

Buying your first home is a big deal and Crystal Clear Home Loans is dedicated to help you every step of the way.

1. The first thing you should do is find out how much you can borrow. Based on your deposit, salary and monthly loan commitments, we can give you an idea of how much you would be able to borrow. By completing the budget planner this will give you an understanding of the costs involved with your new home on a monthly basis.
2. The next step is “Which mortgage product is right for you?” Mortgage Advisors at Crystal Clear Homes are fully CeMap qualified and will ensure you get the right advice and recommendation to suit your individual needs. To understand the different types of mortgages we offer, please contact us by calling **0800 881 8024** or by looking on our website www.crystalclearhomeloans.co.uk.
3. You’ll then receive a **Key Facts Illustration** which details in full the mortgage options discussed. As Crystal Clear Home Loans is regulated by the Financial Services Authority, you must have a Key Facts Illustration before applying for your mortgage.
4. Crystal Clear Home Loans will then complete a **decision in principle** and confirm in principle how much we’ll lend you.
5. Once you’ve got a Decision in principle, you’ll know the maximum price you can afford to pay for your new home.
6. Do not disclose the amount to the Estate Agent as they are working on behalf of the vendor. Estate Agents may insist you have to see their mortgage advisor, this is not the case and it is illegal to try and force you into this. We will provide you with confirmation of the mortgage decision agreed and the Estate Agent can contact us if they require confirmation you are in a position to purchase a property.
7. Next, **find a property**. Use the “Viewing Guide” to help you look at the pro’s and con’s of the property.
8. Now you can **make an offer**. Decide how much you would like to offer for the property and contact the vendor’s estate agent. If your offer is accepted, it will be ‘subject to contract’. At this point neither you nor the vendor are bound legally to this transaction and can pull out at any time without financial implications.
9. Once the vendor has accepted your offer for the property, contact us on **0800 881 8024**. We will then provide you with an up to date KFI and start the application, which will involve the completion of a credit search and completion of an application form, if not already done.
10. Part of the process involves us arranging a **valuation report** which you will need to pay for. This is to make sure the property is worth the amount you want to borrow. The valuation that we’ll arrange is basic and may not highlight potential problems that you may have with the property. You should consider carrying out a more detailed survey which we can help arrange for you.
11. If you don’t already have a **solicitor** in place, we can recommend one to you. Ask the solicitor for a written breakdown of costs before you engage him or her.
12. Once we’ve made all the relevant checks, which will include confirming that you can afford to repay the amount of mortgage requested, we will send your **Offer of Mortgage** to you.
13. Your solicitor will check the **legal documentation** relating to the ownership and use of the property. He or she will also make local authority and other searches to check if there are any matters which may affect the value of the property.
14. Once your solicitor has completed all the relevant checks, you and your seller are ready to **exchange contracts** and you pay the deposit to your solicitor. At this stage, both of you and the vendor are legally contracted to proceed with the transaction. If in any instance you pull out after exchanging contracts, the vendor can keep your deposit.
15. However, before you can **complete**, you’ll need to sign the mortgage deed and the document that transfers the property over to you.
16. You will need to ensure your **Buildings and Contents insurance** is in place for the completion date as well as the other associated insurance policies such as life cover, critical illness, mortgage payment protection. Crystal Clear Home Loans will provide you with information on these policies
17. The Property is now yours. You can collect the keys to your new home and **move in**.

Jargon Busting

Mortgage - A legal loan secured against the value of your home, where secured represents the Lenders requirement for a way to reclaim financial restitution if mortgage payments are not met

Mortgagee - Old fashioned word for the Lender

Mortgagor - Old fashioned word for the borrower

Vendor - The seller of a property

Fixed Rate Mortgage - Where the interest rate on the mortgage remains the same through an agreed term of the loan

Variable / Tracker Rate - Offers an initial interest rate that is usually lower than a fixed rate, but that adjusts periodically according to market and financial conditions and financial. The rate may go up and/or down, depending on economic conditions

Standard Variable Rate - Rate charged by the lender normally at the end of an incentive period

Capital and Repayment - A type of mortgage where monthly repayments cover both interest and capital so that the amount outstanding will gradually decrease until the mortgage is fully repaid at the end of the agreed term

Interest Only (endowment, Isa) - A mortgage where the monthly premium only repays the interest on the loan. The capital sum is paid off at the end of the mortgage

Key Facts Illustration (KFI) - The KFI summarises all the important features of the mortgage and must be clear, fair and not misleading. It must be presented in a standard way, so you can check the cost and terms of the mortgage and compare it with other similar mortgages

Higher Lending Charge (HLC) - A single premium policy, paid for by the borrower on completion of the mortgage. It insures the lender for losses in excess of % of the loan-to-value sum. The borrower still remains liable for any amount claimed

Arrangement Fee - One of the lender charges, which is to cover the cost of administrative work involved in setting up your mortgage

Loan to Value (LTV) - A figure representing the size of loan to a property's worth as a percentage.

