

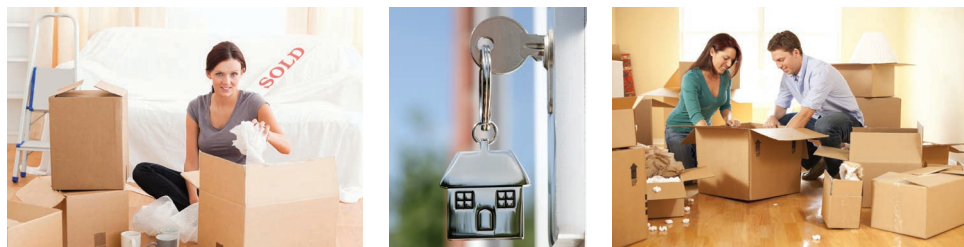
# Guide to Moving Home



**DALES**  
Independent Mortgage Advisers

P N DALES LTD, are an Independent Financial Advisers specialising in mortgage advice. We help our clients find the most suitable mortgage for their needs, after researching the whole of the market. Our independence means we work for you and not the lender, we will get you the best deal and not just sell you what we've got. Each lender has different requirements, so we will tell you which one you fit best, and help with what features may be of benefit to your circumstances.

Our principal Philip Dales has been advising clients on their financial planning needs for nearly 20 years. Our service is tailored to each client, so whether you are in the Armed Forces and find yourself away from home frequently or you're round the corner from one of our offices, while your mortgage is being processed we will communicate with you in a way that works for you.



## About the guide

This guide is only meant to be a general short guide and while you are reading though it you may have many question that have not been covered, maybe you want to understand the help to buy scheme or you are self employed and want to know how many years books you will need, feel free to email [advice@pndales.co.uk](mailto:advice@pndales.co.uk) or call our **0333 772 0501** (local rate even from a mobile) and we will endeavour to help.



# Guide to Moving home

There are many reasons that may have led you to this guide and the thoughts of moving home.

You may have seen a 'for sale' board on a beautiful property, as you were driving home.

You might be bursting at the seams in your current home and desperately need more space.

You might have to relocate for work.

One thing is certain everybody's circumstances and reasons are unique.

However all of us will go through a similar process...



## How Much Can I Afford?

A phone call to us, to clarify what is possible, is always the best starting point.

In 2014 the Financial Conduct Authority made major changes to the mortgage market (the mortgage market review- MMR). Many changes have been made to how lender assesses each case and in all likelihood it will be quite different to when you last applied for a mortgage.



You may still be on an 'interest only' mortgage, and find that this is no longer available to you.

Lenders will now undertake a complex affordability assessment all income multipliers are gone.

An affordability assessment will take into account how many children you have and how old they are, in fact, many different aspects of your lifestyle will affect how much you can borrow including things like gym membership. How you have managed any credit and how much credit you have, are all considerations.

You will need to get your latest mortgage statement and see how much is outstanding.

You will need to get a valuation, from an estate agent, to find out how much your house is worth and what they will charge you for selling it.

With these figures you will be able to see what equity you have in your home (ie; how much of it you own). You might have some additional savings you want to put into your new home too.

At this point it would be sensible to call us, to do the maths with you. We can get you an agreement in principle from a lender, to give you piece of mind that you can do what you want and hope to.

You can now put your property up for sale, with knowledge of what sort of offer you can accept and what you can afford to buy.

## Do I Have To Sell My Current Home To Move?

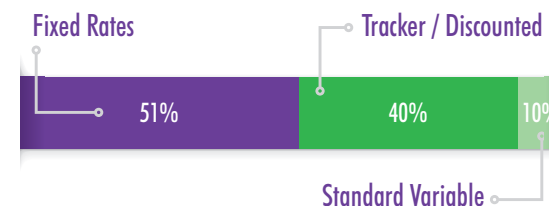
You may wish to discuss the possibility of renting out your existing home, (let to buy) so that you can move sooner, maybe you think it would be ideal as a rental property, or need to brake the chain. Although there have been many changes this is often still a viable proposition. We will give you different options to consider, clearly advising you with respect to all the alternatives.

## Different types of mortgage deal

Most deals are for 2/3 or 5 years, with 7 and 10 year deals sometimes being available, nearly all will have an arrangement fee of some description and an increasing trend of a booking fee on initial application, to cover the lenders initial administrative costs.

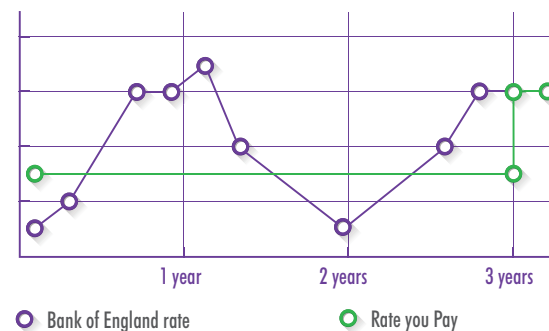
### UK Mortgages Breakdown

Total UK households with mortgages - 11.74m

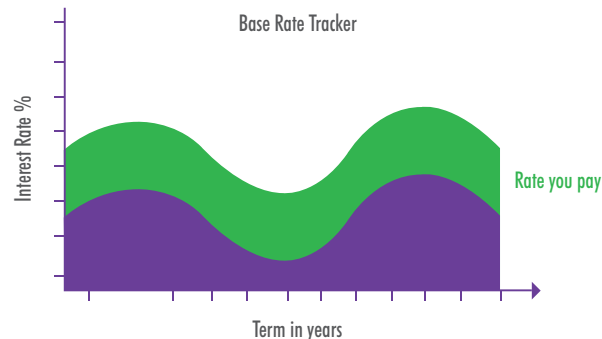


Source: Council of Mortgage Lenders

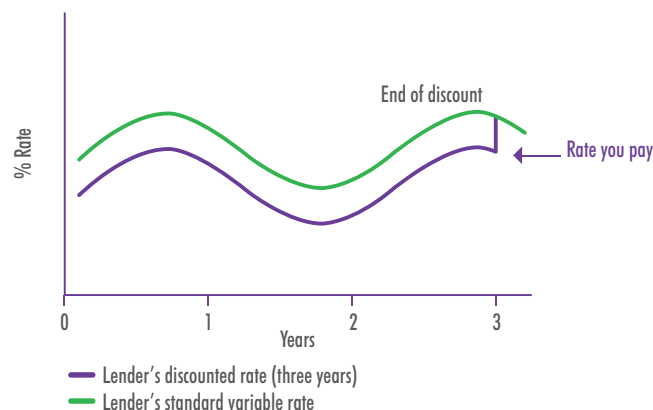
- **Fixed rates** - many homeowners like to know exactly what their monthly payment is going to be. This leaves you less affected by interest rate changes, and fundamentally helps with budgeting. You can decide to fix for 2-10 years, the interest rate may be a bit higher than the standard rate but for the piece of mind it gives, many people take this option.



- **Tracker rates** - these mortgages track at a fixed percentage above the Bank of England base rate so your monthly payment can go up as well as down, these deals typically last for 2 or 3 years although sometimes lifetime tracker are available.



- **Discounted rates** - this type of mortgage has a percentage discount from the lender's standard variable interest rate (SVR), for a specific length of time, typically 2-3 years. Your mortgage payment will go up or down in line with the lender's standard variable rate.



Discounted rates are similar to the Bank of England tracker but with one important difference, the lender's SVR is set by the lender, so if interest rates fall, the SVR will not necessarily follow. Speak to us for more info on this.

- **Repayment mortgage** - This is the main stay of the market post the 2008 crash. This mortgage is based on gradually repaying the debt over the term of the mortgage; it is a safe guaranteed way to repay the debt by the end of the term. Each month you pay some interest and some capital off, until at the end of the mortgage term there is nothing left to repay. This type of mortgage works in the same way as most "normal" loans.

- **Interest only mortgage** - since the Financial Conduct Authority's mortgage market review, which came into force in 2014, interest only mortgages are virtually unobtainable for standard purchases. If this is something of interest to you please contact us to discuss in what circumstances this may still be viable. In essence you don't repay the capital until the end of the loan term. The difficulty was that in the past many people did not have any way to repay the lump sum at the end of the term.

