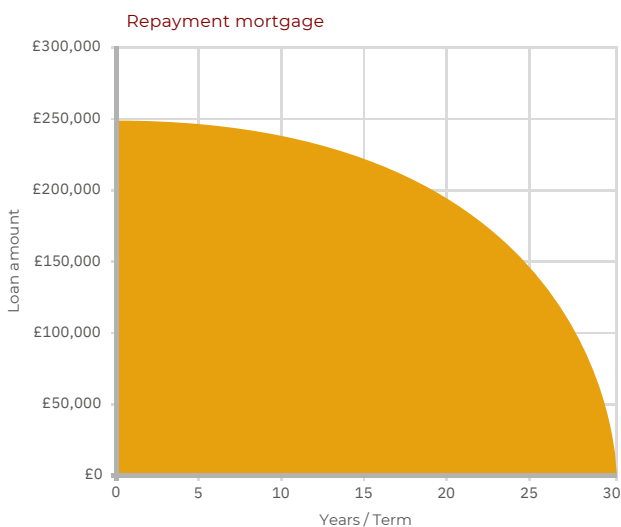
Therefore, this is the safest type of mortgage.

Interest only mortgage

Each monthly payment to your lender consists of interest alone. Therefore, at the end of the term, you will still owe 100% of your mortgage amount borrowed. As no capital repayments are made during the term, monthly costs could be lower.

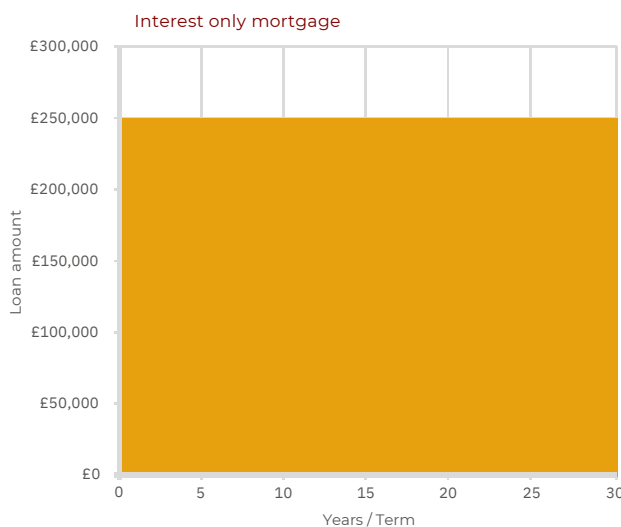
- It is your responsibility to ensure an adequate repayment strategy is in place to repay the mortgage at the end of the term. This is likely to be some form of investment or savings plan.
- It is your responsibility to monitor the performance of any investment or savings plans to ensure they will provide sufficient funds to repay the capital amount borrowed. Making this higher risk than a repayment mortgage.

This type of mortgage is not available from all lenders.



■ Loan amount / mortgage outstanding

Please note: This graph is for illustrative purposes only.



■ Loan amount / mortgage outstanding

Please note: This graph is for illustrative purposes only.

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Types of mortgage

You have several options, each of which has advantages and disadvantages.

Type	Description	Advantages	Disadvantages
Fixed	The same monthly payments for the initial period (usually 2, 3 or 5 years). After this period, the rate usually reverts to a variable rate.	Simple to plan to and budget as your exact monthly costs are known. Payments cannot change during the fixed rate period.	During the fixed period, payments cannot decrease and early repayment charges may apply.
Variable	The rate will be driven largely by the economy and the market. The lender decides their current rate, which you pay – this does change.	You <i>may</i> benefit from rate reductions and pay less each month. No early repayment charges during the term.	Rates may increase and therefore you will pay more each month. Harder to budget accurately.
Tracker	The rate charged is a certain percentage above or below the Bank of England Base Rate for a set period of time.	Immediate rate reductions mean that you pay less. Payments reflect the interest rates of the time	Immediate rate increases means that you pay more. There is no protection from this. Hard to budget.
Capped	This has an upper limit (the cap) for the interest rate but not a lower limit. They are normally a type of variable rate mortgage.	You get the security of knowing that your payments won't go above a certain level but they can go down if interest rates reduce.	Capped rates can be more expensive than the best tracker or discounted rates; you pay for the security of an upper limit.
Discount	A special offer set below the lenders standard variable rate (SVR) for a fixed period. It's a type of variable rate and your payments can go up and down.	When interest rates are low, your payments will be lower.	If interest rates go up, so will your payments so budgeting is difficult.
Offset	Your savings will be 'offset' against the value of your mortgage; you'll only pay interest on your mortgage balance minus your savings balance.	Reduced interest charged on the mortgage. With the interest saved, you could shorten your mortgage term or make lower payments.	Mortgage payments may go up if you make a withdrawal from your savings. You cannot earn interest from your savings.



