Quercus
Mortgage & Financial Solutions

Stronger Together

First Time Buyer Guide

All you need to know before you buy your first home

Head Office: 0208 1763176

www.quercusmortgages.co.uk

info@quercusmortgages.co.uk

BECOMING A FIRST TIME BUYER

Would you like to know how to buy your first home? We can help you - and make it easy to understand!

This guide will walk you through the process.

We believe in the personal touch and that everybody has the right to expert, impartial advice in a timely manner.

At Quercus Mortgages & Financial Solutions we understand the unique complexities of each type of mortgage and we do all the hard work so you don't have to. We aim to give you honest advice to alleviate your concerns and help you to move forward. We work as a team to ensure to you get the service you deserve.

Stronger Together

Our mission is to stop you wasting time and money on lending products that may appear attractive at first glance but ultimately will not accept you due to their strict underwriting criteria.

Are you frustrated by the wide spread of differing information you see on the internet?

Are you struggling to find the time to do the extensive research required the get the most competitive rate from a lender who will accept you?

Is your complex situation making you feel like you can't get a mortgage?

We understand your frustrations and we want to help you. Please pick up the phone to arrange an appointment today.

www.quercusmortgages.co.uk

THINGS TO CONSIDER

Buying your first home is a big step and a huge commitment. However, if you remain realistic, do your research and follow key guidelines, the process will seem a lot less daunting.

Be Realistic

Be realistic about what you can afford. We will help you to complete a Detailed Income and Expenditure form. This will be used to outline your options.

Consider the additional services you may require and fees you will need to pay; for example, Stamp Duty Land Tax /Land Transaction Tax, conveyancing and arrangement fees. We will discuss all of this with you.

Remain flexible

Be flexible about the type of home you want and its location. Explore all the possibilities but think about the repercussions on your expenses – including purchase costs, travel and insurances.

In terms of location, what is most important to you? Do you need to be close to a school, shops or work? How might your needs change over time? Bear in mind that you may want to sell one day, so take a long-term view in terms of your property.

Investigate other purchase options such as property auctions. Auctions may provide the opportunity to acquire property below market value. However, it is sensible to have a survey carried out and finance agreed before the auction. Buyers should also be fully aware of the terms and conditions of the auction before bidding.

Ask for Help

Only you can make personal decisions when it comes to asking for financial help. It might be that somebody close to you could help with a deposit or act as a guarantor.

Ask an experienced home-buyer to go with you to look at properties.

Before you make an offer on a property, get some advice on what approach to take. We can give you tips on how to get the best price and what things you should consider.

Remember, we are here to help you every step of the way; ask as many questions as you want.

Making an offer on your dream home

Before you make an offer on a property, ask for advice on the best approach to take. Here are a few tips for you to consider: Look at the prices of similar properties in the area, and how quickly they are selling – it will help you to gauge a realistic amount to offer. Agree in writing which fixtures and fittings will be included so that there is no confusion later on.

Consider asking the seller to take their house off the market once your offer is accepted. They don’t have to agree but it would show that they are serious about accepting your offer.

WHAT IS A MORTGAGE

The majority of buyers require a loan to purchase a property. This loan is known as a mortgage.

Mortgages can be obtained from banks, building societies and mortgage lenders. They will assess your circumstances and lend you an amount that you can realistically afford to repay. They will charge interest on the loan and you will have an agreed time span (mortgage term) to repay the amount borrowed.

