a1 property

NEWSLETTER FROM A1 FINANCIAL SOLUTIONS

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BANK OF ENGLAND INTEREST RATES CHANGE

How would a slight rise impact on your monthly mortgage repayments?

FIRST-TIME BUYERS

A step-by-step guide

FIRST-TIME BUYERS: A STEP-BY-STEP GUIDE

A1 Financial Solutions take you through the process of buying your first home

Buying a property is often the biggest financial commitment of a person's life. So when it comes to moving into your first home, there's so much to consider, which is why A1 Financial Solutions has created our 'first-time buyers' step-by-step guide that takes you through the process of buying your first home.

DO YOUR NUMBERS

Whether you've found your dream home or are just starting your search, you need to know how much you can afford to borrow. A1 Financial Solutions will calculate the amount you can borrow, the deposit you'll need, and the monthly payments you'll be making. But before looking at properties, you need to save for a deposit. Generally, you should try to save at least 5% to 20% of the cost of the home you would like. The mortgage product we ultimately recommend will change these numbers, so exploring your options and making the right decision is crucial. The larger your deposit, the more likely it is that you'll pay a lower rate of interest, or maybe less fees. Don't forget you'll also need to set aside some savings to pay for other costs like legal fees, home insurance, and Land and Buildings Transaction Tax (LBTT).

LIST YOUR CRITERIA

Do your research. Think about your property criteria. Write a list. Your criteria might include having a good school nearby, local transport links and convenient shops or restaurants. Do you want a house or flat? How many bedrooms? Being clear on your requirements will help you narrow your search and help estate agents be more specific. Contact as many estate agents in your desired location as possible. Is a garden a necessity or is off-street parking more important? How many bedrooms will you need? Does it need to have central heating? Location is important too. How good are the nearby transport links and local schools? How far will you need to travel to work or to the shops? Draw up your own checklist and work out what are must-haves and what you could live without.

START HOME HUNTING

Start looking on property websites (A1 Financial Solutions can help you with this information) and consider signing up for email alerts so you'll know as soon as a property that meets your criteria is listed online. And when you find something that you like, arrange a viewing. You can also ask to see the Home Report of the property. You need to consider your utility bills, maintenance bills, any renovation work and other property bills. Be prepared to trade off one factor for another as you look around. You might be prepared to live in a cheaper area if that means having a garden. Don't forget that your job might change and your friends might move, so don't use these as a basis for making decisions about where to buy your long-term home. You should also view a number of properties before you even consider making an offer.

NOTE YOUR INTEREST

When you've found the right place, ask your solicitor (A1 Financial Solutions can assist with this) to formally note your interest with the selling solicitor. This means that you have to be told if an offer has been made by someone else or if there has been a closing date arranged. The legal process of buying your new home is called 'conveyancing'. The various steps involved in conveyancing ensure you get what you think you are purchasing, and they help to prevent you being landed with significant costs after you've bought your home.

MAKE YOUR OFFER

Once your offer has been accepted, your solicitor and the seller's solicitor must negotiate the terms of the contract by way of exchange of 'missives'. This includes agreeing issues such as the date of entry, when you pay the money and the seller hands over the keys, and any additional items that are to be left in the property. The seller's solicitor must send your solicitor the Title Deeds for the property, as well as a search of the Land Register to show that there is nothing that will legally prevent the seller from selling the property.

CONTRACT CONCLUSION

The conclusion of this contract is called 'conclusion of missives'. When your solicitor confirms that they are happy with the paperwork and the seller's solicitor confirms that they have received the purchase price on your behalf, the transaction is treated as 'settled'. You often pick up keys from the seller's solicitor or estate agent, which means the process of moving into your new home can begin. The final steps in the process is for your solicitor to inform Land Registers that their client now owns the property and to pay any LBTT that the buyer is liable to pay to the Government.

START PACKING

As soon as you know your moving date, you can start getting organised. You might want to book a removal firm to help with your move – it's a good idea to book early to get a good price. When packing, remember to label everything clearly and know where you've packed your everyday essentials. If you have contents insurance, it's a good idea to check if you're covered during moving, just in case anything gets damaged during the move. And let your insurers know when you'll be moving to your new address.

DON'T FORGET TO:

- Arrange for buildings and contents insurance
- If applicable, notify your old gas, electricity, water and phone suppliers that you're moving out, and take final meter readings
- Let the council know you're moving so you can stop paying council tax at your previous address
- Contact your new utility suppliers to let them know that you've moved in, and give them meter readings
- Get in touch with the Royal Mail to redirect your post from your old address

GETTING ON THE PROPERTY LADDER IS A BIG STEP FOR ANYONE TO TAKE – TALK TO A1 FINANCIAL SOLUTIONS TODAY

Buying your first home is one of the most exciting things you'll do. There is so much to think about, including finding the right mortgage. A1 Financial Solutions will make sure you make the right choice, first time. We understand how special this life milestone is to you, and that's why we want to help take the stress out of the experience. We'll take you through the entire mortgage process in an easy-to-understand way, step by step – this includes your mortgage options, what help you can get, and the types of interest rate there are. To discuss the range of services A1 Financial Solutions offer, please contact us today for further information or to arrange a meeting.