Annual percentage rate (APR) - Is an attempt to provide a true cost of borrowing as a standard measure. This will take into account not only the interest rate but also other ancillary costs such as valuation fees, legal and administration fees and higher lending charges

Early Repayment Charge (ERC) - This is a potential penalty levied by the Lender if you pay off all or part of your mortgage before the end of the special offer period or the specified "over hanging" penalty period

Decision in Principle (AIP / DIP) - An early stage in the process where your mortgage adviser (CCHL) gains the Lenders decision in principle to accept a mortgage application subject to the lenders normal checks

Mortgage Valuation / Basic House Survey - checking that the house is worth what you are paying

Homebuyers Valuation - This does a fairly thorough check and will highlight if there are any key issues. After taking this out and it comes back with lots of problems such as subsidence or damp you may want to take out a full structural survey (approx £300-£400)

Full Structural / Buildings Survey - this is the most thorough survey and is worth taking first time if you can see evidence of problems or if you are buying a very old house. (£900- £1100)

Offer - An offer made by a buyer to purchase a specific property and establishing all the terms of the sale. When accepted by the seller, it becomes the agreement of sale, but is not legally binding

Exchange of Contracts - The point at which the contract signed by the buyer is exchanged for the contract signed by the seller and the deposit is paid by the buyer to the seller's solicitor. At this point both parties are legally bound to the transaction and a date agreed for completion

Stamp Duty - It is a percentage paid on the purchase of a home or non-residential property, graded into bands, which start at £125,000. The bands are 0% paid at 0 - £125,000, 1% paid on properties costing between £125,000 and £250,000, 3% between £250,000 and £500,000 and 4% for more than £500,000. However it was announced that from early September 2008, for a limited period of 12 months, properties worth up to £175,000 will be exempt from the charge. Stamp duty is paid on the whole value of a property

Solicitors - Will collect the stamp duty payable from you and forward this to the Inland Revenue
Complete checks with Local authority searches- planning applications, roads, contaminated land assessment, Environmental search, drawing up the contract

Completion - The point at which ownership actually transfers from the seller to the buyer when you are purchasing

Freehold - This refers to the ownership of both the building and the land on which the building stands. It is owned by the purchaser until they decide to sell or the purchaser dies

Leasehold - The land on which the property stands is not owned outright by the buyer. Instead it is leased from the person who owns the freehold to the land for a ground rent. The lease will be for a set number of years, frequently 99 years, at the end of the term the land and the building will revert to the freeholder
This is a guide only and is relevant to buying a residential home in England and Wales

Buildings insurance - Pays the cost of repairing or rebuilding your home if it is damaged by unforeseen events (as detailed in the insurance policy)

Contents insurance - Covers the cost of replacing possessions lost or damaged due to unforeseen events

Critical Illness Cover -Insurance that pays a lump sum if you're diagnosed with a specified critical illness covered by your policy

Excess - The amount you agree to pay before your insurer pays the rest of the bill (for example, the first £100 of a claim)

Exclusions - Things that your insurance will not cover

Joint life - Typically, life-cover to protect a family in the event of either or both person's dying.

No claims discount - A discount if you haven't made a claim on your insurance policy within a specified period of time (for example 3 years) but it does not mean the premiums to which the discount is applied do not rise

Payment Protection Insurance (Accident, Sickness and Unemployment cover, MPPI/ ASU) - Pays out a regular amount for a limited time - a year, say - if you can't work for health reasons or redundancy

Example of Costs Involved

An example of mortgage repayments based on the fictitious information,

Property Purchase price agreed £150,000
Deposit of £30,000 (80% LTV)
Mortgage Required £120,000

Approximate guide to payments -

- £120,000 mortgage on an interest rate of 4.99% over 25 years on a repayment basis would cost approximately £703 per month for the first two years
- £120,000 Life cover and Critical illness would cost approximately £27 per month
- Buildings and Contents insurance would cost approximately £25 per month
- Mortgage Payment Protection insurance would cost approximately £31.50 per month, for £750 monthly benefit

Additional costs to consider* -

Arrangement Fee's - Charged by the lender that can be added to the mortgage - range from £349 or can be a % of the amount borrowed charged

Booking Fee - Fee paid up front charged by the lender to secure the mortgage product / deal

Valuation Fee - Depends on the report chosen, costs vary and basic valuations start from £300

Solicitors - Depending on purchase price and if any additional work required, approx £600 plus searches, land registry fees, bankruptcy search etc which can be approx £300. These funds cannot be added to the mortgage and will normally need to be paid at the same time as the deposit prior to completion

Stamp Duty - not applicable at this time on properties purchased under £175,000

Furniture & Moving Costs

This information does not contain all of the details you need to choose a mortgage. Make sure that you read the separate key facts illustration before you make a decision.

*** All costs are estimated and when you are in a position to proceed, a fully detailed illustration will be issued after discussing with a qualified mortgage advisor at Crystal Clear Home loans.**

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE