Mortgage advice you can depend on

Whether you're buying your first home or a homeowner looking to move, Help to Buy schemes assist people in taking their first steps towards buying a home to call their own.

This guide aims to help you feel more confident about your financial decisions.

Your property may be repossessed if you do not keep up repayments on your mortgage or any of other debt secured on it.

If you want to learn more and receive advice tailored to your personal circumstances, please get in touch.

CS Mortgage Solutions
T 0330 332 5432
craig@csfg.co.uk

Our Lenders

As part of Openwork Ltd, we can access competitive rates from most of the UK's best-known lenders.

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0330 332 5432 *craig@csfg.co.uk*

The importance of affordability

For most of us, buying a home will be the biggest financial decision we'll ever make.

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The importance of affordability

When finding a mortgage product that will meet your requirements, both your income and outgoings will play a part.

The EU Mortgage Credit Directive of 2015 introduced stricter lending criteria, which led to mortgage lenders having to take greater steps to check affordability – including on remortgages.

These rules require your lender to check you can afford your repayments, both now and in the future. To do this, they will need information about your income and outgoings. You will have to inform them if you expect your income and outgoings to change in a way that means you'll have less to spend on your mortgage repayments. You will also need to provide your mortgage lender with evidence of your income.

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0330 332 5432 *craig@csfg.co.uk*

Help to Buy schemes

There are several Help to Buy schemes where the government helps first-time buyers and existing homeowners buy a newly-built home.

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Help to Buy schemes

Help to Buy: Shared Ownership

is available to first-time buyers, people who used to own a home but can't afford to buy one and existing shared owners looking to move. The scheme allows you to buy a share of between 25% and 75% of the property's value and you then pay rent on the remaining part. You can buy a bigger share if and when you can afford to.

Help to Buy (Scotland): Affordable New Build Scheme

is available to first-time buyers and existing homeowners looking to move. The home you want to buy must be a new build. You'll be expected to pay a minimum of 85% (which will include any deposit you pay and your mortgage) of the home's total purchase price and the Scottish Government will hold the remaining percentage share under a shared equity agreement.

Help to Buy (London)

is available to first-time buyers as well as homeowners looking to move in the capital. The home you want to buy must be a new build with a price tag of up to £600,000 in any London borough. The Government will lend you up to 40% of the cost of your home, so you'll only need a 5% cash deposit and a 55% mortgage to make up the rest.

Help to Buy Equity Loans (England)

are available to first-time buyers as well as homeowners looking to move. The home you want to buy must be a new build costing up to £600,000. The Government will lend you up to 20% of the cost of your home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest.

Help to Buy (Wales)

is available to first-time buyers as well as homeowners looking to move. The scheme provides a shared equity loan to buyers of new build homes with a maximum purchase price of £300,000. The Government will lend you up to 20% of the cost of your home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest.

Forces Help to Buy

allows service personnel (both first-time buyers and homeowners looking to move) to borrow up to 50% of their annual salary, to a maximum of £25,000. This can be used towards a deposit and other costs such as solicitor's and estate agent's fees. Those eligible include all regular service personnel who:

- have completed the prerequisite length of service
- have more than six months left to serve at the time of application
- meet the right medical requirements.

