



THE ULTIMATE GUIDE TO BUYING YOUR FIRST PROPERTY




northwood





Welcome to the Ultimate Guide to Buying a property!



We are going to go through every step that you as a buyer will take along the way whilst finding your next property.

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Hello and welcome, my name is Helen Elworthy, the owner of Northwood Estate Agents in Doncaster, Thorne and Hatfield.

Buying a property can be a daunting experience, in fact moving home is considered one of the top 5 most stressful life experiences an individual can go through. Even if you have moved home or bought property before it can be a complicated experience!

However, buying a house should be an exciting new chapter in somebody's life, full of anticipation and hope.

That's why I wanted to produce this guide to help people understand a little better about some of the more common aspects of buying a property, explain some of the terms used so that it sounds a little simpler and give you ideas on the kind of things you consider before arranging viewings and putting offers forward. It's all about being informed and making the right choices for you.

There are so many individuals that need to come together to make the process work for you; including the seller, the estate agents, the solicitors and the mortgage lenders, and therefore picking the right ones are crucial in your house buying success.

Make sure you ask lots of questions and feel comfortable with the answers. At Northwood we are more than happy to answer any buyers queries even if you are not buying a house through us, so please don't be afraid to call in or give us a call anytime.

Good luck house hunting
Helen



Getting your finances in place



Buying a property is a big step involving a substantial long term financial commitment, so think hard about what you can afford. You will need to consider the assets you have—like savings—as well as money that’s coming in and going out.

Although it may reduce your buying options, you don’t want to commit to a mortgage and then realize you cant afford some of the nicer things in life!

It may sound obvious but take time to think of all the things you spend money on throughout the year, even with a mortgage.

The following steps will break down what may seem like a daunting process so you can easily figure out how much you can afford to spend per month on your home.

- Figure out your household’s take home pay after tax. What do you and any other income earners who will be contributing to the household bills bring home each month after tax?
- Make a list of your households recurring monthly expenses. This should include bills you pay every month, like the electric bill, and bills you only pay some months, like car insurance.
- Make a list of the expenses that you will add when you become a homeowner. These expenses will vary depending on the type of home you purchase. For example, if you purchase a flat you will have to pay Ground Rent and Service Charges.
- Figure out what expenses will go away. For example, if you’re paying renters insurance, you’ll be able to cancel that. If your planning to cut back on certain parts of your social life in order to free up more funds for the house, note these as well. If you’re moving closer to work, your gas costs will go down.
- Determine how much you have left after expenses to spend on housing. Once you know what you take home and what you spend each month (excluding your current rent payment), determine how much you have left over each month to spend on housing. When you make this calculation, don’t forget to leave room to save for emergencies, retirement and what ever else you want to have money saved up for. In other words, count savings as a non negotiable “expense”.
- Figure out how much house you can buy. An easy way to do this yourself is to play with mortgage payment calculators online to figure out the purchase price you can afford based on the monthly payment at different interest rates.

Interest Rate Breakdown
Interest rates fluctuate multiple times a day and the interest rates available at the time you actually purchase your home will affect how much house you can afford. The higher the purchase price, the bigger the difference the interest rate will make. The lower the interest rate, the more expensive the house you can afford, and the higher the interest rate, the less expensive the house you can afford.
Source: Investopia



Be prepared for all costs when buying a property

Source: www.crowdproperty.com

Given that property prices have risen 13.2% since the start of the Covid pandemic in April 2020 and the average house price hits a record high of £270,000, it is no surprise that many people may wince when they read about the cost of buying a property. In addition to the price of the property here are some of the fees and costs you need to be aware of:

Stamp duty

Stamp duty charges have been a hot topic with property investors and Landlords with surcharges impacting on people buying a second property, but all buyers have to be aware of stamp duty charges. For people buying their only property in England and Wales, there is no stamp duty on purchases up to £125,000 or if it is your very first property then there is a relief up to £300k with the percentage payable rate rises in bands thereafter.

There have been many changes regarding the reliefs available of late so to check for sure how much you will pay check out the government calculator at www.stampdutycalculator.org.uk

In Scotland, where it is now known as the Land and Buildings Transaction Tax (LBTT) different rates and thresholds apply but the way in which the tax is calculated remains the same. Effectively the higher the price of property you buy, the more stamp duty is payable, so make sure you calculate the stamp duty you need from the start.

Conveyancing and associated legal charges

You need to factor in the cost of conveyancing. There are also associated costs with conveyancing such as searches, so this is an area that may impact on your overall budget. Fees will vary depending on if you are buying a leasehold or freehold property and the price of the property, but their fees can start from £500 plus disbursements.

Mortgage fees

When looking for a mortgage there are often various mortgage fees payable:

- Broker fees —which could range from anything from £99 to £499
- Valuation fee— which will vary depending on the property value and could be between £150 and £1,500
- Transfer fee— which could be between £25 and £50
- Mortgage account fee— which is normally between £100 and £300

If you have an existing mortgage you should check if there are any early redemption penalties that apply.