Is there more you need to consider?

- Some mortgages carry early repayment charges.
- Some mortgages are more flexible in that they are portable, they include repayment holidays or allow you to make under/overpayments.
- Some mortgages have booking and/or product fees.
- Some mortgages are collared. This means that the interest rate will not fall below a set lower limit, even if the Bank of England Base Rate is lower than this.
- Some mortgages include a charge for the valuation on your home.
- Some mortgages offer a cashback, which can be used to help cover fees.

How can you compare mortgage deals?

It is a good idea to look at the Annual Percentage Rate of Charge (APRC), as well as the main interest rate, to help you to compare deals. The APRC was introduced as a way to illustrate the total cost of your mortgage. It represents the total cost of the mortgage (expressed as a percentage of the amount borrowed and all other costs) over the full term of the mortgage.

The APRC is calculated using:

- The introductory offer rate
- The standard variable rate that your mortgage will transfer you to once your initial offer rate ends (typically after 2,3 or 5 years).
- All Mortgage related fees
- The term of your mortgage

It is important to remember that the APRC is based on you keeping that mortgage for the entire term. If you intend to transfer to a new rate once your introductory offer rates come to an end, it might be better to use the initial interest rate as the primary indicator of the best mortgage deal for you.

Your Mortgage and Protection Expert will use the APRC, along with many other factors, to help determine which the most suitable deal is for you.

Options to spread the cost

Buying a home is likely to be the biggest single purchase you make in a lifetime however, there are ways to manage the costs. You have many options available to you, so please consider the following carefully.

Buy with somebody else

This is usually called a 'joint mortgage' and you have two options for ownership. You can own the property equally or you can each own a share in the property (this can be an equal share or one can own more than the other). Buying with parents, friends, a colleague or a partner can ease the financial pressure however, relationships can change and circumstances may alter. Think hard before buying with another person; it may be advisable to have a legal contract in place.

Shared ownership

This allows you to own a 'share' in a property. The remainder of the property is owned by another party, usually a housing association. You are required to pay rent on the proportion owned by the other party as well as your own mortgage payments. In many circumstances, you can purchase more of the property as and when your financial situation improves. This is called 'staircasing'.



Your protection

It is important to keep you, your family and your home safe and secure.

Buildings Insurance

Buildings insurance is a requirement of most mortgages. Buildings insurance covers the structure of your home against a wide range of risks including escape of water, fire, storm and flood. Accidental damage cover is automatically included, subject to the property being maintained in a good state of repair.

Contents Insurance

Contents insurance covers your belongings if they are damaged, lost or stolen due to a variety of risks such as fire, flood or theft. Also, you can choose from optional extras, such as accidental damage to contents, pedal cycles, personal possessions away from the home, home emergency or legal expenses.

Life Insurance

If you die or are diagnosed with a terminal illness before your cover ends, a Life Insurance policy will pay out a lump sum (or monthly instalments if family income cover is selected). Life Insurance could help towards the outstanding balance of your mortgage and provide for your family's future.

Critical Illness

Critical Illness will pay out a lump sum, or monthly benefit if selected, if you suffer one of a range of illnesses covered by your policy. It can be tailored to suit your needs and also provides cover for your children.

Income Protection

If you are unable to work due to an accident or sickness, Income Protection is designed to help replace your lost income with a monthly payment, until you are able to return to work or your policy ends.

Will writing

Make sure that your property and possessions are dealt with according to your own personal wishes after your death. Feel secure with clear and understandable advice from a specialist law firm.

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Conveyancing

Your Conveyancer will have a massive impact on the process of purchasing or remortgaging your home.

Our Conveyancing Panel

Here at **Sturgess** we have built lasting, professional and personal relationships with a whole host of local Conveyancing firms.

Your Conveyancer will have a massive impact on the speed and accuracy of your purchase or remortgage. Therefore, it's absolutely crucial to work with someone who echoes our core value of "putting the client at the heart of everything we do".

To that end we've built a dedicated Conveyancing Panel where we personally recommend each of the firms based on experience.

Contact us today and we'll put you in touch with the right people.