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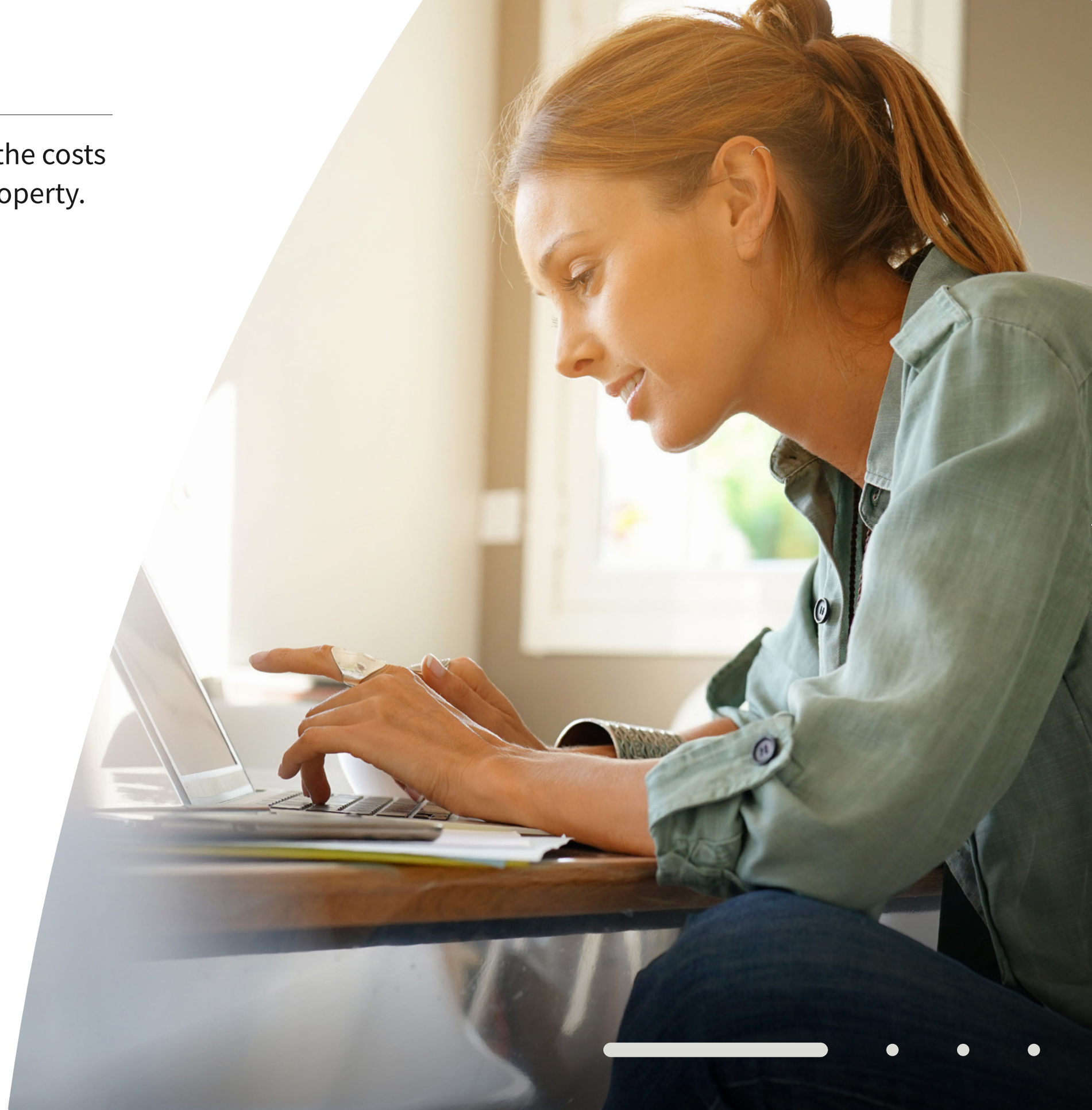
Costs involved

It’s easy to underestimate the costs involved when buying a property.



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Costs involved

Valuation fee

Lenders may ask you to pay a valuation fee. The type of valuation you choose will depend on factors such as the age and condition of the property.

Application/Arrangement fee

These are the costs your lender will charge you for arranging your mortgage. Some lenders will allow the fee to be added to your mortgage, but this means you will be charged interest on it over the mortgage term.

Legal costs and fees

The fees charged by a solicitor will include their conveyancing fee (i.e. for the transfer of land ownership), as well as charges for legal registrations and other miscellaneous costs (known as disbursements) such as local search fees and Land Registry fees. Some lenders may offer to finance some or all of your legal costs as an incentive.

Higher lending charge

If the amount you wish to borrow is greater than a specified proportion of the property's value (typically 75%), you may incur a higher lending charge.

Early repayment charge (ERC)

Lenders may charge an ERC if you make an overpayment in excess of any stated limit, if the loan is repaid early or if you remortgage during the early repayment period. This can sometimes amount to a significant cost, so you should always check the early repayment terms in the offer letter from your lender.

Deeds release or exit fee

Lenders may charge a fee to release the deeds of a mortgaged property to you or a new lender.

Our advice fee

Before we get started, we will explain how we will be paid for arranging your mortgage.

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Costs involved

In England and Northern Ireland, you can be liable to pay Stamp Duty Land Tax when you buy a residential property or a piece of land. In Scotland you will pay Land and Buildings Transaction Tax and in Wales you will pay Land Transaction Tax.

If you purchase a residential property between 8 July 2020 to 31 March 2021, you only start to pay SDLT on the amount that you pay for the property above £500,000. These rates apply whether you are buying your first home or have owned property before.

Stamp Duty Land Tax
You must pay Stamp Duty Land Tax (SDLT) if you buy residential property or land over £500,000

Residential property SDLT rates up to £500,000	Zero
The portion from £500,001 to £925,000	5%
The portion from £925,001 to £1.5 million	10%
The portion above £1.5 million	12%

Buyers of additional residential properties, such as second homes and buy to let properties, will have to pay an extra 3% in Stamp Duty on top of current rates for each band.

