

# Welcome To HOW TO GET ONTO THE PROPERTY LADDER



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HomeOwners  
Alliance

We're on your side, offering independent advice and services

**[www.hoa.org.uk](http://www.hoa.org.uk)**

Paula Higgins

Founder and Chief Executive



# HomeOwners Alliance

**We're on your side**

**We exist to make buying, selling, managing and improving your home easier and to help save you money**

Arm yourself with our free independent guides, checklists and top tips

Avoid the pitfalls with our clever questions to ask the estate agents, banks, solicitors and more

Safeguard your cash – check your tradesmen, use our cool planning tool and more

Get our free newsletter with a market-wide review of house prices in your area and all the latest tips for your situation. It's news you can use

Check out our campaigns. We are fighting to get homeowners a better deal

**[www.hoa.org.uk](http://www.hoa.org.uk)**



HOA's expert answer included practical advice tailored to my situation

*Evelyn, Daventry*



With the launch of the HomeOwners Alliance, British property owners finally have an ally

*Sunday Times*

Your team of independent experts helped me get thorough answers without paying out each time

*Mike, Edenbridge*





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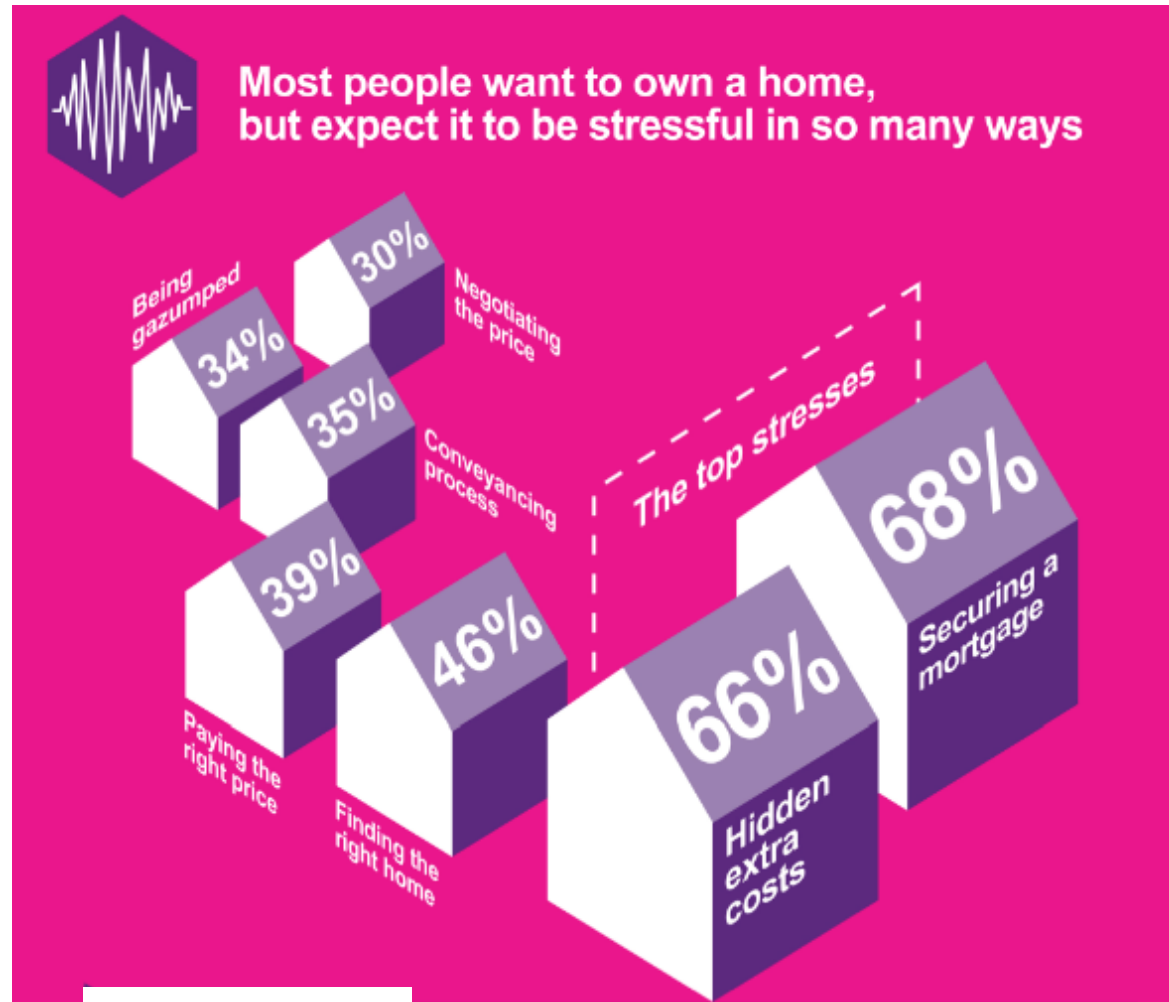
We're on your side, offering independent advice and services