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Additional Services

Valuations and Surveys

A mortgage valuation is different to a survey. It is a limited inspection for your lender's purpose only. It is required so the lender can assess the risk of lending money against the property. The lender may not disclose the valuation or report to you if it does not affect the amount you are borrowing.

HomeBuyer survey - This is suitable for standard and smaller properties and will include a valuation. It will highlight significant and urgent matters in a traffic light format (to show importance), so you know what you need to do before you agree to exchange contracts.

Building survey - This is suitable for any property type, including listed, unusual properties or those requiring renovation, but is typically for larger or older properties. This survey will provide comments on defects and their cause, and give advice on remedial measures required. However, it will not include a valuation and it is not a structural report.

Here at Sturgess Mortgage Solutions we have a number of professional and accredited Surveyors that we recommend.



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Additional Services

Estate Agency & Property Management

Here at Sturgess we have built lasting, professional and personal relationships with a whole host of local Estate Agency firms.



Contact Us Today and we can arrange for one of our recommended agents to get in touch.



Staying in touch

Part of the ongoing service that Sturgess Mortgage Solutions provides to all of its customers is the opportunity of a mortgage review.

Prior to the end of your initial fixed rate or incentive period Sturgess will arrange for your current lender to contact you with their available Offers.

This will happen around **6 months** before your expiry date, your Mortgage & Protection Expert will also contact you at this time to arrange a **Mortgage Review** appointment to discuss your options.

We will contact you towards the end of your mortgage incentive period. However, if you have any questions or queries at any time, please do not hesitate to contact us directly on:

Telephone 01792 399155

Email info@sturgessmortgage.co.uk

Website www.sturgessmortgage.co.uk

Your home may be repossessed if you do not keep up repayments on your Mortgage. There may be a fee for Mortgage Advice, The actual amount you pay will depend on your circumstances.

Sturgess Mortgage Solutions Ltd (no: 13934247) is an Appointed Representative of The Right Mortgage Ltd, which is authorised and regulated by the Financial Conduct Authority. FCA No. 953496

Glossary of technical terms

Agreement in Principle (AIP)

This involves a full credit check by a lender before they confirm in writing how much they are prepared to lend to you. Please note that the AIP is initial confirmation only; at this point your mortgage is not guaranteed and will be subject to further underwriting.

Arrangement fee

This fee may be charged on specific products and is usually payable in advance or, in certain circumstances, added to the loan. The fee covers the administrative expenses incurred by the lender whilst processing an application.

Bank Base Rate (BBR)

Every month the Monetary Policy Committee sets the Bank of England's Base Rate. All mortgage rates are linked to this directly or indirectly.

Cashback

You will receive cash after completion when you take out a mortgage with cashback. The cashback sum may be a proportion of the amount you're borrowing or may be a fixed amount. Please note, cashback mortgages often charge a higher interest rate than other mortgages.

Completion / Conclusion of missives

The moment when property transfer has legally taken place; all documentation has been completed and funds have been transferred from the buyer to the seller (usually via their respective solicitors). In Scotland, the conclusion of missives marks the completion of contract negotiations.

Deposit

The amount you have to pay upfront towards the purchase price of the property.

Early repayment charge (ERC)

This is a charge made on certain mortgages when all or part of the loan is repaid within a set period. Usually it applies on a pro rata (i.e. proportional) basis when capital repayments are made in addition to the agreed monthly payments. Many ERC periods are linked to offers for capped, discounted or fixed rate periods.

Exchange of Contracts

The stage in England, Wales and Northern Ireland when the deposit is paid and both parties are legally bound to fulfil the agreed conditions of sale and purchase.

Loan to value (LTV)

The loan amount expressed as a percentage of the property value. For instance, a £100,000 property bought with a mortgage of £70,000 has an LTV of 70%. In most circumstances, the higher the LTV, the higher the interest rate charged will be.

Stamp Duty Land Tax / Land Transaction Tax

proportion of property price that falls within a particular rate band. The Tax will depend on whether you live in England or Wales. To find out the current rates and bandings search for 'Land Tax' on www.gov.uk (for England) and www.gov.wales (for Wales).

Standard variable rate (SVR)

A variable rate decided entirely by the lender, unless it is linked to Libor or the [Bank of England Base Rate](#). The SVR is the rate the mortgage will change to at the end of any special-offer period (the SVR might start at the end of the period during which your mortgage has been capped, discounted or fixed).

Valuation

Your lender will require a valuation on your home to establish their lending risk. The valuation assesses the nature of the property and factors likely to affect its value.