Land and Buildings Transaction Tax
You must pay Land and Buildings Transaction Tax (LBTT) if you buy a residential property or land over £250,000

Residential property LBTT rates up to £250,000	Zero
The portion from £250,001 to £325,000	5%
The portion from £325,001 to £750,000	10%
The portion above £750,000	12%

Buyers of additional residential properties, such as second homes and buy to let properties, will have to pay an extra 3% in Land and Buildings Transaction Tax on top of current rates for each band.

The rate payable for properties valued at between £180,000 and £250,000 will be zero from 27 July until the end of March 2021. Properties selling for less than £180,000 are already exempt from paying the tax.

Land Transaction Tax
You must pay Land Transaction Tax (LTT) if you buy a residential property or land over £250,000

Residential property LTT rates up to £250,000	Zero
The portion from £250,001 to £400,000	5%
The portion from £400,001 to £750,000	7.5%
The portion from £750,000 to £1.5 million	10%
The portion above £1.5 million	12%

Buyers of additional residential properties, such as second homes and buy to let properties, will have to pay an extra 3% in Land Transaction Tax on top of current rates for each band.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Details above correct as of July 2020

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What else do you need to know?

Buying a property isn’t just about securing the right mortgage; it also involves solicitors, surveys and insurance.

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Buying a property isn't just about securing the right mortgage; it also involves solicitors, surveys and insurance.

Surveying

Before offering you a mortgage, your lender will instruct a survey to confirm the price you're paying for the property is appropriate. The most common types of survey are:

— **Basic mortgage valuation**
This is for the lender's own purposes to confirm the property provides security for the loan.

— **Homebuyer's report**
This provides a brief summary of the property's condition. The report will include comments on any defects and the valuer's opinion as to the property's marketability.

— **Full structural survey**
This report is the most comprehensive type of survey. It is based on a detailed examination of the property.

Solicitors

You may need to appoint a solicitor or conveyancer to act on your behalf. They will undertake the legal work required to ensure the ownership (title) of the property and land transfers successfully.

If you don't already have a solicitor who undertakes conveyancing work, we can recommend one using a specialist company that provides access to a nationwide network of solicitors.

Some lenders will offer to pay for the basic mortgage valuation as an incentive. You may also want to consider one of the more detailed surveys, depending on the age and condition of the property. In most cases you can use the same surveyor to carry out both surveys, but there's nothing to stop you appointing an independent surveyor should you choose to do so. We can help you do this.

Solicitors, valuers and surveyors are not regulated by the Financial Conduct Authority.

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Protecting your Investment

It’s important to protect your property, but it’s also important to protect yourself and your loved ones.

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Protecting your Investment

Buildings insurance

All lenders require you to fully insure your property for the total cost of rebuilding it. Buildings insurance covers your home, as well as its fixtures and fittings.

Contents insurance

Contents insurance protects your household goods and personal property.

Critical illness insurance

This type of insurance policy pays out a lump sum if you're unfortunate enough to be diagnosed with a specified critical illness such as cancer, stroke or heart attack. You can use the cash pay out to clear your mortgage, pay for medical treatment or anything else you might choose.

Income protection

This can replace part of your income if you're unable to work for a long period of time as a result of illness or disability. It will pay out until you return to work, the policy ends or in the event of your death. Income protection plans usually have a waiting period before the benefit becomes payable; the longer the waiting period you choose, the lower your monthly premium will be.

Life insurance

If you die unexpectedly, a life insurance policy will pay out a cash sum to your family. Mortgage protection is a type of term assurance where the amount of cover decreases over the term of the policy, tying in with the outstanding amount on your repayment mortgage.

Mortgage payment protection insurance (MPPI)

Also known as accident sickness and unemployment (ASU) cover, MPPI helps you keep up your mortgage repayments if you can't work because of accident or ill-health. Benefits are usually paid for 12 months, although some providers offer 24 months' cover for accident and sickness only.

Serious illness cover

Serious illness cover pays out a cash lump sum of between 5% and 100% of the total cover, depending on the severity of the illness.

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Working with you

Helping you put your plans into action.

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Working with you

Getting to know you

When you get in touch with us, we will want to learn more about you, your circumstances and your overall financial position. We'll also want to hear your thoughts on which type of mortgage you believe is right for you, before walking you through the pros and cons of each option.

What we must tell you

When you first speak to us, we have to tell you what our charges are and how they are to be paid. We also have to say if there are any limits to the range of mortgages we can recommend for you.

Researching the options

Using our expert knowledge and database of several thousand mortgages, we will find the deals that are for your needs.

Recommending the right solution

Once we have identified the options available, we'll meet with you again or discuss our recommendations over the phone. We'll also write to you so you can review what we have suggested, and why. Assuming you're happy with our recommendations, we'll work with you to complete the application forms and liaise with your solicitor, valuers and surveyors on your behalf. We can also talk you through the vital areas involved in protecting your new property and we'll stay in touch throughout the process – and into the future.

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Help to Buy: Next steps

We hope this guide has given you an overview of the various Help to Buy schemes and the property purchase process.

There are many types of mortgages available, as well as numerous additional things to think about and extra costs to bear in mind.

If you'd like more information, or would like help planning your first – or next – property purchase, please get in touch.

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

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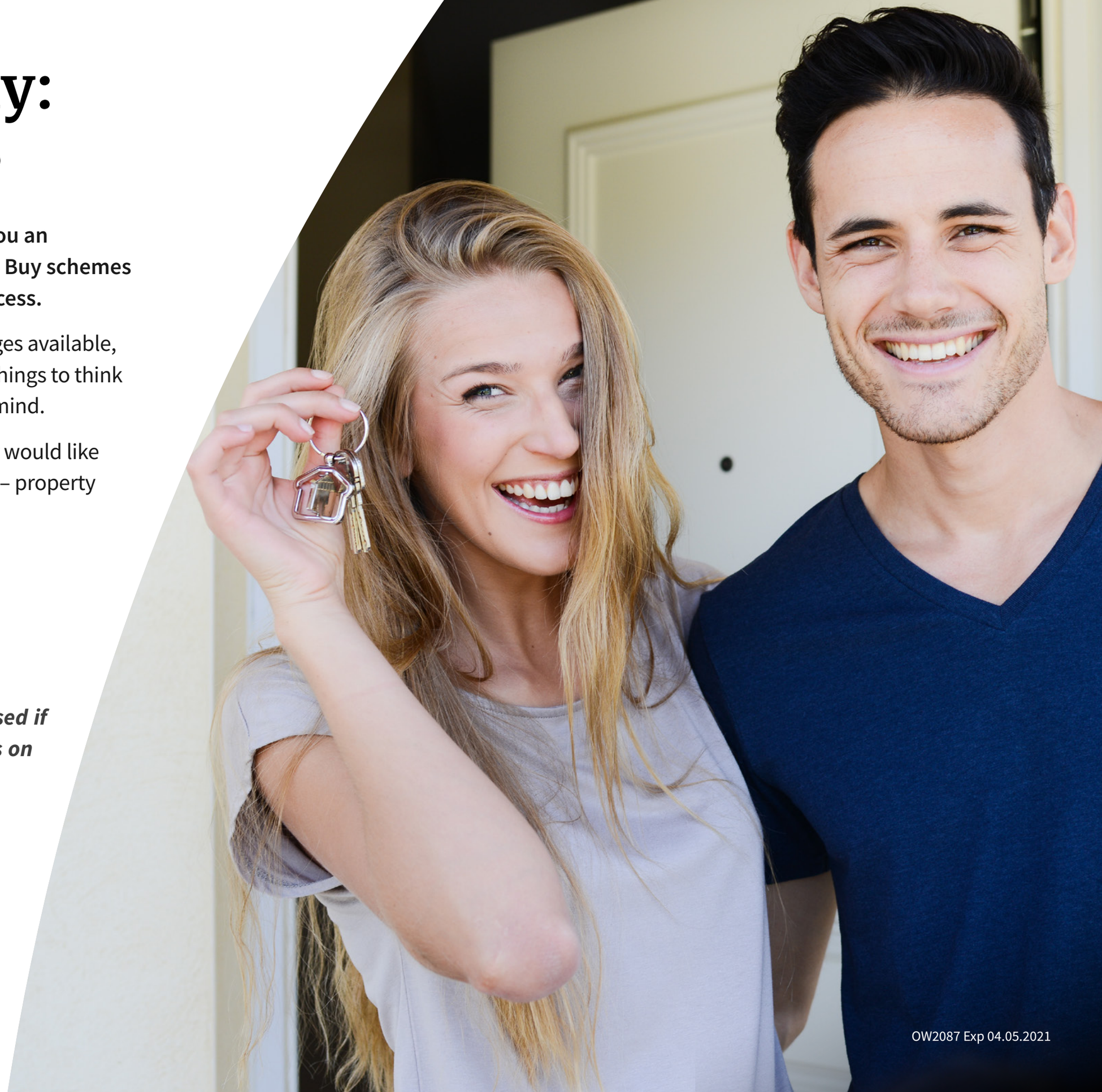

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