The physical cost of moving

The cost of moving home can vary widely depending on how much you need to move, where you are moving to, the day of the week you are moving and whether you are hiring professionals. Moving home with the help of family member and friends can be an ideal way to reduce the costs as does avoiding “peak” moving days—Friday being the most popular.

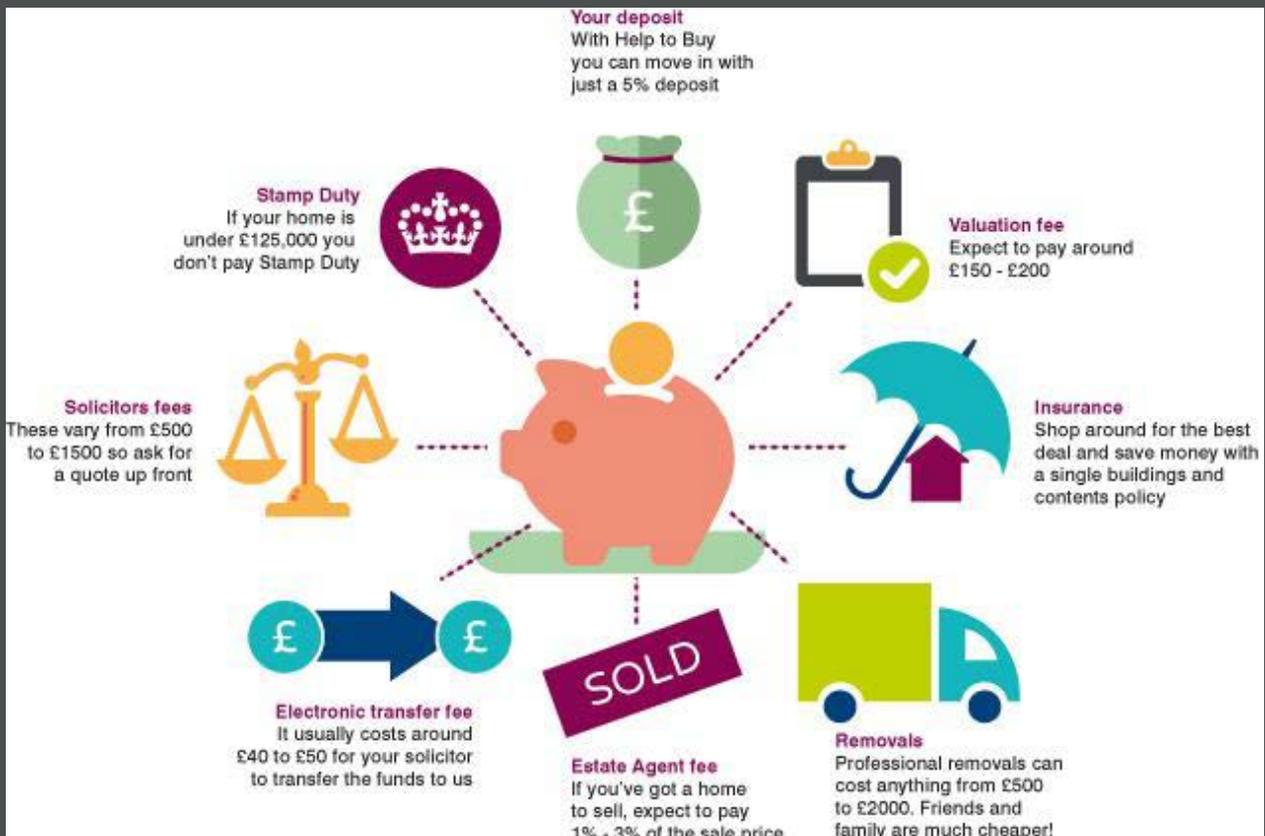
ADDITIONAL COSTS ASSOCIATED WITH BUYING PROPERTY

SOME OF THE ADDITIONAL COSTS ASSOCIATED WITH BUYING PROPERTY MAY INCLUDE:

- PAYING FOR A BANKRUPTCY SEARCH
- LOCAL AUTHORITY SEARCHES
- LAND REGISTRY OFFICE DOCUMENT COPIES
- ENVIRONMENTAL SEARCHES
- DRAINAGE SEARCH
- CHANCEL REPAIR LIABILITY SEARCH
- LOCAL SEARCHES—FOR EXAMPLE IN AREAS WHERE MINING WAS PREVALENT
- BANK TRANSFER FEE
- LAND REGISTRATION FEES



YOUR CONVEYANCER WILL BE ABLE TO ADVISE YOU WHICH OF THE ABOVE WILL BE NEEDED FOR YOUR PROPERTY PURCHASE. DIFFERENT CONVEYANCING QUOTES MAY OR MAY NOT INCLUDE SOME OF THE AFOREMENTIONED SEARCH COSTS SO IT IS WORTH CHECKING THAT YOU ARE COMPARING LIKE FOR LIKE WHEN CONSIDERING THE DIFFERENT QUOTES THAT YOU MAY HAVE BEEN GIVEN. BEING AWARE OF THE FULL COSTS INVOLVED UPFRONT CAN HELP TO MINIMIZE THE PROSPECT THAT FINANCES BECOME UNEXPECTEDLY STRETCHED.



