



7 THINGS YOU NEED TO KNOW BEFORE YOU BUY YOUR FIRST HOME

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Buying your first home, whether it's a studio flat or a detached town house, is an exciting but potentially daunting process. Your first property is not only likely to be your most expensive purchase so far, it's also likely to be the most complex.

I still remember buying my first flat and there are a whole load of things I wish I'd known before I started. So in this guide, I've compiled a list of the seven key things I think you need to know before you embark on the process of buying your first property.

Read on to find out what they are so as you can make sure your journey into home ownership is a smooth one.

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1. Owning your own home is not compulsory

This might seem like a strange point to kick off with, but I think it's a really important one.

As a nation, we have become a bit obsessed with property ownership over the past hundred years. The vast majority of people in the UK aspire to own their own home and, unlike in the rest of Europe, renting a house or a flat is often seen as something you only do if you are not rich enough or not responsible enough to buy somewhere.

But, actually, owning a property is not necessarily all it's cracked up to be. It can be expensive – not just to buy a house in the first place but also to keep it maintained and to deal with any unexpected repairs. Owning your own home can also be a tie that reduces your flexibility when it comes to moving around the country or the world, either for work or for pleasure.

So, before you go too far down the route of looking to buy a property, I strongly suggest you stop and think about why you are doing it. Are you doing it because it's what you really want, or are you doing it because you feel it's what society expects of you? Are you ready to put down roots, or are you likely to want to spend a year travelling round the world sometime soon?

And if you are certain that you really want to buy somewhere, have you thought about whether it's really something you can afford right now? Do you have enough income not just to cover the mortgage payments but also to pay for fixing leaky taps, replacing worn out carpets, fixing rotten window frames, and so on?

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2. You can get free money from the Government to help you buy your home

Once you're certain that buying a home is the right option for you, then it's time to think about how to finance it. Did you know that, if you're a first time buyer, there is a way you can get the Government to give you money towards the cost of buying a property?

The way to do this is by using something called a Lifetime ISA (LISA). Anyone over 18 and under 40 can open a LISA and pay up to £4,000 per year into it until they reach the age of 50. Every time you pay money into your LISA, the Government will add a 25% bonus to the amount you put in.

When the time comes to buy your first home, you can use the money in your LISA as a deposit so long as you've held the account for at least a year and so long as the property you're buying doesn't cost more than £450,000.

So if you are thinking about buying your first property in over a year from now, it would be a good idea to get some advice on whether you should start saving up a deposit using a Lifetime ISA.



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3. Mortgages come in all shapes and sizes

There are lots of different types of mortgages available. They vary in terms of how you repay them and how the interest charges are calculated. Some examples of the different kinds of mortgage you may come across are:

- Repayment mortgages
- Interest-only mortgages
- Fixed rate mortgages
- Tracker mortgages
- Offset mortgages
- Variable rate mortgages
- and many more....

To help you understand what all the different options mean and to get advice on choosing the one that's the best fit for you, it's a good idea to talk to a qualified mortgage broker. They will know about mortgage deals from a whole range of different lenders and will be able to guide you towards the one that is most likely to suit you.





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The average first time buyer in the UK is 34 years old

Source: Halifax, 2018

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4. Not all first time buyers get the same deals

You might think that the mortgage deals and special offers that you see being advertised by banks and building societies are available to all first time borrowers. But that's not the case. The reality is that the mortgage deals available to you will vary depending on your own financial and employment circumstances.

If you want to increase your chances of having access to the widest range of mortgage options and avoid missing out on the best deals, there are a few things you should do before you start the application process:

- Start saving for a deposit now – you'll need at least a 5% deposit but if you can put down a larger deposit than that then you will have more choices available and might be able to get a mortgage with a lower interest rate
- Get yourself on the electoral register – being on the electoral roll at your current address will help boost your credit rating and make you a more attractive prospect for lenders; details of how to get yourself added to the register of electors can be found on the website of your local council and, if you're not sure which council area you live in, you can find out by entering your postcode on [this Government website](#)
- To help improve your credit rating you should pay off as many debts as you can and also close any unused credit card accounts
- Get a copy of your credit file from each of the three main credit reference agencies and check to see if there are any errors in your financial records or in your address history
- Make sure you have a valid proof of ID (passport, driving licence, etc) and proof of your current address (such as a recent utility bill or bank statement) as lenders will need to see these as part of the mortgage application process

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- If you are employed, make sure you have your last three months' payslips and your most recent P60 to hand as a lender is likely to want to see these; if you are self-employed or run your own limited company, make sure you have copies of your last two or three sets of accounts and your SA302 tax return forms (which can take some time to get from HMRC)
- If you are struggling to get together a big enough deposit, talk to your parents/grandparents to see if they would be willing to help you out; you could also consider seeing if anyone is willing to act as a guarantor on your mortgage as this can reduce the size of the deposit required and could enable you to get a 100% mortgage

5. You can get a decision in principle to put you in a stronger buying position

You can't apply for a mortgage until you know which property you are going to buy. However, in order to reassure the vendor and/or their estate agent that you can afford to buy a property that you're looking to make an offer on, you can get what's called a decision in principle (also known as an agreement in principle). This is a document from a mortgage lender saying that, based on their initial checks of the information you've provided so far about your income etc, they would be likely to offer you a mortgage of up to £x.

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6. Your future plans are important

When it comes to choosing a property to buy or to picking the right mortgage, your future plans can have a big impact. Some of the things to consider when viewing a house or flat and when looking at different mortgage options are:

- Are you likely to need extra rooms in the future (e.g. if you're planning on having children soon)?
- Is the property extendable – either to provide more space or to add value to it?
- How long do you expect to stay in your first home?
- Do you need to make sure you have a portable mortgage in case you decide to move sooner than planned?



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7. Buying and owning a home is expensive

As if property prices in the UK weren't high enough, you'll also find that there are lots of extra costs that come up during the house-buying process. These can add quite a bit to the amount you need to pay out, in addition to your deposit, and very few of them are optional costs. They include:

- Stamp duty (this can range from zero to several thousand pounds depending on the price of the property)
- Legal fees (some lenders will cover some or all of these for you)
- Survey or valuation fees (again, some lenders will help out with this)
- Land Registry fees
- Mortgage arrangement fees
- Removals and/or storage

And once you've moved in there are other costs which you may not have had to pay before if you've been living with parents or renting somewhere – for example:

- Buildings insurance
- Council tax
- Utility bills – gas, electricity, water, phone, etc
- TV licence
- Service charges
- Repairs and maintenance
- Parking permits
- Furniture

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As you can see, there's more to buying your first home than meets the eye. But, as with all things, knowledge is power and the more you know about the house-buying process and the way the mortgage market works, the stronger position you'll be in.

This guide has hopefully given you a few things to think about and highlighted some of the questions you need to ask during your exciting journey towards home ownership.

If you'd like to have a totally free and no-obligation chat about your own plans and get some advice on how to buy your perfect first home, we'd love to hear from you. Just [click here](#) for details of how to get in touch with us.