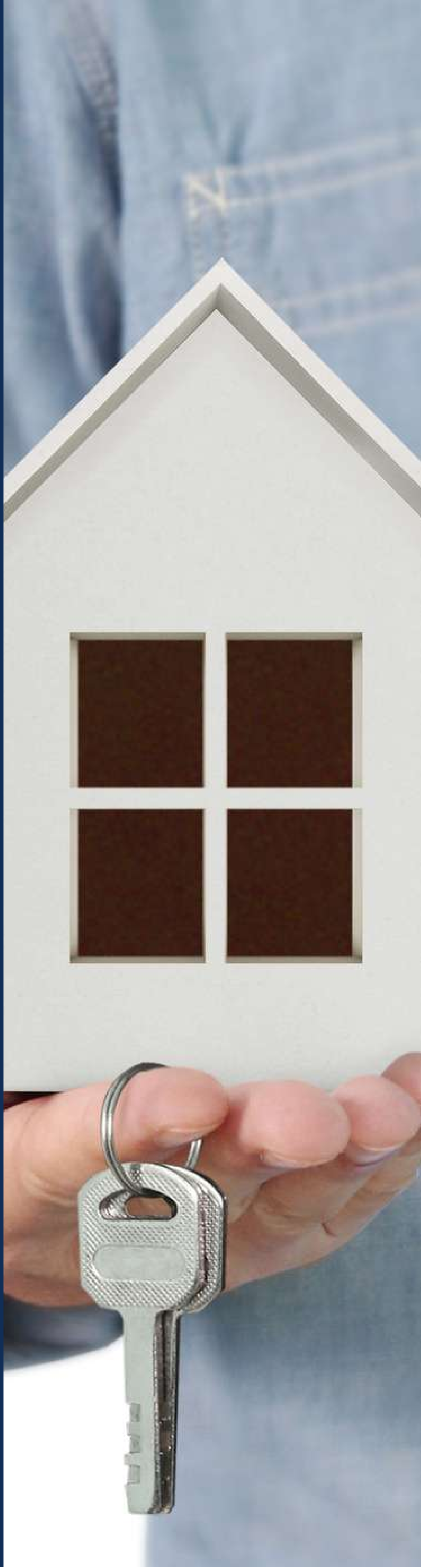
It is important to understand that the interest rate can and will change over the duration of the loan.

Deposits:
Usually the lender will want to see that you can provide a deposit. However, that deposit may be as little as 5% of the property's market value.

If you are able to raise a 5% deposit, you will be
be looking at a mortgage with 95% Loan to Value (LTV).

Loan to value is the loan amount expressed as a percentage of the property value. For example with 95% LTV on a £100,000 house, you would need a 5% deposit, i.e. £5,000, and your loan amount would be £95,000.

If you can raise a bigger deposit, your loan amount will be reduced and you'll be on a lower LTV. Generally, this means you will pay less interest.



CHOOSING THE RIGHT MORTGAGE

When buying your first home, it is important that you choose a mortgage that you are comfortable with. With so many lenders and mortgage products available, it's easy to become confused. That's why we are here to help.

There are several key things to consider when choosing your mortgage:

- How much can you afford to borrow and repay on a monthly basis?
- How long should your mortgage term be?
- Which repayment option is best for you?
- Which type of mortgage is most suitable for your circumstances?

How much to borrow:

The amount you are able to borrow is dependent on a number of factors, so you will need to consider the cost of moving, your monthly income and expenditure and your credit history.

We will:

- Help complete the 'Costs to Consider document'. It will assist you in understanding the costs associated with buying your home and prompt you to carry out your own research so that the estimated total cost is as accurate as possible.
- Carry out an income and expenditure analysis.
- Review your payslips, bank statements and other financial evidence. This will give you an indication of how much you can realistically afford to pay each month for your mortgage.

Mortgage term:

We can help you to find the right number of years (term) over which to repay your mortgage. If you spread your mortgage over a longer term, your monthly repayments will be lower. However, please note that the longer your mortgage term, the more interest you will have to pay the lender.

Repayment options

There are two main mortgage repayment options available to you: repayment and interest only. The availability of both will depend upon your circumstances. Please note that part repayment part interest only mortgages may also be available. We can discuss this with you.

The repayment mortgage:
Each monthly repayment to your lender consists of capital and interest. Gradually your loan reduces, building up equity in your home. At the end of the term, your mortgage loan will be repaid, providing you keep up your monthly repayments. Therefore, this is the safest type of mortgage. nterest only mortgage

Interest only mortgage:
Each monthly payment to your lender consists of interest alone. Therefore, at the end of the term you will still owe 100% of your mortgage amount borrowed. As no capital repayments are made during the term, monthly costs could be lower.

It is your responsibility to ensure an adequate repayment plan is in place to repay the mortgage at the end of the term. This is likely to be some form of investment or savings plan.

It is your responsibility to monitor the performance of any investment or savings plans performance to ensure they will provide sufficient funds to repay the capital amount borrowed. Making this higher risk than a repayment mortgage.

This type of mortgage is not available from all lenders.

TYPES OF MORTGAGES

You have several options, each of which has advantages and disadvantages.

Type	Description	Advantages	Disadvantages
Fixed	The same monthly payments for the initial period (usually 2, 3 or 5 years). After this period, the rate usually reverts to a variable rate.	Easy to plan as exact costs are known. Payments cannot increase during the initial fixed period.	During the fixed period, payments cannot decrease and early repayment charges may apply.
Variable	The rate will be driven largely by the economy and the market. The lender decides their current rate, which you pay – this does change.	You may benefit from rate reductions and pay less each month. No Early Repayment charges during the term.	Rates may increase and therefore you will pay more each month. Hard to budget.
Tracker	The rate charged is a certain percentage above or below the Bank of England Base Rate for a period of time.	Immediate rate reductions = you pay less. Payments reflect the interest rates of the time.	Immediate rate increases = you pay more. There is no protection from this. Hard to budget.
Capped	This has an upper limit (the cap) for the interest rate but not a lower limit. They are normally a type of variable mortgage.	You get the security of knowing that your payments won't go above a certain level but they can go down if interest rates reduce.	Capped rates can be more expensive than the best tracker or discounted rates; you pay for the security of an upper limit.
Discount	A special offer set below the lender's standard variable rate (SVR) for a fixed period. It's a type of variable rate and your payments can go up and down.	When interest rates are low, your payments will be lower.	If interest rates go up, so will your payments so budgeting is difficult.
Offset	Your savings will be "offset" against the value of your mortgage; you'll only pay interest on your mortgage balance minus your savings balance.	Reduced interest charged on the mortgage. With the interest saved you could shorten your mortgage term or make lower monthly payments.	Mortgage payments may go up if you make a withdrawal from your savings. You cannot earn interest from your savings payment.

IS THERE MORE YOU NEED TO CONSIDER?

- Some mortgages carry early repayment charges.
- Some mortgages are more flexible in that they are portable, they include repayment holidays, or allow you to make under/overpayments.
- Some mortgages have booking and/or arrangement fees.
- Some mortgages are collared. This means that the interest rate will not fall below a set lower limit, even if the Bank Base Rate is lower than this.
- Some mortgages include a charge for the valuation on your home.
- Some mortgages offer cashback, which can be used to help pay for other fees.

How can you compare mortgage deals?
It is a good idea to look at the Annual Percentage Rate of Charge (APRC), as well as the main interest rate, to help you to compare deals. The APRC was introduced as a way to illustrate the total cost of your mortgage. It represents the total cost of the mortgage (expressed as a percentage of the amount borrowed and all other costs) over the full term of the mortgage.

The APRC is calculated using:

- The introductory offer rate
- The standard variable rate that your mortgage will transfer to once your introductory offer ends (typically after 2, 3, or 5 years)
- All mortgage related fees
- The term of your mortgage

It is important to remember that the APRC is based on you keeping that mortgage for the entire term. If you intend to transfer to a new rate once your introductory offer rates come to an end, it might be better to use the initial interest rate as the primary indicator of the best mortgage deal for you.

We will use the APRC, along with many other factors, to help determine which the most suitable deal is for you.