Help To Buy Explained

There are a number of government schemes available to make buying a home more affordable, check out their website and take a quick quiz to find out what scheme might be most suitable for you

<https://www.ownyourhome.gov.uk>

Below is a quick snapshot of some of the schemes available

Stamp Duty Land Tax relief

Overview:

Stamp Duty Land Tax (SDLT) is a tax to pay if you buy a property. You get a relief from SDLT if you are a first-time buyer purchasing a residential property of £500,000 or less.

The mortgage guarantee scheme

Overview:

A UK wide government scheme to help to increase the supply of 5% deposit mortgages for credit-worthy households by supporting lenders to offer these products through a government backed guarantee on new 95% mortgages until 31 December 2022.

Help to Buy: Equity Loan



Overview:

A government scheme to help people in England to buy a new-build home.

Shared Ownership



Overview:

If you can't quite afford to buy 100% of a home, you could buy a share of a home instead and pay rent on the rest.

First Homes



Overview:

A new scheme supporting local first time buyers including key workers on to the property ladder by offering new-build homes at least 30% discount compared to market prices.

Right to Buy



Overview:

If you're a council tenant in England the Right to Buy scheme could help you buy the home you rent with a discount of up to £84,600 (£112,800 in London).

Finding the right property

Once your budget is in place, it becomes a matter of viewings and finding the right property. 90% of all property searches now begin online and so obviously, it is a good place to start.

Make a list of what you are looking for in a property:

- What location do you want to live in?
- Are you flexible in area, or are you looking for specific streets or areas, do you need to be close to any particular schools?
- How many bedrooms do you need?
- What type of property are you wanting? A Flat / terraced house / semi-detached / detached?
- Do you want a garden?
- Do you want off road parking or street parking?
- Do you need a garage?
- How soon do you want to move?

Websites such as Rightmove and Zoopla advertise properties from the majority of letting agents across the country. You can sign up to property alerts via these websites, telling them your specific requirements. They will then send you an email when a new property matching your requirements come on the market.

You can also search all the properties currently listed, again selecting your criteria and filtering out the properties that match.

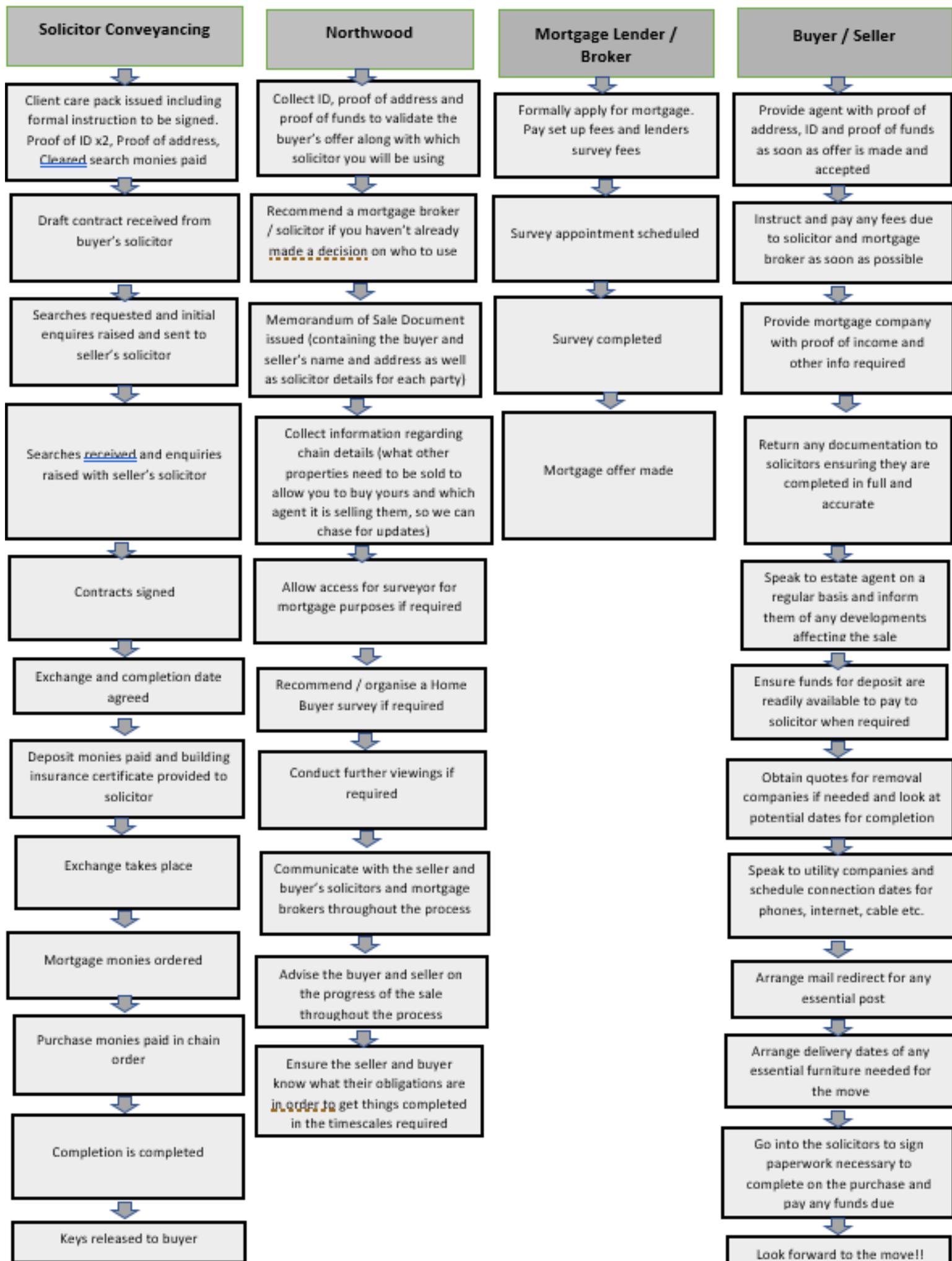
It is a good idea to contact estate agents directly and register on their database, this also means they know exactly what you are looking for, and will let you know as soon as they have a property they think you would like to view.