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# The Savvy First Time Buyer

Angela Kerr, Director

# Conducted research to understand first time buyer stresses





# Found that trust is an issue for first time buyers too



**YouGov**<sup>®</sup>  
What the world thinks



HomeOwners  
Alliance

# What to watch for with mortgages

- Research! Get your head round the mortgage basics
- Use online comparison tables to get a picture of what's on offer with your deposit
- Engage a fee-free mortgage broker to check the market for you
- Ask whether they are whole of market
- Ask about mortgage arrangement fee and valuation fee and when they will be charged
- Shop around for insurance products



# What to watch for on your property search

- Sign up for alerts
- Biggest regret: not buying big enough
- Future proof your purchase
  - New build: plan to stay for at least five years
  - Room to grow with you?
  - Can you sublet the other room?
- Is the property leasehold or freehold?





# Getting estate agents on your side

## Face to face meetings help

*Don't be a faceless name*



## Demonstrate you're a serious buyer from the start

*Get a mortgage in principle, know what you want*

## Swap contact details & keep in touch

*Name, mobile, email so dealing with individual not whole office – but not your whole financial situation*

## Free up time to view properties

*You're going to have to put yourself out for a few months to find the right place.*

## Watch out for Referrals to a solicitor, surveyor, broker...

*You're under no obligation and the agent often gets a referral fee which you end up paying for. Shop around.*



TheNetLocation.com



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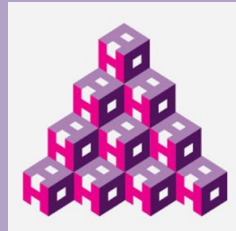
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# John Charcol

The independent mortgage experts

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## Tailor-made Mortgages

Prepared for

KPMG

Frederick Kay, Senior Mortgage Broker

# An Introduction



- 
- The UK's leading provider of tailor made mortgage solutions
  - Founded in 1974
  - We have over 70 qualified mortgage advisers
  - Specialists in complex and high net worth transactions
  - First time buyers, Home movers and Buy To Let, Expatriates
  - We arrange mortgages worth £billions each and every year
  - Access to Underwriters who can make a lending decision
  - Access to exclusive products

# Reputation



- Lenders
  - Product design
  - Quality of advice
- The media
  - The UK's number one quoted mortgage adviser
  - Ray Boulger, widely renowned expert on mortgage market
- Award winning
  - Trade
  - Consumer

## Homeowners 'could save by switching SVR mortgages'

SIMON BAIN

BEAT the Budget with a new mortgage, as you could well be better off – that's the suggestion this week from one leading adviser.

Independent specialist John Charcol says that in the first half of 2009 when mortgages dried up, one borrower in four would have had less than 15% equity in their property, making a remortgage impossible, and many were enjoying tracker products tied to Bank of England base rate as it crashed from 5% to 0.5%, making it unnecessary.

Trackers from Nationwide, Lloyds TSB, Cheltenham & Gloucester, and Intelligent Finance are all stuck at 2.5% for lucky existing borrowers, but all those lenders have introduced a

mortgage will have typically paid off 2% of their mortgage each year, thus improving their equity further; and the availability and pricing of mortgages at higher loan to value (LTV) rates has improved significantly.