OPTIONS TO SPREAD THE COST

Buying a home is likely to be the biggest single purchase you make in a lifetime however, there are ways to manage the costs. You have many options available to you, so please consider the following carefully

Buy with somebody else
This is usually called a 'joint mortgage' and you have two options for ownership. You can own the property equally or you can each own a share in the property (this can be an equal share or one can own more than the other). Buying with parents, friends, a colleague or a partner can ease the financial pressure however, relationships can change and circumstances may alter.

Think hard before buying with another person; it may be advisable to have a legal contract in place. Use a guarantor This is where somebody – usually a parent – agrees to what is called a 'guarantor mortgage'. In this instance, your guarantor would commit to covering the cost of your mortgage repayments if you are unable to do so. Not all lenders offer this type of mortgage and the guarantor will need to seek independent advice.

Shared ownership
This allows you to own a 'share' in a property. The remainder of the property is owned by another party, usually a housing association. You are required to pay rent on the proportion owned by the other party as well as your own mortgage payments. In many circumstances, you can purchase more of the property as and when your financial situation improves.This is called 'staircasing'.

Government schemes Help-to-Buy: Shared Equity Loans
The Government lends you up to 20% of the cost of your new-build home (up to 40% in London), so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest. You do not pay any interest on the equity loan for the first 5 years but will start to pay interest in year 6.

Please speak to us about full terms and conditions including regional Equity Loan price caps, eligibility and how to apply.

YOUR PROTECTION

It is important to keep you, your family and your home safe and secure.

Buildings Insurance
Buildings insurance is a condition of most mortgages. Specific cover varies from provider to provider and it is vital that you have the correct cover in place for your new home.

Contents Insurance
Contents insurance covers your belongings if they are damaged, lost or stolen due to a variety of risks such as fire, flood or theft. Also, you can choose from optional extras, such as accidental damage to contents, pedal cycles, personal possessions away from the home, home emergency or legal expenses.

Accident, Sickness and Unemployment This cover can help you to continue to meet your mortgage repayments for a period of up to 12 months per claim if you are unable to work due to an accident, sickness or involuntary unemployment.

Life Insurance
If you die or are diagnosed with a terminal illness before your cover ends, a Life Insurance policy can pay out a lump sum (or monthly instalments if family income cover is selected). Life Insurance could help towards the outstanding balance of your mortgage and/or provide for your your family’s future.

Critical Illness Cover
Critical illness cover is designed to pay out a lump sum, or monthly benefit if selected, if you suffer one of a range of illnesses covered by your policy. It can be tailored to suit your needs and also provide cover for your children. Conditions covered will vary from provider to provider.

Income Protection
If you are unable to work due to an accident or sickness, Income Protection is designed to help replace your lost income with a monthly payment, until you are able to return to work or your policy ends.

ADDITIONAL SERVICES

Conveyancing services

Once you have found your dream home, you will be eager to get through all the paperwork and move in. Therefore, choosing the right conveyancer is very important; their expert knowledge will be key to a fast and efficient transaction. Conveyancing is the legal process of transferring home ownership from one person to another. The process starts when your offer on a house is accepted and will ensure: The property you are buying is correctly recorded in the name of the new owner. The property has been transferred free of any mortgages and liabilities relating to the previous owner. The property has all the necessary rights of way and planning consents that you will need. Quercus Mortgage & Financial Solutions's panel of law firms are specialist property lawyers which contain the biggest names in residential conveyancing. Their lawyers are experts in their field and are available to work on your case. For more information on how they can help you, please speak to your Mortgage and Protection Broker.
Conveyancing and surveys are not regulated by the Financial Conduct Authority.

Valuations and surveys

A mortgage valuation is different to a survey. It is a limited inspection for your lender's purpose only. It is required so the lender can assess the risk of lending money against the property. The lender may not disclose the valuation or report to you if it does not affect the amount you are borrowing.