Once you have found a property you want to view, you will need to contact the agent that is advertising the property to arrange a viewing. Some properties will be empty and available to view straight away.

You may need to be flexible with the times you are available to view the property, as some properties may still have the Vendor's living there, and may only be able to accommodate viewings at certain times.



A simple guide to sales progression



Getting a mortgage and making an offer.....



Before you make an offer on a property you'll need to get approved by a lender. You can either approach lenders individually, or you can use a Mortgage Broker such as Melanie Howarth, our very own in-house Senior Mortgage and Protection Adviser

They will help you to obtain an "Agreement in Principle" (AIP) –this allows you to supply the agent with evidence of funds if you're funding the purchase with a mortgage.

A mortgage is the largest financial commitment that the majority of us will ever take on in our lifetime, so before you do you need to make sure that you are getting the best advice based on your circumstances.

It's all very well just speaking to your own bank or building society but usually they can only advise on and sell their own products. There may be a better deal available to you elsewhere in the marketplace.

Melanie is not tied to any one bank or mortgage lender so she can search a comprehensive range of mortgages from across the market to find you the most suitable mortgage available based on your individual circumstances.

Once you have found a property that ticks the right boxes, you will need to make an offer to the seller. The Estate Agent will be the middle person here and will speak to the seller for you. Any offer that is submitted will need to be substantiated with proof of finance. Supplying the agent with evidence of cash funds or an 'Agreement in Principle' if funding the purchase with a mortgage is essential. This will also help put any offer in the best light for the seller to consider.

The Full Mortgage Application

Once you've had your offer accepted, your Mortgage broker or lender will then proceed with a full mortgage application. At this point Broker Fees and any fees for the lender i.e. Valuation and Application fees will be payable.

Following on from your full mortgage application, the lender will review your application and issue a formal mortgage offer if they're happy to lend.

Before the purchase can be completed, the property will need to be surveyed.

There are three different types of survey that can be carried out:

1. A mortgage valuation –this will be required by your mortgage provider to reassure them that the property is sufficient security for the loan.
2. A homebuyer report –this includes a detailed, visual inspection of all aspects of the property that can be seen. It should be conducted by a qualified surveyor and will highlight any issues that may need further investigation.
3. A full or structural survey –this is required for older properties, or those that have undergone major structural changes or have been constructed from unusual materials.



The solicitors bit.....

Once the seller has agreed to your offer, the next step is to instruct a conveyancer to help you with the purchase.

They will handle all of the legal work involved and advise you on any issues or concerns they may have around the property. Your Agent will have a number of experienced and qualified property conveyancers that they can recommend.

Conveyancing simply means the transfer of a property from one party to another, i.e. from the current owner to you. This is a vital part of the process, but can be stressful and frustrating, and requires a lot of formal paperwork. However, it can all be handled by a dedicated conveyancer, some main points to consider are:

Chains

If the seller of your proposed home is also buying a property, this will create what is known as 'a chain'. The chain may consist of a number of people buying and selling properties. The whole process can be affected by other sellers and buyers in the chain. By instructing a solicitor at an early stage, you can do everything possible to avoid delays.



