Help to Buy Mortgage advice you can depend on



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR ANY OTHER DEBT SECURED ON IT

PART OF THE Openwork PARTNERSHIP

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.

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

Our Lenders

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

Residential

ACCORD MORTGAGE
Aldermore
Bank of Ireland for Intermediaries
BARCLAYS
BM SOLUTIONS FROM BIRMINGHAM MIDSHIRES
Clydesdale Bank
COVENTRY for intermediaries
Danske Bank
FLEET MORTGAGES
HALIFAX
HODGE
HSBC UK
Kensington
KentReliance For Intermediaries
Leeds Building Society
METRO BANK
Nationwide Building Society
NatWest Intermediary Solutions
Newcastle Intermediaries
The Nottingham For Intermediaries
paragon
platform part of The co-operative bank
POST OFFICE Money
Precise Mortgages
Principality Building Society
PROGRESSIVE BUILDING SOCIETY
Saffron For Intermediaries Special Situations. Everyday
Santander for Intermediaries
SCOTTISH BUILDING SOCIETY
SCOTTISH WIDOWS
SKIPTON BUILDING SOCIETY Since 1853 For Intermediaries
the mortgage works common sense lending
TSB
Virgin money
ZEPHYR HOMELOANS

Introducer Partners

CONTI MORTGAGES OVERSEAS
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THE Openwork PARTNERSHIP | CONVEYANCING

The importance of affordability

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

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.



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.

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. You can build a newly built home or an existing in the resale programme in England if your household earns £80,000 a year or less (or £90,000 a year or less in London). 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 built by a builder registered on the scheme. The mortgage must be a repayment mortgage and be an amount equal to at least 25% of the purchase price. 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: Equity Loan (England)

is available to first-time buyers in England. The home you want to buy must from a homebuilder registered for the Help to Buy: Equity Loan. The Government will lend you a minimum of 5% of the cost of your home up to a maximum 20% (40% in London), If you were to take advantage of the full 20% Equity Loan you'll only need a 5% cash deposit and a 75% mortgage to make up the rest. The maximum property price allowed depends on where in England you buy it.

Region	Maximum property price
North East	£186,100
North West	£224,400
Yorkshire and the Humber	£228,100
East Midlands	£261,900
West Midlands	£255,600
East of England	£407,400
London	£600,000
South East	£437,600
South West	£349,000

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 £250,000. 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.

Costs involved

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

Valuation fee

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

Application/Arrangement fee

This is 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 term of the mortgage.

Legal costs and fees

The fees charged by a solicitor include the charge for conveyancing (the transfer of ownership of land), and the costs of legal registrations and miscellaneous costs (known as disbursements) such as Local Search fees and Land Registry fees. Some lenders may offer to finance some or all of the legal costs as an incentive.

Higher lending charge

If the amount you wish to borrow is greater than a certain 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 you remortgage during early repayment period. This can sometimes be a significant amount, so you should always check the 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.

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.

Stamp Duty Land Tax
You must pay Stamp Duty Land Tax (SDLT) if you buy residential property or land over £250,000 (First Time Buyers get a nil rate band of up to £300,000 with SDLT)

Residential property SDLT rates up to £250,000	Zero
The portion from £250,001 to £925,000	5%
The portion from £925,001 to £1,500,000	10%
The portion over £1,500,001	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 (First Time Buyers get a nil rate band of up to £175,000)

Residential property LBTT rates up to £145,000	Zero
The portion from £145,001 to £250,000	2%
The portion from £250,001 to £325,000	5%
The portion from £325,001 to £750,000	10%
The portion over £750,001	12%

Buyers of additional residential properties, such as second homes and buy to let properties, will have to pay an extra 4% in Land and Buildings Transaction Tax on top of current rates for each band.

Land Transaction Tax
You must pay Land Transaction Tax (LTT) if you buy a residential property or land over £180,000

Residential property LTT rates up to £180,000	Zero
The portion from £180,001 to £250,000	3.5%
The portion from £250,001 to £400,000	5%
The portion from £400,001 to £750,000	7.5%
The portion from £750,001 to £1,500,000	10%
The portion over £1,500,001	12%

For additional residential properties:
Zero to £180,000 - 4%
£180,001 to £250,000 - 7.5%
From £250,001 rate for additional properties works out at 4% on top of the residential rates:
£250,001 to £400,000 - 9%
£400,001 to £750,000 - 11.5%
£750,001 to £1,500,000 – 14%
£1,500,001 and above - 16%

Please note the Help to Buy schemes cannot be used to purchase buy to let properties. Some buy to let mortgages are not regulated by the Financial Conduct Authority.

