Your

Finance Matters

Financial Magazine

Vegan Mortgage Adviser

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YOUR WINDOW ON FINANCIAL MATTERS

INSIDE THIS ISSUE

OVER 40% OF BUYERS STRESSED BY THE MORTGAGE PROCESS, DON'T BE ONE OF THEM

Buying a home is, as we all know, high on the list of life events that are exhilarating and stress-inducing in equal measure.

A recent industry survey [1] showed that 41% of people felt stressed by the mortgage process, so here are some top tips to help you make a success of your property purchase.

MAKE SURE YOU SAVE AND SAVE

In most cases, the bigger the deposit you can put down, the lower your interest rate is likely to be. Don't forget you'll need to pay other charges like legal fees and survey costs too.

WORK OUT WHERE YOUR MONEY GOES

It pays to take a long hard look at your income and outgoings; any lender considering your mortgage application will expect you to be on top of your bills and to be able to afford your monthly mortgage payments. Now is the time to cut back on subscriptions you don't use and keep a keen eye on how much you spend on things like entertainment and meals out.

CHECK YOUR CREDIT SCORE

Lenders will expect you to have a healthy credit score. A higher score usually means you are a lower risk; the more points you score the better the chances that you'll get credit at better rates.

GET ADVICE

Getting advice will save you time, money and stress. We are on your side, have access to a wide range of mortgage deals, know the industry and can offer useful advice on all aspects of the house buying process.

We will be able to help you get an in-principle decision from a lender, which will give a seller the confidence that you are a serious purchaser.

GET TO KNOW AN ESTATE AGENT

First-time buyers with mortgage offers in place are attractive to sellers as they can proceed more quickly than another buyer who has yet to sell. Make sure that your estate agent is aware of your position, so they can pass this information on to sellers.

DON'T FORGET TO GET A SURVEY DONE

Once you've found somewhere you want to buy, make sure you get it checked out by a surveyor. They'll look out for structural problems that could be expensive to remedy.

[1] Trussle, 2018

GOVERNMENT PLANS TO STREAMLINE HOUSE SALES

The government has committed to making the home buying and selling process quicker, cheaper and less stressful. In April, the then housing secretary Sajid Javid announced a programme of measures designed to streamline property sales.

Under the proposals, estate agents will be required to obtain professional qualifications, and the practice of gazumping, where higher offers are accepted after a sale has already been agreed, will be actively discouraged by the introduction of voluntary reservation agreements. (The existing process in Scotland already makes gazumping less likely there.)

Local authority searches will be subject to a time limit, meaning that solicitors acting for buyers should be able to obtain the information they need within 10 days. Managing agents and freeholders will be required to provide lease information for a set fee within an agreed timescale.

To ensure that buyers and sellers are better informed about the property process, a series of guides will be published that will cover the key facts about the stages involved. These will also set out pertinent questions that anyone buying or selling should ask to help ensure their property transaction proceeds smoothly.

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MORTGAGE OPTIONS FOR THE OVER 55s

Following the Mortgage Market Review in 2014, banks and building societies were required to adopt stricter lending criteria and affordability checks, and as a result many lenders restricted both their maximum borrowing and repayment age.

FACTORS TO TAKE INTO CONSIDERATION

Whatever their age and circumstances, older borrowers will need to go through the usual checks to ensure they can afford to make their monthly mortgage repayments. They will need to show proof of income and declare all outgoings, including any debts.

Lenders will need to consider issues that could affect an older borrower's income, such as their state of health, and in the case of joint borrowers, what would happen to their finances if one of them were to die.

On the other side of the coin, older borrowers can often be free of other commitments that can burden younger borrowers – they are further into their careers and probably earn more, their children may have left home, and many may have already come into money through a family inheritance. Plus, it can be easier for a lender to assess whether a loan is affordable in the case of a potential borrower who is in receipt of a pension, as opposed to one who is likely to retire half way through the mortgage term.

TAKING ADVICE IS KEY

Getting advice from a mortgage adviser can really help. We know the lenders in the marketplace and the criteria they operate under, and so are able to ensure that your application goes to one that caters for your specific mortgage needs.

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YOU ARE INSURED, AREN'T YOU?

If you're a homeowner, it makes sense to have plans in place that protect you, your family and your home. Insurance policies are designed to provide financial safeguards and valuable peace of mind.

LIFE INSURANCE TAILORED TO YOUR NEEDS

Life policies provide a tax-free cash lump sum for those you leave behind in the event of your death. If you have a mortgage, it's a big financial responsibility and no one would want to leave their family with money worries at a sad and difficult time.

There are other types of plan that protect growing families, such as critical illness cover, which means that if you are diagnosed with a serious illness as defined in your policy, there's a cash payout to help alleviate financial worries. Income protection policies provide an income should you suffer an accident or illness and be unable to work. Accident, sickness and unemployment policies

provide a monthly payout that would help pay your mortgage and other living costs in the event of an accident, sickness or involuntary unemployment.

PROTECTION FOR YOUR VALUABLE POSSESSIONS

Buildings insurance covers you for damage to the structure of your home. When you take out a mortgage, your lender will require that you have buildings insurance in place, and that it covers the cost of rebuilding the property and its permanent fixtures and fittings. The rebuilding cost isn't the same as your property's market value, it's generally a lower figure which will be detailed in your lender's valuation report or arrived at by using an online calculator.

Unlike buildings insurance, mortgage lenders don't insist that you have cover for your home contents; however, it makes sense to protect them against risks like burglary, fire and flood. You can also arrange insurance for valuable items like jewellery, and those belongings you use away from home, such as laptops.

If you could use some help in ensuring you have the right protection policies for your needs, do get in touch.

HOMEOWNERS CHOOSING TO IMPROVE RATHER THAN MOVE

Once upon a time, homeowners moved four times after their first purchase; now it's more like twice. New evidence suggests that in England and Wales, many more of us are putting down roots and choosing to stay in our current homes for longer.

Research[1] carried out by Dr Ian Shuttleworth of Queen's University Belfast points to a major cultural change, and highlights that at least a million fewer people moved between 2001 and 2011 compared with 1971 to 1981.

STAYING PUT AND RENOVATING

This trend is borne out by recent research from insurer Hiscox[2]. They have identified a five-fold increase in the number of homeowners who have chosen to renovate their existing home in the last five years. The choice to renovate rather than move is likely to be influenced by a range of factors such as the continued rise in house prices in some regions, predicted rises in interest rates, the additional costs such as stamp duty, the lack of suitable property on the market, tighter mortgage lending criteria and the economic uncertainty that arose after Brexit. In addition, in some parts of the country property prices have hardly moved, meaning that families can find themselves held back because they have made little or no profit on their existing home.

In 2013, the research[2] showed that just 3% of homeowners chose to improve as an alternative to moving, but five years later, this figure has risen to 15%. Local council figures show that requests for planning permission have risen by 29% in the last ten years.

OUTWARDS AND DOWNWARDS

People are increasingly looking to adapt their property to meet their changing needs, with an extra bedroom high on the agenda of many families. Unsurprisingly, loft extensions

head the list of alterations having increased the most, up by 114%. As reports in the media have highlighted, digging out basements to create extra accommodation is becoming increasingly popular, especially in fashionable parts of London.

[1]Queen's University Belfast, Fewer people moved house in the '00s than the '70s, 2018

[2]Hiscox, Renovations and Extensions Report, 2018

STAMP DUTY PENALISES OLDER PEOPLE FOR MOVING

Think tank, the Adam Smith Institute, believes that Stamp Duty Land Tax, to give stamp duty its full name, should be scrapped. Amongst many reasons why they think it should be abolished is the belief that its existence prevents older people from downsizing.

The prospect of paying stamp duty on a smaller home acts as a disincentive. For example, when buying a retirement property priced at £250,000, stamp duty adds another £2,500 to the cost of moving home, along with solicitor's fees, surveys, valuations and removal costs. (Figures differ under Land and Buildings Transaction Tax in Scotland and Land Transaction Tax in Wales.)

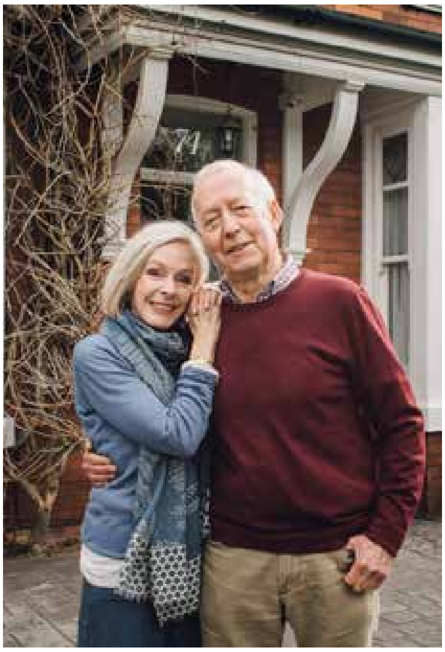
Those looking to raise cash to bolster retirement income are increasingly turning to equity release. It represents a way of accessing some of the value tied up in a property that avoids all the costs and upheaval of downsizing to a smaller property. With equity release, although there are set-up fees, most of the costs are delayed until you die or go into permanent residential care.

