



A helping hand with
owning your home



www.mortgagedirectni.com



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We are here to help call today.
028 3889 4255
www.mortgagedirectni.com

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

This firm usually charges a fee for mortgage advice. The amount of the fee will depend upon your circumstances and will be discussed and agreed with you at the earliest opportunity.



hello

Buying your home is an exciting experience, but it can also give you much to consider and to decide upon.

Being well prepared will greatly help these considerations and help you reach better informed decisions. That's why we've produced this guide which will take you through the steps that will hopefully end with you owning your home.

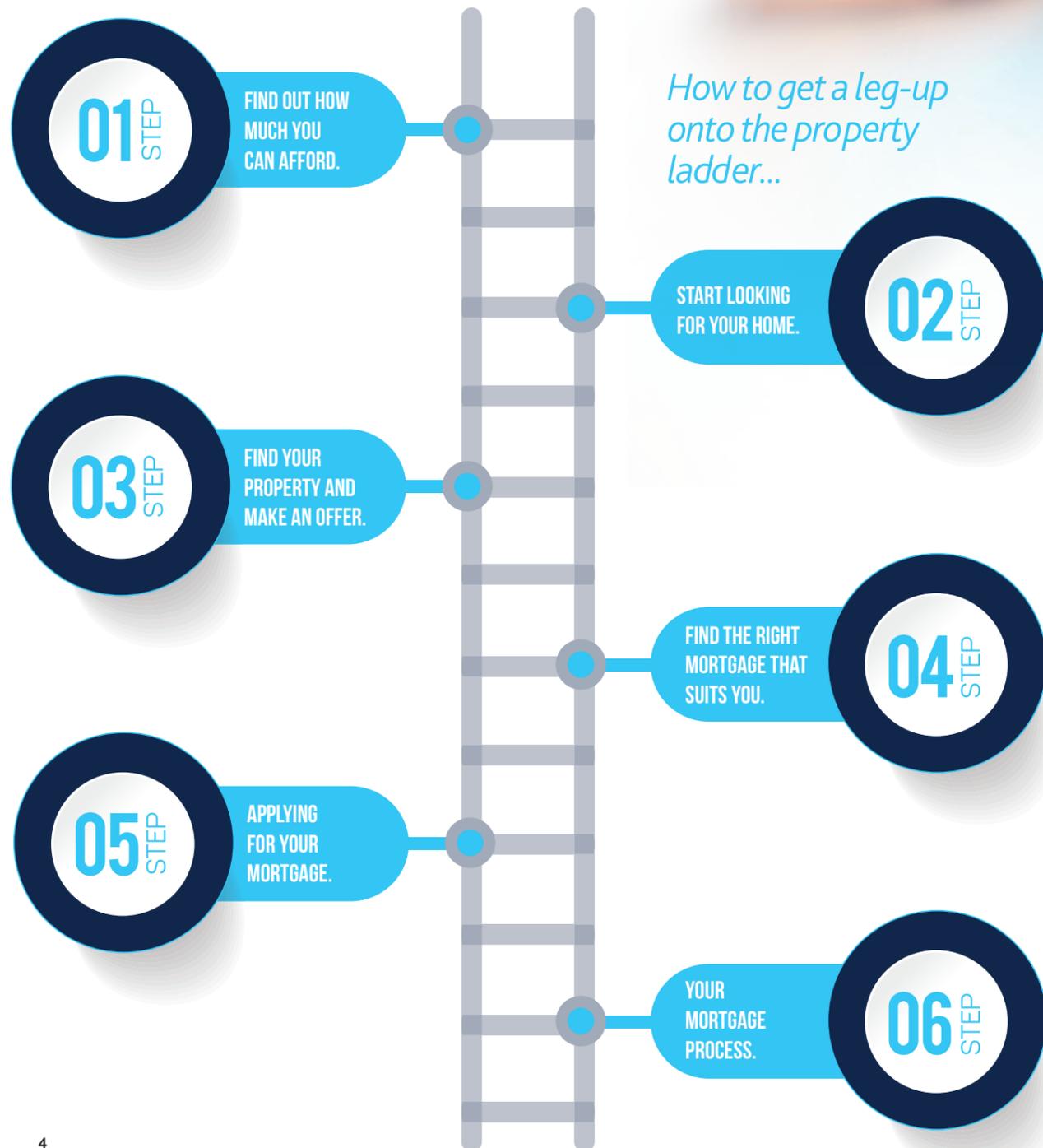
We at **Mortgages Direct NI** have been guiding buyers like you through this process, we would welcome the opportunity to help you.

Michelle Toal

Email michelletoal@mortgagedirectni.com

Six Key Steps to owning your home.

We'll also guide you through some of the "jargon" you'll no doubt hear. Please remember, our professionally qualified mortgage advisors will be on hand to help answer any questions you may have. Just call or email us.



How to get a leg-up onto the property ladder...

01 STEP Find out how much you can afford.

It's important at a very early stage to do this crucially important piece of work. A professionally qualified mortgage advisor will be happy to help you work this out and find the mortgage that is best suited to your personal needs.

Your Key Considerations

- My deposit - how much can I afford to put down? The larger the deposit, generally the better the range of mortgage deals that will be available to you.
- How much will I need to borrow and what will it cost me each month?
- Do I want the certainty of fixed monthly payments, and if so, ideally for how long?
- Or am I happy that my mortgage payments may vary?
- Would I like some cash back when my mortgage completes to help with my new home?

TOP TIP
You should consider a mortgage advisor who has access to a comprehensive lender panel rather than an advisor who only represents a lender and their products.

02 STEP Start looking for your home.

Once you've an idea of how much it will cost, you can then seriously start to look properly.

You may wish to consider:

- Do I want a house or perhaps an apartment?
- How many bedrooms do I need?
- Do I want a garage?
- Do I want a garden?
- Do I want a new build or an older property?
- Is it convenient to work/shops/schools?

You will no doubt want to make out your own list of what is important to you.

TOP TIP
Remember, seldom will you find a property that gives you absolutely everything you want, so you may need to accept some compromises.

03 STEP

Find your property and make an offer.

Based on the previous discussions with your mortgage advisor regarding how much you can afford, identify the property you want and then make your offer.

Some Considerations:

- Your initial offer may be lower than the purchase price being asked and may not be what the seller is prepared to accept;
- If there has been good interest in the property, you may need to offer closer to the asking price; in some instances, you may need to offer more;
- The estate agent you will be dealing with will advise you on the acceptability of your offer. Please be aware, you may need to be prepared to offer more than you initially offered;
- You will be told by the estate agent if your offer has been accepted or declined.



04 STEP

Find the right mortgage that suits you.

You will now need to revisit your mortgage advisor. Speed is often of the essence at this point as things can move faster than you may think. Consideration should also be given as to who you want to act for you as a solicitor if you haven't already chosen one.

Key decisions you will want to make at this stage.

- The Type of Mortgage - i.e. **fixed rate, tracker or standard variable** and whether you want a cashback or not (see later).
- How long you want to fix your payments for.
- Mortgage Fees - it's not just about the rate, you'll need to know what other fees you will be asked to pay, thereby avoiding any unexpected surprises.



05 STEP

Applying for your mortgage.

Arrange an appointment with your mortgage advisor. Your advisor will normally help you apply for the mortgage and they will have some detailed questions for you to answer. You will need to be able to supply various documents to validate your answers.

Please therefore be ready to supply:

- Proof of ID and your address and previous addresses if applicable;
- Your employer's details or self-employment information;
- Proof of your income;
- Bank Statements.

Your mortgage advisor will normally give you a detailed list of the things to bring along to this meeting.



06 STEP

Your Mortgage Process.

Considerations/things to do:

- Once your mortgage application has been submitted, you will need to liaise with your mortgage advisor regarding your mortgage and with solicitor who will keep you right on the legal side of things;
- When your mortgage has been approved, your lender will send you a document called a "mortgage offer ". This details the terms and conditions applying to your proposed mortgage. You will then need to decide if you wish to accept; normally this is done via your solicitor;
- It is important to discuss how you will protect your home and your mortgage should something unforeseen happen;
- Another appointment will be made with your advisor to discuss your mortgage offer and your protection needs;
- Exchange contracts with the seller, which your solicitor will do for you.

Finally, completion: when you get the keys and your home is yours to start to enjoy!



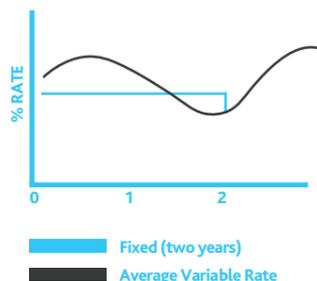
How to pay your mortgage back.

There are several different ways to pay your mortgage back. Mortgage lenders offer many products that range in interest rates and have different advantages and disadvantages of doing so.

Here is our guide to the main products used within today's market.

Fixed Rate

If you choose a fixed rate mortgage, your monthly payment will stay the same for a set period. At the end of your fixed rate, your lender will usually change your interest rate to their SVR.



Advantages:

- You know the exact amount you'll need to pay each month, which makes budgeting easier.
- Your monthly payment will stay the same during the fixed period, even if other interest rates increase.

Disadvantages:

- Your monthly payment will stay the same during the fixed period, even if other interest rates decrease.
- If you want to repay your loan early, there could be an early repayment charge.

Tracker Mortgage

With a tracker mortgage, the interest rate charged by a lender is linked to a rate such as the Bank of England base rate. This means your payments may go up or down.



Advantages:

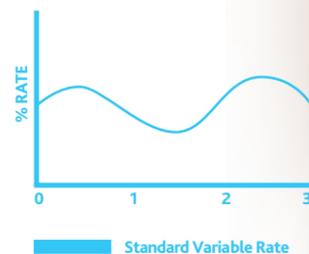
- The rate you pay tracks an interest rate (for example, the Bank of England base rate). If the rate changes the tracker rate changes by the same amount.

Disadvantages:

- Some lenders impose a 'collar' which means the interest rate won't fall below a certain level, even if the rate it's tracking continues to reduce.
- Your monthly payments can go up or down which can make budgeting difficult.
- If you want to repay the loan early, there could be an early repayment charge.

Standard Variable Rate (SVR)

This is a standard interest rate that can go up or down in line with market rates, such as the Bank of England's base rate.



Advantages:

- You have more flexibility and can usually repay your mortgage without any early repayment charges.

Disadvantages:

- Your monthly payments can go up and down which can make budgeting difficult.
- SVR mortgages are not usually the lowest interest rates that lenders offer.



Valuations and Surveys.

There are three types of valuations and surveys, valuation reports, homebuyer's reports and building surveys.

Basic Valuation Report

This is a basic report paid for by you, but completed by the valuer for your lender. Your lender will use this report to help them decide whether they'll lend you the amount of money you need to buy your property.

Homebuyer's Report

This is a more detailed report that a surveyor completes for you. There's an important difference between a basic valuation report and a homebuyer's report. The valuation report belongs to the lender and the valuer completes the report for them. With a homebuyer's report, the surveyor works for you and they're responsible to you if they fail to spot things.

Whilst this costs more than a basic valuation, you should consider asking for a homebuyer's report as it will give you more information about your property. It's particularly useful if you're buying an older property. Your lender will normally use the homebuyer's report to help them decide whether to lend on your property, so you won't normally need more than one report. Your lender can arrange this.

Full Structural Survey

This is the most detailed type of survey that's completed by a surveyor working for you. The surveyor is responsible to you if they fail to spot something. Building surveys are recommended if you're buying:

- An older property;
- A property that needs substantial refurbishment; or
- there has been structural problems in the past;
- Additional surveys or reports may be needed by your lender before they'll make you a mortgage offer.

Glossary of Terms.

Credit Scoring

When you apply for a mortgage (or any sort of credit) the lender will usually 'credit score' your application. This helps the lender decide whether to accept your application, the amount of money they're prepared to lend to you and what rate of interest you'll pay.

Credit scoring works by awarding points based on your circumstances. Each lender has their own scoring system. You'll generally score more points if you've been on your Electoral Register and have paid all your credit agreements on time in the past. Having a good credit history will improve your chances of getting a good mortgage rate. You can get your individual credit report by registering with either Experian at www.experian.co.uk or Equifax at www.equifax.co.uk

Cash Back

With a cash back mortgage, your lender pays you a lump sum when you complete your mortgage. The cash back can be a fixed amount or can be worked out as a percentage of your mortgage. If you move to another lender in the early years of the mortgage, it's very likely you'll have to repay some or all the cashback received.

Early Repayment Charge

This is a charge you may have to pay if you want to pay off your mortgage before the end of a set period.

Overpayments

Some lenders will allow you to make overpayments on your mortgage. This is generally restricted to 10% of the outstanding balance each year.

Underpayments And Payment Holidays

Some mortgages allow you to reduce the amount you pay each month, or to stop making monthly payments, if you've previously overpaid. Lenders only normally allow you to make underpayments or take payment holidays for a limited time. This can be useful if your income falls or stops for a short period. In both cases, you'll be paying less than the normal monthly payment so the amount of your mortgage will increase.

Annual Percentage Rate Of Charge (Aprc)

As well as telling you the interest rate on your mortgage, lenders must also calculate the APRC. This is the total cost of the loan, including interest and fees shown as a percentage rate. The APRC is intended to help you compare different types of mortgages from different lenders. When calculating the APRC, lenders assume you'll pay the mortgage for the full term. Generally, the lower the APRC, the better the deal but this is assuming you stay on the same mortgage product throughout the term of your mortgage.

Energy Performance Certificates

Energy Performance Certificates (EPCs) are required by law for all homes bought, sold or rented. They give information on how to make the property more energy efficient and reduce carbon dioxide emissions. An EPC will contain the following:

- Information on your home's energy use and carbon dioxide emissions.
- A recommendation report with suggestions to reduce energy use and carbon dioxide emissions.

Protecting your home and your mortgage.

Once you have your mortgage in place and are in your new home, it is important to have both protected should the unforeseen happen.

Imagine you are driving home late at night and a red warning light comes on your dashboard - **What do you do?**

Over the term of your mortgage, certain unforeseen situations may happen to you, often without warning.

Your advisor will be happy to discuss how you may be able to protect against the risks these uncertainties may present on your ability to maintain your mortgage and other important payments.

A range of products that would be available are as follows:

Protect your home

- Buildings and Contents,
- Personal items inside and outside the home
- Home emergency cover

Protect yourself, family and the mortgage

- Life Insurance
- Critical Illness Insurance
- Income Protection
- Family Income Benefit
- Accident, Sickness and Unemployment

Six simple ways to help boost your credit score.

- ✓ Ensure that you're on the electoral roll, and if you're not eligible to VOTE in the UK, then add proof of residency to your file.
- ✓ Don't make too many applications for credit within a short time period, as it may be interpreted as being desperate for funds.
- ✓ Never miss or be late on any credit repayments, as it can have a adverse impact on your credit file.
- ✓ Shut down any unused credit cards - as they could be a fraud risk and may show you've access to too much available credit.
- ✓ Be consistent with your information across any applications you may have made.
- ✓ Don't let your partner or house-mate's credit score wreck yours.

We are here to help call today.

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