Searches

One of the first things that we will do once you confirm your instructions is to obtain a number of searches on your proposed new home. The searches identify any issues that may affect both your decision to purchase the property, or your Lender's decision to lend. For example, both parties would like to know if a motorway is planned to be built next door!!

The searches can include:-

- Local Search – This is carried out at the Local Council to check that there is nothing of any concern registered against your property such as a compulsory purchase order, road scheme or enforcement action for breach of planning permission. Please note that the search is only against the home you are buying and not against the whole area or neighbouring properties. Obviously we will draw to your immediate attention anything indicated in the search that could affect your decision to go ahead with the purchase.
- Drainage and Water Search – This is carried out to confirm that the property you intend to purchase drains to a public sewer, and that the water supply to the property is connected to the mains.

Other searches may be undertaken depending upon where the house is situated



Investigation of Title

A solicitor will also examine the title deeds relating to the home you wish to purchase to ensure the title is good and marketable, and free from defects, they will advise you on any restrictions and covenants in the title in our Property Report.

Contract



In addition to the searches, they will check the contract prepared by the seller's solicitor. The draft contract outlines the terms and condition of your proposed purchase and contains details of the seller and purchaser, full details of the property to be sold, agreed sale price and size of deposit to be paid on exchange of contract. They will approve the contract on your behalf and will explain the details of the contract to you.

Prior to exchange

Your solicitor will check any points arising from the investigation of the Title have been answered satisfactorily. They will report any matter arising that you should be aware of on the home you are buying. You will receive a full report on the property, and will be asked to check that it matches your understanding of the home and land you wish to buy.

You should receive a copy of the Fixtures Fitting and Contents form, which you will need to check to ensure it is correct. This form details what will be included in the sale, and it should reflect what you believe is to be included (e.g. curtains, carpets, etc.). If you think something should be included, and isn't, please contact us straight away.



You will be asked to sign and return the contract so that it is ready to exchange. Before you sign the contract please check that all the details are correct. The contract is not binding on you at this stage, but once you have returned it to them, they will exchange contracts with the seller's solicitors as soon as your seller is ready. On exchange the contract is binding. If you fail to complete after exchange of contracts this could lead to serious financial consequences. It is important that you check these details. Again if you are unsure, please speak to them.



They may also provide you with a transfer to sign at this stage. This is the document which transfers the legal ownership of your new home on completion. If you are taking out a mortgage, we will also send a mortgage deed and perhaps other related documents, which you and any other joint purchasers must sign and return to them.

The mortgage deed is the document you sign which secures the loan on the home you are buying. It is a very important document and must be signed correctly.

A completion statement should be provided showing the balance required from you (if any) to complete your purchase. If a balance is due (which may include any stamp duty that you have to pay), you will need to send this to them with the other documents. They will be unable to exchange without payment of all monies due.

You will potentially need to organise buildings insurance cover at this stage.

On Exchange

Once your solicitor has received your signed contract and deposit, the contracts will be exchanged. The seller's solicitor will hold a duplicate of the contract which will have been signed by the seller. In effect this means exchanging the actual contracts. On exchange, the actual completion date will also be set by writing the date in the contract. This date will have been agreed by both you and the seller. Once the contracts have been exchanged you are legally committed to buy the home.

If completion does not take place as a result of fault on your part there are potentially severe penalties, including the possible forfeiting of your deposit. Equally the seller will have to pay you compensation if they do fail to comply with the contract and do not move out.

It is a good idea to have at least one week between exchange and completion. Remember that during this time you will have to pack and finalise your moving arrangements. Until the contracts have been exchanged, you cannot be certain of the completion date.

Once a completion date has been set and the contracts have been exchanged, we will request your mortgage advance from your lender, assuming you are taking out a mortgage.

Completion Day

This is the day when the balance of the purchase money is electronically sent to the seller's solicitor to complete. The transfer and title deeds to transfer ownership will be sent to your solicitor by the seller's solicitor. You collect the keys and physically move into your new home. The contract will state the latest time completion can take place and this is the time when the balance of the purchase monies must reach the seller's solicitor on the day of completion. It is also the time by which the sellers should have moved out of the property thus giving vacant possession.

You should talk to your seller in advance about the arrangements you are going to make for handing over the keys. You can either ask the seller to leave the keys at the estate agents so that you can collect them once all formalities have been concluded, or you can ask the seller to hand the keys directly to you.

Congratulations –you are now the legal owner of your new home!!



Don't forget to notify people of your change of address!

Making your first Mortgage payment

On completion, your lender will write to you to confirm your first mortgage payment date. This is usually within one month of receiving the keys.



Buyer FAQ's

How much can I borrow?

The amount you are able to borrow will be based on your income and the size of your deposit. It is best to speak to a mortgage advisor and ideally get an agreement in principle from a lender before you start viewing, as this can help speed up the process.



How do I make an offer on a property?

You will need to contact your estate agent, who will take your offer to the seller. Alongside the price being offered, factors such as your ability to proceed will be taken into account. The offer will then be rejected, accepted, or negotiations will begin. If an offer is rejected another offer can be made.

What happens when an offer is accepted?

If you have already been given an agreement in principle by a lender, you should get in contact with them to start the process of formally submitting an application for the required amount. You should also instruct your solicitor to start the conveyancing process.

Is an accepted offer legally binding?

No. Either party can pull out of the sale without penalty up until the exchange of contracts (see below).

Do I need a solicitor?

Yes. They will act on your behalf throughout the purchase, liaising with the seller's solicitor during what can be a complex process.

How long will it take to complete the purchase?

As a rough guide, the transaction can be expected to take around 12 weeks to complete, but there are any number of factors that can affect this. One major factor is whether or not a chain exists. A chain is created when a person buying a property must first sell another in order to fund their move. It is possible for a chain with multiple parties to build up.

What other costs do I need to be aware of?

Solicitor's fees -These can vary quite widely so always ask for a quote before instructing one. An explanation of exactly what is included in the price should be provided.

Mortgage costs -When applying for a mortgage, the costs will typically include an arrangement fee based on the amount you borrow, as well as a valuation fee.

Stamp duty –This is a tax paid on all property sales over £125,000.

Is a survey required?

A survey is not legally required, however it is always advisable to have one completed.

There are three different types: A mortgage valuation –The lender will insist on carrying out a formal valuation to reassure them that the property is sufficient security against the loan. A homebuyer report –This is a detailed, visual inspection of the property. It should be conducted by a qualified surveyor and will highlight any issues that may require further investigation. A structural survey –This is required for older properties, or those that have undergone major structural changes or have been constructed from unusual materials.

What is exchange of contracts?

Both the seller and the buyer sign identical contracts, and then these are exchanged between the solicitors for each party. Here you will pay the deposit, typically 10% of the purchase price, which your solicitor will hold. At this point the sale becomes legally binding. The exchange of contracts will only happen when all enquiries have been answered and you, the seller and your respective solicitors are in agreement that everything is in order.

What happens at completion?

The monies for the sale -your deposit and the lender's sum -will be transferred to the seller's solicitor; only then is the sale complete. Congratulations -you now own the property.

When do I get the keys?

The keys are released at completion of the sale. Your agent will inform you when the keys are ready to collect from your local Northwood office.





There's a lot of specific words that you may not have come across before when buying a property, below is a list of the more common ones to hopefully simplify the process for you

Advance-A mortgage loan -an additional loan is referred to as a further advance

Architects Certificate-A certificate provided by an architect, which confirms their overseeing of the construction of a building. Building societies are unlikely to lend on a new-build house in the absence of either an architect's certificate or an NHBC warranty or equivalent.

Arrangement fee-The cost that a lender applies to secure a product.

Balance Outstanding-The amount of loan owed at a particular time.

Bank of England Base Rate-The Bank of England sets a rate each month known as the 'Base Rate'. Banks and Building Societies use the Base Rate to set the interest rates they pay on deposits, or charge on debts.

Bridging Loan / Bridging Finance-A temporary loan advanced to help somebody buy a new property before they have sold their existing one. Beware -it can prove very expensive in an uncertain market.

Buildings Insurance-Buildings insurance covers loss or damage to the physical structure of your home, for example, the roof, walls and floors. The value of your buildings insurance will be less than the value of your home as it is the cost to rebuild alone, not the cost of purchase.

Building Regulations-The health and safety requirements that any new construction must meet.

Building Society-A mutual institution owned by its investors and borrowers that provides a range of savings and mortgages.

Buy to Let-Is an income-producing residential investment, with the potential for making a capital gain when the property is sold. The key word here is 'potential'. Often, when yields are high, capital growth may fall and vice versa.

Cashback Mortgage-You receive a lump sum or a percentage of your mortgage in cash when you complete your mortgage. These are very rare.

Charge-An interest in the ownership of a property; usually a mortgage or some other debt secured against the property.

Completion-End of the purchase process. The seller moves out, the buyer moves in and ownership is transferred once the money is paid to the seller.

Contract-A document that describes the agreement under which the property will change hands.

Conveyancer-A person other than a solicitor who may conduct the conveyancing

Conveyancing-The process of transferring property from one party to another, usually managed by a solicitor or a licensed conveyancer.

Covenant-A condition, contained within the Title Deeds or lease, that the buyer must comply with, which is usually applied to all future owners of the property. A restrictive covenant is one that prohibits the owner from doing something specific. A binding promise in a deed to do or not to do something i.e. maintenance of a fence, or restrictions to trading from a premises

Debt Consolidation-The process of combining outstanding debts e.g. loans, credit cards etc, into one loan.

Deeds-Legal documents that show who owns a property or piece of land.

Defective Lease-A badly drafted lease. If this is serious, the vendor may have to obtain a deed of variation "getting the freeholders permission to change the original terms of the lease. This can be a lengthy process as it may affect other leaseholders.

Deposit (sales)-Sum of money which the buyer puts down to secure the mortgage loan after exchange of contracts, usually 5 to 10 per cent of the purchase price.

Disbursements-All the various costs for carrying out the legal work in relation to buying or re-mortgaging your home such as searches other than the legal costs.

Discharge-Paying off a mortgage.

Easements-A term given to a right which someone may enjoy over another property. These can be rights of way, drainage rights, or more likely access to a neighbour's land in order to carry out repairs to their own property.

Early Repayment Charge-A charge payable on some mortgages if they are repaid early (during an Early Repayment Charge period). The amount depends on the mortgage outstanding and the terms of the mortgage.

Energy Performance Certificate (EPC)-This is a legally required assessment of how energy efficient a residential property is. It is valid for 10 years and is required for all properties which are advertised for sale or rent with certain exceptions.

Enfranchisement -Leasehold Enfranchisement is simply the technical name given to the process by which tenants can, in certain circumstances, buy their freehold or acquire a new lease (often called a 'lease extension') from their landlords. Buying your freehold (also known as Collective Enfranchisement) under the The Leasehold Reform Housing and Urban Development Act 1993 gives tenants the right to acquire the freehold of their building. Subject to certain exclusions, tenants can exercise this right as long as at least 50% of the tenants in their building wish to proceed. The Act also gives individuals the right to a new lease (also known as lease extension or renewing a lease) and further right to tenants to acquire a lease extension of 90 years on top of the remaining length of the lease at a peppercorn rent (that is, rent free). Subject to certain exclusions, tenants can exercise this right if they have owned their flat for at least 2 years.

Equity-The difference between the value of a property and the amount of mortgage and / or secured loans owed.

Exchange of contracts-The point at which both buying and selling parties sign their copies of the contract which are exchanged by their respective legal representatives and are legally binding. The buyer usually pays a deposit at this point and the date of completion is agreed.

Financial Conduct Authority (FCA)-The FCA regulate the financial services industry in the UK. Their aim is to protect consumers, ensure the industry remains stable and promote healthy competition between financial services providers.

Fixed rate mortgage-A mortgage where the interest rate is fixed for a specific time. It then normally reverts back to a variable rate.

Fixtures and Fittings-Non-structural items included in the purchase of a property ranging from curtains to white goods and disclosed in the fixtures and fittings list.

Flexible Mortgage-An arrangement enabling the mortgage borrower to overpay, and with the overpayments that have been built up, borrow money back, take payment holidays or pay less in some months.

Flying Freehold-This can occur when first floor accommodation forming part of one freehold is located over ground floor accommodation forming part of another freehold. The first floor freeholder does not own the land beneath the property, and is then said to own a flying freehold”.

Freehold-Legal title that gives you absolute ownership of the land your property is on.

Full Structural Survey-A full structural survey looks at all the main features of the property, including walls, roof, foundations, plumbing, joinery, electrical wiring, drains, and garden.

Further Advance-An additional loan to your existing mortgage taken after the main mortgage has completed which is also secured against the property.

Gazumping-When a seller pulls out of a sale after accepting an offer above the asking price. Often mistakenly used by people who have made an offer below the asking price and where a higher offer is later accepted. If you don't offer the asking price, you may lose out.

Gazundering-A tactic whereby the buyer offers less than the agreed price just before exchange of contracts, usually at the last minute.

Ground Rent-The annual fee which a leaseholder pays to a freeholder.

Higher Lending Charge-This charge is payable (usually added on to your loan) if you borrow more, for example, than 90% of the valuation or purchase price of your property.

Home Buyers Report-This is an intermediate-level survey which is usually offered by the mortgage lender and prepared by their own surveyor. The homebuyer's report comments on the structural condition of most parts of the property that are readily accessible, but it does not involve in-depth investigation or the testing of water, drainage or heating systems.

Home Contents Insurance-A policy insuring household contents against theft and damage.

IFA-Independent Financial Advisor.

IDD / Initial Disclosure Document-This is a document designed to assist you in comparing the services provided and the fees and charges made by lenders and intermediaries.

Informal Tender-Requires competing buyers to submit their best bids by a specific time and date. It is not a legally binding contract and the vendor is at liberty to accept a higher offer at any time. Estate Agents are legally required to pass on all offers unless instructed not to do so in writing.

Joint Mortgage-A mortgage where there is more than one named individual responsible for the contract.

Key Facts Illustration (KFI)-This document contains key mortgage information which is designed to help you compare the costs and features of different mortgages from one or more lenders. It is designed to make it easy to compare mortgages at a glance.

Land Registry-A government organisation that holds records of all registered properties in England and Wales.

Land Registry Fee-A fee paid to the Land Registry to register your details if you have bought a property or changed mortgage lenders.