He says the margin over bank rate of tracker mortgages has fallen over the last year, with rates starting at

fixed rate. Charcol is promoting the lifetime tracker, which it says have similar rates to short-term trackers and tend to have similar or lower early repayment charges, or longer-term fixes.

Andrew Hagger at Moneyfacts is impressed by a new 10-year fixed rate of 4.99% unveiled this week by the Yorkshire building society.

He says: "Apart from ease of budgeting, one of the main plus points of a 10-year fixed rate are that you only have one lending fee to payout compared with five separate fees if you opt for a 'switch every two years' strategy."

Paying out £1000 in fees as opposed to £5000 over 10 years equates to a saving of £33 per month, not to mention redemption penalties, valuation and legal fees, and



RAY BOULGER: Climate has changed in mortgage market

# Mortgage Advice

- Understanding the client
  - Complete financial picture
  - Discussing needs and aspirations
- Affordability: How much can you borrow?
- Repayment options
- Discuss product preference:  
Fixed rate v tracker rate
- Find a product that meets your needs

## Client Fact Find

Client 1

Client 2

### Important Note – Please Read

This document is used to record your needs and circumstances so that we can provide you with suitable recommendations and therefore it is important that you provide sufficient and accurate information to enable us to do this.

### Data Protection

The personal information recorded in this document will be treated in the strictest confidence and will be covered by the provisions of the Data Protection Act 1998. This will not apply in instances where you ask us to disclose this information or where we are required by law to disclose. We will hold this data for a minimum of 6 years.

We will use your information for the purposes of administration, income, credit and risk assessment, statistical research, marketing, product suitability, product sourcing and fraud prevention. Some of these functions will be carried out by third parties such as mortgage providers and insurance companies in order to achieve your various requirements.

The proposed lender may check your details with fraud agencies. If you provide false or inaccurate information and they suspect fraud, they may record this. The proposed lender and other organisations may use these records to prevent fraud and money laundering. We are able to send you further details explaining how your information may be used.

By signing this document you are providing us consent to use your data in this way.

### Confirmation of Advice

☐ Moneyfacts ☐ Broking Sheet/Best Buys ☐ Pivotal File Note

Consultant Name

Source of Business



# Affordability

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## ■ Income Multiples/Affordability

- 4 x income to 5 x income
- $£40,000 \times 4.25 = £170,000$  plus deposit of £30k = **£200,000** i.e. 85% LTV
- Commitments are deducted: loans, credit card debts
- £40,000 but £200 monthly loan and £5000 credit card:  
 $£200 \times 12 = £2400$  plus (5% of £5000 = £250  $\times$  12 = £3000)  
= £5400.  $£40,000 - £5400$  (commitments) = £34,600  $\times$   
4.25 = £147,050 plus £30,000 deposit = **£177,050** i.e. 83% LTV

# Affordability



- 
- Credit score: Low score to High score
    - Electoral register, Active credit
  - Debt Service Ratio (proportion of income to cover mortgage)
  - Stress Testing
  - Professional applicants get more: Solicitors, Doctors, Accountants, Barristers, Pharmacists, Architects
  - Underwriters Discretion: take a view











# Repayment Options

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- Capital & Interest (Repayment)
- Interest Only
- Repayment vehicles: ISA's, Pensions, Endowments, Shares
- Part Repayment and Part Interest Only
- Interest Only availability: low LTVs, high net worth clients
- Term: 25 years or until normal retirement age
- Overpayments of up to 10% per annum allowed

# Product Preference

- Fixed rate v Tracker rate
- Why chose a fixed rate?
- Why chose a tracker?
- Other products: variable, offset, hybrid
- Loan to Value (LTV): Lower LTV means better rates
- 90% to 95% LTV products are more expensive
- 100% mortgages
- Source product that meets your needs and circumstances

Top 10 Broker Mortgages						Broker Best Buys
Mortgage Provider	Mortgage Type	Initial Rate/Duration	Subsequent Rate/Duration	The overall cost for comparison	Early Repayment Charges	
 Leeds	Fixed Rate Mortgage Deals	2.00% Fixed until 31/05/2015 (65%)	5.69% Variable for term	4.03% APR	3/2% until 31/05/2015	<a href="#">Details and Apply</a>
 Nutmeg	Large Loan Mortgage	2.29% Fixed until 31/05/2015 (60%)	4.00% Variable for term	4.05% APR	3% until 31/05/2015	<a href="#">Details and Apply</a>
 platform	Tracker Rate Mortgages	2.29% - Bank Base Rate plus 1.70% for 2 years (70%)	4.75% Bank base plus 4.25% for term	4.10% APR	2/1% until for 2 years	<a href="#">Details and Apply</a>
 MyCharcol	Exclusive Mortgage Deals	2.20% Fixed until 30/04/2015 (60%)	4.95% Variable for term	4.60% APR	3/2% until 30/04/2015	<a href="#">Details and Apply</a>
 Mortgage Works	Offset / CAM Mortgage	2.35% Fixed until 31/05/2015 (60%)	3.99% Variable for term	3.80% APR	3% until 31/05/2015	<a href="#">Details and Apply</a>
 Discount Rate Mortgage	Discount Rate Mortgage	2.35% - SVR minus 3.14% for 2 years (60%)	5.49% Variable for term	4.20% APR	1% for 2 years	<a href="#">Details and Apply</a>
 Accord	Fixed Rate Mortgage Deals	2.39% Fixed until 31/05/2015 (75%)	5.99% Variable for term	5.50% APR	3% until 31/05/2015	<a href="#">Details and Apply</a>
 Worlebank	Cashback Mortgage	2.30% - Barclays Bank Base Rate plus 1.89% until 30/06/2015 (70%)	3.30% Fixed until 30/06/2015	3.60% APR	3% until 30/06/2015	<a href="#">Details and Apply</a>
 Leeds	Fixed Rate Mortgage Deals	2.55% Fixed until 31/05/2016 (65%)	5.69% Variable for term	4.85% APR	4/3/2% until 31/05/2016	<a href="#">Details and Apply</a>
 Nationwide	Tracker Rate Mortgages	2.59% - Bank Base Rate plus 2.00% for 3 years (60%)	3.99% Variable for term	4.10% APR	3% for 3 years until last day of month	<a href="#">Details and Apply</a>
Other Top 10 Broker Mortgages		<a href="#">Exclusive mortgage deals</a> <a href="#">Discount rate mortgage</a> <a href="#">Fixed rate mortgage deals</a>	<a href="#">Tracker rate mortgage</a> <a href="#">Cash back mortgage</a> <a href="#">Offset / Cam mortgage</a>	<a href="#">First time buyer mortgage</a> <a href="#">Large loan mortgage</a> <a href="#">Buy to let mortgages</a>	<a href="#">Remortgage</a> <a href="#">Buy to let remortgage</a>	

\* All mortgage calculations and APRs are based on a £150,000 repayment mortgage at 75% loan to value over 25 years. Should you require different mortgage calculations then please call one of our independent mortgage advisers.

# Deposit

- Savings
- Bank of Mum and Dad
- Vendor gifted deposits: Developers
  - 5% to 20% deposit
- Government's Help to Buy Initiative
  - You provide 5% deposit
  - 20% equity contribution
- Buying with a partner
- Concessionary Purchase: child purchasing from parents, tenant and landlord



# Example of Concessionary Purchase



- Client purchasing mother's existing property
- Mother agrees purchase price of £90,000 (to cover existing mortgage)
- Value of property is £130,000
- Lender lends on value of property (69% LTV)
- Clients income sufficient to cover mortgage of £90,000
- Obtained competitive mortgage product at 69% LTV
- Property was down valued: £107,000 i.e. 84% LTV
- Lost rate and offered a higher rate at 85% LTV
- Client completes purchase



# Concessionary Purchase Landlord and Tenant



- 
- Landlord informs tenant that he wants to sell the property
  - Tenant agrees to purchase but only has 5% deposit
  - Landlord offers 5% concession
  - Tenant obtains 90% mortgage
  - Lender lends on open market value: £230,000
    - Less 5% Landlord concession = £11,500
    - 5% Tenant contribution = £11,500
    - Tenant obtains 90% mortgage = £207,000

# Mortgage application

## ■ Employed

- last 3 months bank statements
- Last 3 months payslips
- Latest P60
- Passport and or Driving licence
- Proof of address (not more than 3 months old): utility bill

## ■ Self Employed

- last 3 years accounts or SA302s
- Last 3 months personal /business bank statements



# Costs

- Purchase price of £200,000
  - Valuation fee: £400 to £600
  - Product fee: £1000  
(normally added to loan)
  - Solicitors: £1100
  - Stamp duty: £2000  
(1% up to £250k, 3% up to £500k, 4% up to £1m)
  - Broker fee: £450
  - Total: **£4150** (excluding product fee)



# Questions

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- Any questions ?



# Contact Details



- 
- [Frederick.kay@johncharcol.co.uk](mailto:Frederick.kay@johncharcol.co.uk)
  - Direct Line: 020 7933 9663
  - Mobile: 0771 219 0582

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# An introduction to low cost home ownership options in London





# About Metropolitan & Homematch

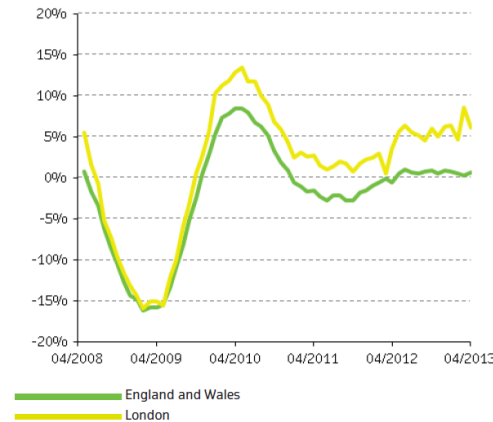
- Home Ownership team formed in 1981, helped over 35,000 households with great levels of customer satisfaction
- Housing and support services across London, East Anglia and the East Midlands
- Homematch is a new service, designed to help match Londoners to intermediate housing products.



# London's Housing Market

- High values
- 6% annual price inflation
- High house price to income ratio
- Low levels of supply  
111,250
- Household formation  
240,000
- Keeping prices high.

Average annual change in residential property prices



Source: National Housing Federation

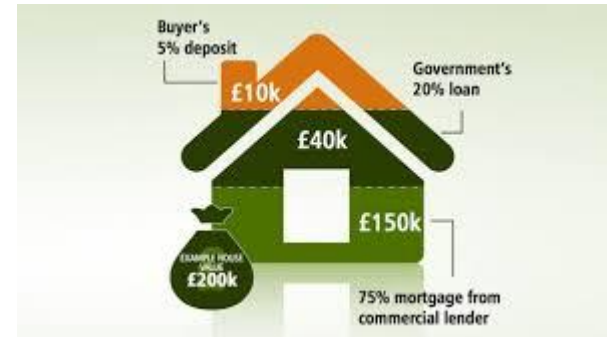
# So what are your options?

- Shared Ownership
- Rent to Save
- Help to Buy
- NewBuy
- AFHOS
- Flexible options



# More about Help to Buy

- An equity loan of up to 20%
- Deposit 5%
- Mortgage 75% (IFA's/ choice)
- Runs to 31/03/16
- Used to buy a home up to £600k
- Interest free for the first five years, then 1.75% fee rising at RPI +1%
- Range of private developers and social landlords, nationwide
- Redemptions, full or in part – a minimum of 10%.