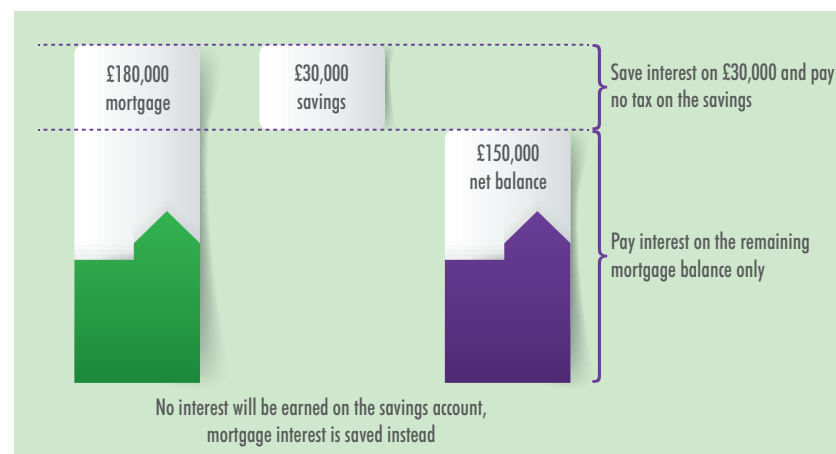
- **Offset mortgage** - this type of mortgage can be a fixed or tracker rate. Attached to your mortgage account you will have a separate instant access savings account, whereby any savings that you have in that account reduces the interest accruing on your mortgage.

**For example:** if you have £2,000 in your savings account you do not earn positive interest on it, BUT, it will effectively reduce the mortgage balance by £2,000 therefore reduce the interest you pay (negative interest) on your mortgage.

In brief, you do not earn any positive interest on your savings, instead, you pay less interest on your mortgage.

Interest is calculated daily so every day you have savings in your account you are benefitting from them, especially as high street instant access savings rates are taxed and low.

The main point to recognise is that whilst your savings are working hard, to reduce the interest element of your monthly mortgage payment, you have not 'locked' your savings into your mortgage, you can still have your savings for that rainy day.





## What costs should I expect?

- **Deposit** - you will normally need a **minimum of 5%** of the purchase price. **However** the larger your deposit the less you have to borrow and the lower the Loan to value- (LTV). A low LTV will generally mean a better interest rate and a much wider choice of lenders.
- **Estate Agents Fees** - You will normally be charged somewhere in the region of 1% of the sale price (payable upon completion and dependant upon whereabouts in the UK you are). Look for agents that offer you a 'No Sale; No Charge' agreement.
- **Stamp Duty Land Tax** - this is a tax payable to HM Land Registry, which your solicitor will ask you for, and then pay on your behalf. It is calculated based on the purchase price. Stamp duty is now calculated using a banding system similar to the way income tax is done, where the first £125,000 of the purchase price is tax free, the next £125,000 is calculated at 2%, between £250,000 to £925,000 it increases to 5%, £925,000 to £1.5M its 10% and over £1.50 M its 12%. Example: Purchase price of £275,000: 0% on the first £125,000, 2% on the next £125,000, 5% on the final £25,000. This gives a total of £3,750.
- **Solicitor's fees** - these can start from £400 (plus Vat) but there will also be mandatory search fees and Land Registry charges; so getting a quote is essential. We can help you with this by searching for the most competitive Solicitor on your behalf. You will normally be expected to pay for the searches up front, usually between £250 to £350, the rest of their bill is paid before completion.
- **Mortgage lenders fees** - these include arrangement, valuation, booking and money transfer fees. These will vary from lender to lender and deal to deal, and may not all be payable. We will give you a full breakdown of all costs for the recommended mortgage before we make the application on your behalf. Usually the lenders will allow you to add the arrangement fee, but the valuation and booking fees are paid when you submit your application
- **Removal fees** - this could be from van hire to fully packed removal service.
- **Connection charges** - for services such as TV / phone and broadband.