Leasehold-To be given ownership of a property but not the land it is built on. This normally requires payment of ground rent to the landlord. Length of lease varies and diminishes with time but can be renewed or extended –see Enfranchisement.

Life Assurance-Insurance which pays out on the death of the policy holder. Policies can run alongside your mortgage and will pay off all or part of the outstanding debt in the event of your death.

NHBC-National House Building Council. A warranty scheme for new properties providing cover against major structural defects for 10 years.

Ombudsman-An independent professional body which is set up by law to help settle individual disputes between consumers and firms, for example, estate agents, solicitors and insurance companies. There are now three ombudsman schemes.

Planning Permission-The permission granted by the local planning authority (usually the local council) for any new building or engineering operations or change of use of a building if it meets the public's interest.

Premium-The amount you pay regularly, monthly or annually, to an insurer for an insurance policy.

Product Fee-There may be a fee involved when you apply for a mortgage. This is to reserve the mortgage and to cover administration costs. Also known as an arrangement fee.

Redemption Figure–The amount required to discharge your outstanding mortgage at a fixed point in time. This will be the balance of your mortgage plus any early repayment fees or penalties which may apply.

Repayment Mortgage-Also known as a Capital and Interest mortgage. Your monthly payments pay off the interest and some of the capital borrowed. By the end of the term of your mortgage you will have paid off all your mortgage debt.

Retention-Holding back part of a mortgage loan until any repairs to the property are satisfactorily completed.

Sinking / Reserve Fund-When you buy a leasehold property, part of the service charge may be paid into a sinking fund. The sinking fund builds up over the years to cover future projects that may be needed to repair or improve the building. The freeholder or the property management company will be responsible for the service charge management and will notify leaseholders if part of the service charge will be paid into a sinking fund.

Sold Subject to Contract (STC)-This term refers to the fact an offer has been accepted by the vendor and that a sale is proceeding. It means the same as 'Under offer' or 'Sale agreed'

Stamp Duty Land Tax-A tax you must pay on a property when you buy it. The duty must be paid at the point of completion.

Settlement-caused by the weight of a new building/structure or part of it. Buildings are heavy things and, as their weight is taken up by the ground, a little movement caused by this adjustment sometimes occurs as the ground consolidates under the new load -this is settlement. It usually occurs early in the life of a building and rarely recurs, although, there are exceptions, for example, in soft clay soils. Settlement rarely causes problems, although differential settlement (differing degrees of settlement between connected parts of the same structure) can cause damage. Not to be confused with subsidence.

Subsidence-This results from external factors which cause the disruption, displacement, contraction or distortion of the ground under or around a building. Some of the more common causes include-

TREES -trees extract moisture from the ground which then contracts, particularly in shrinkable clay soils, causing buildings above to move (subside).

DRAINS -leaking drains can wash away or erode the adjacent ground which then partially collapses reducing the lateral (sideways) strength of the ground. The support provided by this ground will then be reduced causing any building above to move (subside).

There could be movement in the ground beneath your home if you find: New or expanding cracks in plasterwork; New or expanding cracks in outside brickwork or rendering; Sticking doors or windows; Rippling wallpaper with no other apparent cause e.g. damp.

Survey-A thorough report on the property you are planning to buy. This can be a full structural survey, a homebuyers report or a basic mortgage valuation.

Tenancy in Common-A form of ownership by two or more people in which, if one dies, their share of the property forms part of their estate and does not automatically pass to the other(s).

Tenure-A collective term which relates to the nature of the owners title to a property i.e. is it freehold or leasehold.

Title-The record of ownership of a property, the evidence of which is found in the title deeds.

Tracker Mortgages-Tracker mortgage normally follow movements in the base rate set by the Bank of England. The interest rate is then set at a constant level above or below the base rate, rising and falling in line with any changes during the tracking period. This means that if the base rate falls, the amount you pay falls. Likewise, if the base rate goes up, so will your payments. Tracker mortgages tend to be for a set period of time, say five years, after which you usually transfer to a new tracker rate, or to a different type of rate altogether.

Transfer Deeds-The Land Registry document that transfers legal ownership from seller to buyer.

Under Offer-A term applied to a property for which the seller has provisionally accepted the buyer's offer subject to contract.

Valuation-A valuation of the property for mortgage purposes to ensure that the property is worth the amount requested for a mortgage

Valuation Fee-The charge for the valuation of the property.

Variable Interest Rate-Rate of interest payment that fluctuates over time with general interest rates.
Vendor-The seller of a property or piece of land.



Home Improvements?.....

Whilst you have chosen your new dream home I'm sure there are some changes you would like to make no matter how small to put your own stamp on it!
For a free, no obligation quote, our sister company can let you know how much those changes might cost and do the work for you



- Building services including joinery, plastering & decorating
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Andy & Angie are both aged 35, they are non-smokers and their rent is £700 p/mth. Statutory Sick Pay is only £368 p/mth. (only applicable to employed)*

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