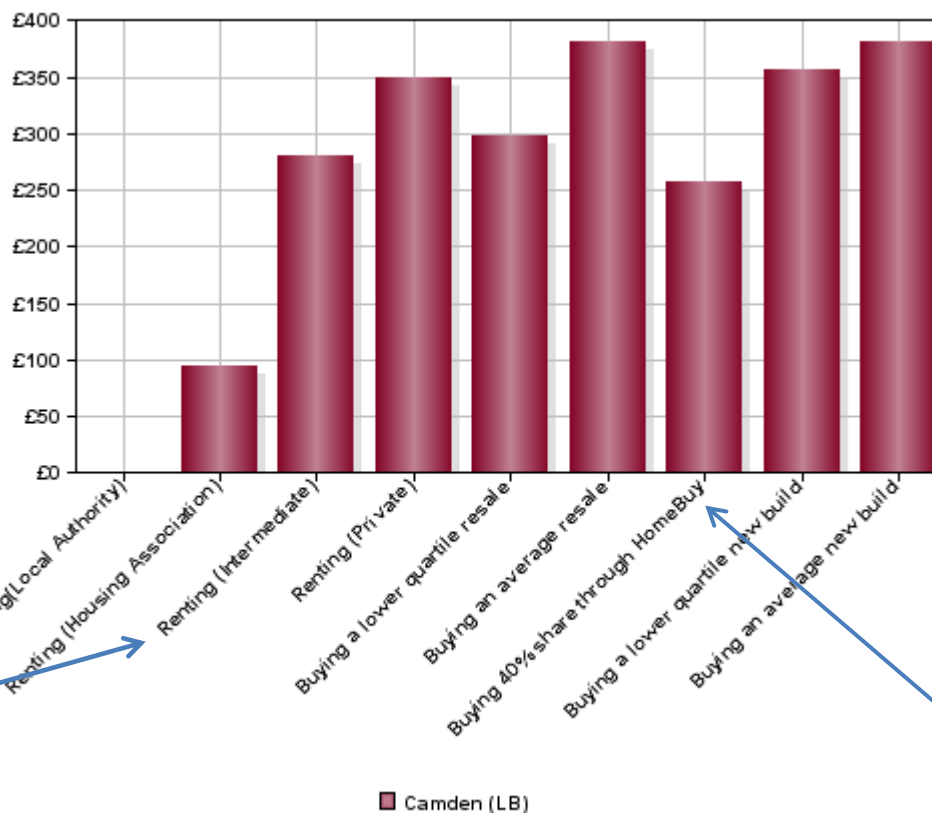
# More about Shared Ownership

- Part Buy – Part Rent a new or resale home, usually from a housing association, known as FIRST STEPS Shared Ownership in London
- Purchase a minimum share of 25%, buy the maximum share you can afford with a deposit and a mortgage (shop for the best deal/ IFA's)
- Pay a capped rent the remaining share (maximum of 3%, 2.75% typical), rises at RPI + 0.5% annually
- Min. % deposit required for share purchased (generally 10%)
- Staircasing – increase the share you own (minimum of 10%), mortgage goes up, rent goes down
- Resales – 8 week nomination period.



# Shared Ownership – cost comparables

Weekly cost (1 bed property)



Source: Hometrack





# Shared Ownership - costs

- On a £250k home/ 35% share...
- Deposit \*£8750
- Mortgage £78,750 @ 5.99%
- Rent at 2.75% on 65% of equity
- Service charge £1200 annually
- A total monthly cost of £1012, comprised off
- £539.70 mortgage / £372.40 rent/ £100 service charge
- Compares with £1496 pcm from a current best buy mortgage





# Who's eligible?

- In London – £66,000 and £80,000 income caps
- No income cap on Help to Buy but a £600k purchase price limit
- Qualifying MoD staff are priority
- Public Sector tenants too
- Local priorities
- Other first time buyers



# What's available



# What's available





# What's available



# What's available



COURTYARD HOMEZONE  
PL 021A  
eeTV Barking  
11-433  
DATE OF ISSUE: 09-08-11

PTEa  
Public Transport Environments



# What to do next!

Apply to Homematch

[www.homematch.org.uk](http://www.homematch.org.uk)

- **Complete a full application form to become a hot prospect with our developer clients!**

Other parts of England... Visit HomeBuy to find out about their HomeBuy Agents

[www.homebuy.co.uk](http://www.homebuy.co.uk)

Help to Buy

[www.rightmove.co.uk/helptobuy](http://www.rightmove.co.uk/helptobuy) and generic information on .gov.uk

NewBuy

[www.newbuy.org.uk](http://www.newbuy.org.uk)

AFHOS

[www.afhos.co.uk](http://www.afhos.co.uk)



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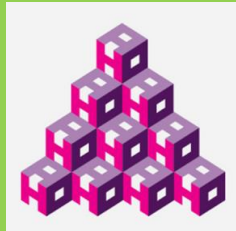
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