HomeBuyer survey

This is suitable for standard and smaller properties and will include a valuation. It will highlight significant and urgent matters in a traffic light format (to show importance), so you know what you need to do before you agree to exchange contracts.

Building survey

This is suitable for any property type, including listed, unusual properties or those requiring renovation, but is typically for larger or older properties. This survey will provide comments on defects and their cause, and give advice on remedial measures required. However, it will not include a valuation and it is not a structural report. A survey can help you renegotiate the purchase price and plan the works you may need to carry out on your new home. For more information, please speak to us here at Quercus.

YOUR MORTGAGE AND PROTECTION JOURNEY

During your mortgage and protection journey, your Mortgage and Protection Consultant will:

- Equip you for your mortgage and protection journey ahead.
- Highlight and explain the costs involved.
- Select a suitable lender and mortgage product that meets your needs.
- Tailor a recommendation that suits your short, medium and long term goals.
- Confirm your borrowing potential to make an offer on your new home.
- Help protect you and your family against unexpected events.
- Help process your paperwork to ensure a seamless application.
- Keep you updated every step of the way.
- Provide support for all your property needs, both now and in the future.

STEPS

1. Your Needs: Get an Agreement in Principle from an appropriate lender, suitable to your needs
2. Protection: Consider your protection needs and discuss conveyancing.
3. Perfect Home: With our help, find your ideal home. Speak to us for advice and make an offer.
4. Your Decisions: Finalise your mortgage and protection arrangements.
5. Valuation: A survey/valuation is carried out and local searches undertaken
6. Mortgage Offer: A mortgage offer is made by your chosen lender.
7. Final Checks: Speak to us to ensure all arrangements are in place before exchange.
8. Exchange of contracts: You and the seller are now legally bound to go ahead with the move.
9. Completion: All money is transferred and you will receive the keys to your new home.

STAYING IN TOUCH

Part of the ongoing service that Quercus Mortgage & Financial Solutions provide to all of its customers is the opportunity of a mortgage review.

Prior to the end of the initial incentive period on your current mortgage, we will review the options available to you before you revert to your lender's standard variable rate.

Our Mortgage and Protection Brokers offer a straight forward, no obligation mortgage review. We use a panel of UK lenders who offer a wide range of remortgage products - some of which may be exclusive to us. We will ensure that we get the right product to suit your circumstances. We will contact you towards the end of your mortgage incentive period.

However, if you have any questions or queries at any time, please do not hesitate to contact us directly on:

Harrogate office – 01423 317002
Leamington Spa office – 01926 757368
London office - 0208 1763176

info@quercusmortgages.co.uk
www.quercusmortgages.co.uk

Stronger Together

Agreement in Principle (AIP); This involves a full credit check by a lender before they confirm in writing how much they are prepared to lend to you. Please note that the AIP is initial confirmation only; at this point your mortgage is not guaranteed and will be subject to further underwriting.

Arrangement fee; This fee may be charged on specific products and is usually payable in advance or, in certain circumstances, added to the loan. The fee covers the administrative expenses incurred by the lender whilst processing an application.

Bank Base Rate (BBR); Every month the Monetary Policy Committee sets the Bank of England's Base Rate. All mortgage rates are linked to this directly or indirectly.

Cashback; You will receive cash after completion when you take out a mortgage with cashback. The cashback sum may be a proportion of the amount you're borrowing or may be a fixed amount. Please note, cashback mortgages often charge a higher interest rate than other mortgages.

Completion / Conclusion of missives; The moment when property transfer has legally taken place; all documentation has been completed and funds have been transferred from the buyer to the seller (usually via their respective solicitors). In Scotland, the conclusion of missives marks the completion of contract negotiations.

Deposit; The amount you have to pay upfront towards the purchase price of the property.

Early repayment charge (ERC); This is a charge made on certain mortgages when all or part of the loan is repaid within a set period. Usually it applies on a pro rata (i.e. proportional) basis when capital repayments are made in addition to the agreed monthly payments. Many ERC periods are linked to offers for capped, discounted or fixed rate periods.

Exchange of Contracts; The stage in England, Wales and Northern Ireland when the deposit is paid and both parties are legally bound to fulfil the agreed conditions of sale and purchase.

Loan to value (LTV); The loan amount expressed as a percentage of the property value. For instance, a £100,000 property bought with a mortgage of £70,000 has an LTV of 70%. In most circumstances, the higher the LTV, the higher the interest rate charged will be.

Stamp Duty Land Tax /Land Transaction Tax; This is a Government tax charged on the proportion of property price that falls within a particular rate band. The Tax will depend on whether you live in England or Wales. To find out the current rates and bandings search for 'Land Tax' on www.gov.uk (for England) and www.gov.wales (for Wales).

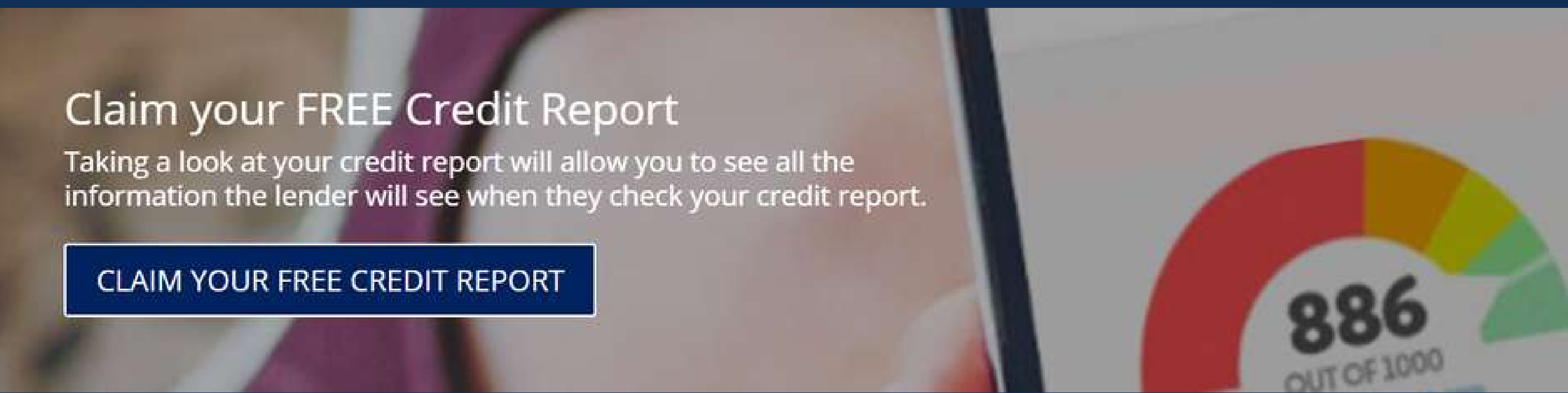
Standard variable rate (SVR); A variable rate decided entirely by the lender, unless it is linked to Libor or the Bank of England Base Rate. The SVR is the rate the mortgage will change to at the end of any special-offer period (the SVR might start at the end of the period during which your mortgage has been capped, discounted or fixed).

Quercus

Mortgage & Financial Solutions

Think carefully before securing debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage or any other debt secured on it.

Quercus Mortgage and Financial Solutions Ltd is an appointed representative of The Right Mortgage Limited which is authorised and regulated by the Financial Conduct Authority. Quercus Mortgage and Financial Solutions Ltd is a registered company in England and Wales (registration number 14594651). The registered address is 4th Floor, Silverstream House, 45 Fitzroy Street, London, England, W1T 6EB



To download your Credit Files as seen by lenders, click the link above for your free 30 day trial. If you want to subscribe, it could cost £14.99pm thereafter. We will receive a small fee or commission from CheckMyFile for any referrals.