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



What else do you need to know?

Buying a property isn't just about 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 brief information on the property's condition. The report will include comments on the property's defects and the valuer's opinion as to its marketability.

— **Full structural survey**
This report is the most comprehensive 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.

Protecting your Investment

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

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.

Mortage payment protection insurance (MPPI)

Also known as Accident & Sickness 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.

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.

Working with you

Helping you put your plans into action

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.

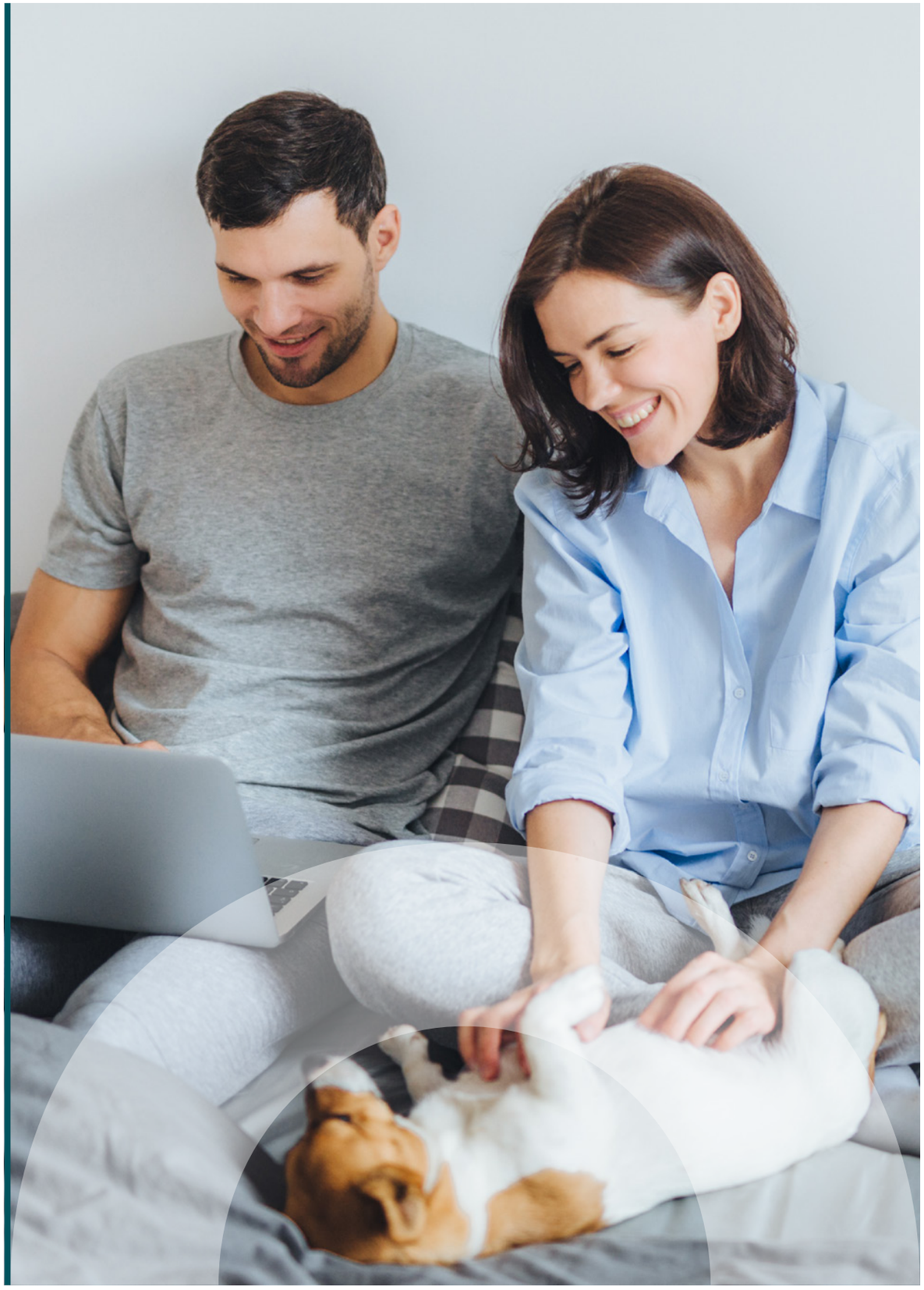
Researching the options

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



Next steps

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

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