It's important to remember that equity release means in most cases that the loan you take out against the equity tied up in your property will increase over time as interest is rolled up. When you die, the property will be sold, and the loan repaid. Although interest rates on equity release plans are higher than on a conventional mortgage, with average interest rates having fallen over the last few years, equity release has become more attractive to many.

It is however important to discuss equity release with your family as it will have an impact on the amount that they are likely to inherit.

INTEREST-ONLY MORTGAGES

Equity release is increasingly coming to the aid of those approaching retirement with an interest-only mortgage where they do not have the funds to pay back the capital on maturity and their retirement income may not cover ongoing interest costs. Whilst they may not have paid off any capital, they have probably built up equity, offering them a lifeline that allows



them to stay on in their home.

Think carefully before securing other debts against your home. Equity released from your home will be secured against it. Your home may be repossessed if you do not keep up repayments.

WHY THE CHEAPEST MORTGAGE DEAL MIGHT NOT BE RIGHT FOR YOU

Buying a house involves making lots of choices, and some can be simpler to make than others. Finding the right house in the right location can be the easy part, choosing the best and most suitable mortgage deal for your financial circumstances can prove to be more of a headache.

There are hundreds of different mortgage deals available in the market, so how do you know which one represents the best deal? The market is very competitive and if you aren't familiar with the way it works it can be hard to understand what is on offer.

It's hardly surprising then that so many people are choosing to work with a mortgage adviser to ensure they get the mortgage that's best suited to their needs. Taking out a mortgage and buying a property is a big responsibility, and it can be a stressful time. So, it helps to work with someone who shares your commitment in making it all go as smoothly as possible.

HOW TO GET THE BEST DEAL

Like properties, mortgages come in all shapes and sizes. There are many different types to choose from (fixed, variable, tracker, and that's just for starters). You'll also find that lenders offer mortgages with different interest rates that can be fixed for various time periods. There are also special deals on offer that include extras such as survey fees, legal costs or cashback arrangements.

Looking just at the interest rate that's being charged can be misleading. Although a low rate can look enticing, you also need to check out what the fees and charges are as these could be high, meaning you'll end up paying more which could make the deal less cost-efficient.

GETTING GOOD ADVICE PAYS

Working with us will save you time, money and stress. We will be able to compare the deals available from various lenders, taking into consideration things like fees and charges that will affect the overall cost of your mortgage. We will ensure that your mortgage application goes to the most appropriate lender. What's more, we are on hand from start to finish and can provide help with many aspects of the house-buying process, like getting your offer accepted, finding solicitors and organising property surveys. You'll also be able to get good advice about putting protection policies in place. These are designed to provide financial safeguards that mean your mortgage would be paid if you experienced one of life's unexpected events.

So, if you're a first-time buyer, second-stepper, re-mortgager or would-be buy-to-let landlord looking for professional mortgage advice, why not put us to the test?

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

LIFE INSURANCE – IS IT TIME TO REVIEW YOUR PLANS?

We all experience life-changing events such as moving to a new home and taking out a bigger mortgage, getting married, having children, retiring, but how many of us remember to update our protection policies to cover the financial commitments these all bring to our lives? It's easy to overlook the need to review your cover when your life moves into a different gear.

Do you have the right type of cover for your needs?

However, forgetting to review your cover could mean that your family wouldn't have sufficient money to repay the mortgage and meet the bills if something unexpected were to happen to you. It could also be the case that the type of policy you currently have has been superseded and there may now be more cost-effective options available to you.

Life insurance policies combined with other cover can protect your finances, your home, and your family in the event of incapacity, a serious illness, an accident or death, so it's important to make sure that as your life changes, your cover changes to match your circumstances.

IF YOU WOULD LIKE ADVICE OR INFORMATION ON ANY OF THE AREAS HIGHLIGHTED IN THIS NEWSLETTER, PLEASE GET IN TOUCH.