## What Is The Process?

1. Contact Dales Independent Financial Advisers to discuss your circumstances and how much you can borrow.
2. Contact a couple of different Estate Agents to ask them for an evaluation of your current property.
3. Put your current home up for sale.
4. Once a sale is agreed on your home, come back to see Dales Independent Financial Advisers, to confirm how much you can borrow, we will arrange an agreement in principle, so that when you find your next home, you can confidently put an offer to the Estate Agent.
5. Look for your next home. Once you have found it, agree a purchase price. Discuss/ negotiate any fixtures and fittings that you want included.
6. Ring Dales Independent Financial Advisers to discuss options; which mortgage lender is most appropriate and the exact fees that are required, you will need to pay arrangement and valuation fees at this stage and Dales will apply for the mortgage on your behalf.
7. We will get comparison quotes for solicitor's charges and instruct the solicitor to act for you. We will pass your solicitors' details to the Estate Agent, so they can notify all parties, by sending a memorandum of sale to both sets of solicitors the vendor and yourself. This confirms the offer and all parties contact details.
8. The mortgage lender will instruct the valuer to carry out the mortgage valuation/ survey.
9. Once the mortgage valuation and underwriting checks are carried out the lender should make a formal offer of a mortgage, if they are satisfied that you and the property are suitable. You must make sure that you are happy that the house is in a good state of repair and follow the advice of the valuer with respect to any additional reports or investigations that they recommend. The mortgage lender will also potentially make any works, deemed to materially affect the value of the property, a condition of lending on that particular house. In explanation, they may stipulate that repairs or work that affects the value of the house, have to be done before completion, to get the full funds released, to buy the property. If a valuer does not think a property is worth what you have agreed to pay, then it probably is not!
10. Your solicitor will carry out searches on the property you are buying, usually after a mortgage offer has been issued and prepare contracts, they will ask you for your deposit and send or invite you in, to sign the contracts ready for exchange.
11. You will need to have your buildings insurance and life cover in place for EXCHANGE of contracts, because after exchange of contracts you are legally bound to buy the property at this stage, so need to protect it, the conditions of the mortgage will be that the property needs to be insured by you at all times, Dales will compare the market to get you the cover you want, at a price you are prepared to pay.



12. Your solicitor will only exchange contracts once every party in the chain is ready to exchange. Your solicitor will not exchange on your purchase, if they are not ready to exchange on your sale, so there is no way that you are legally obliged to buy your new house and the sale of your old house falls through.
13. The contracts need to be physically exchanged and a completion or moving date, will be agreed, at this stage.
14. It is now sensible to book your removals or van hire and service provider installations, as you now have a fixed date of moving, that can't be altered.
15. Check with your solicitor about how you are required to leave your old home for the new buyers; for example how light fittings should be left or replaced etc.
16. On completion day you will need to liaise with your Estate Agent and Solicitor. Keys will only be released when all funds and paperwork has arrived with each solicitor, so rarely happens before midday.
17. Sit down with a well deserved glass of wine!

For further information please call **01636 870 069**



### Things you'll need

- Proof of your Identity & Address
- Proof of your Deposit
- 3 Months Bank Statements
- 3 Months Payslips or Accounts
- 3 Years Address History
- Mortgage Statement (only if home mover)
- Land Lords details (if renting)
- Details of the New Property
- Solicitors details (we can help you with this)

### The process

1. Contact Dales and obtain your Maximum Borrowing
2. Find a property
3. Contact us & get your Agreement in principal
4. Make your offer, negotiate and get offer accepted
5. Submit the full mortgage application
6. Instruct a solicitor
7. Lender will obtain a Valuation
8. Lender will Underwrite case
9. Lender Makes offer
10. Solicitor Exchanges Contracts
11. Complete Purchase
12. MOVE IN





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P N DALES LTD are authorised and regulated by the Financial Conduct Authority. Your Home may be repossessed if you do not keep up repayments on your mortgage.

P.N.DALES LTD is Authorised and Regulated by the Financial Conduct Authority. A typical fee for mortgage advice is £350, However, the precise amount will depend upon your circumstances and could be up to 1% of the mortgage amount. However, we will discuss your payment options with you and confirm the actual amount before we begin to provide our services.