BANK OF ENGLAND INTEREST RATES CHANGE

How would a slight rise impact on your monthly mortgage repayments?

For the first time in a decade, the UK base rate increased from 0.25% to 0.5% on 2 November 2017 – and it may not stop there. In February 2018, stock markets reacted to the signs of faster wage growth and a strengthening US economy that may lead to higher inflation and further rate rises.

The Bank of England seemed to offer support for the view that rates in general are on an upward path with a strengthening UK economy, meaning interest rates are likely to rise sooner than the markets were expecting.

Borrowing costs may still be at an all-time low, but many commentators are recommending borrowers to be prepared for these increases. Just a slight rise to the Bank of England base rate could really impact on someone's monthly mortgage repayments.

Interest rates in the UK are set by the Monetary Policy Committee (MPC) of the Bank of England (BoE). This is the interest rate at which banks borrow from the BoE. So when you hear that interest rates have gone up, it means the MPC has decided to increase the base rate.

DISCOURAGING SPENDING, ENCOURAGING SAVING

Before the MPC moved to increase the base rate to 0.5%, the rate had been at a historic low of 0.25% since August 2016. So while this latest increase may be relatively small – for now – the fact the BoE is willing to change it after such a long period of record low rates is almost more important than the margin of the change. And it could have an immediate impact on households.

You may wonder why the BoE would increase interest rates at all. Well, increasing interest rates discourages spending and encourages saving, cooling the economy which subsequently helps squash inflation. It's worth bearing in mind too that this rise could be just the beginning – though industry commentators predict any further increases to be slow and gradual.

UNCERTAIN FUTURE

Recent interest rates have limboed way below historic norms. To put this in context, the last time rates went up – over ten years ago, in July 2007 – they increased from 5.5% to 5.75%. At this time, the top easy-access savings account was paying about 6%, compared with today's measly 1.3%. Meanwhile, those who had a mortgage in the high interest-rate period of the 1980s – where rates of 15% were possible – would argue that mortgage holders today have never had it so good.

No one knows what's going to happen to interest rates in the future, but if this is just the beginning and interest rates were to creep up closer to 5% again – even though nowhere near the historic highs of the past – this could have a massive impact on your mortgage, depending on the type of mortgage you've got, the amount you've borrowed and how long you've taken it out for.

WHAT WILL THE IMPACT BE ON YOUR MORTGAGE?

If you have a variable rate tracker mortgage which is linked to the BoE base rate, you are likely to see an immediate impact on your mortgage repayments if there is an interest rate rise.

For those on a standard variable rate mortgage, you'll probably see an increase in your mortgage rate in line with any interest rate rises – the amount which is decided by your lender. If you are unsure, A1 Financial Solutions can help you check your mortgage terms and conditions in your original mortgage offer document.

Borrowers with fixed rate mortgages are likely to be affected once they reach the end of their current deal. An interest rate rise could make re-mortgaging more expensive in the future, so it makes sense to look at your options now – talk to one of A1 Financial Solutions' expert mortgage advisers for further information.

5 TIPS FOR MANAGING AN INTEREST RATE RISE ON YOUR MORTGAGE:

1. Find out what mortgage you're on

How you will be affected by an interest rate rise depends on what mortgage you're on and when your deal comes to an end. If you don't know, check your paperwork, or speak to A1 Financial Solutions. You're then in a better position to find out how this will affect your finances and when you're likely to see this change.

2. Work out what you can afford

If your mortgage repayments are likely to go up, work out if you can afford the increase. Create a budget and see if there are any areas you might be able to cut back. With increases in interest rates likely to rise in the future, now is the time to start building up a savings buffer so you will be able to afford them when they start.

3. Build up your credit score

It might seem like a strange time to be focusing on this, but by working to improve your credit score, you could obtain a better deal when your current deal comes to an end or you look to remortgage.

4. Make sure you're on the best deal

If your current deal is coming to an end, A1 Financial Solutions will help you decide your options about switching to another scheme – you could save money by remortgaging to another lender. You might have to pay some fees, but if the savings are worth it, you should still consider remortgaging.

5. Overpay your mortgage

It might be a little while before an interest rate impacts on your finances, so take advantage of the low rate you're currently enjoying and consider paying extra mortgage overpayments. There are limits on how much you can overpay, and there might also be charges.

CONCERNED ABOUT FUTURE INTEREST RATE RISES?

Talk to A1 Financial Solutions today. There has been much speculation about when rates would rise for some time, and any change will mark the end of a decade of historic lows. The cost of an interest rate rise will vary for each household, depending on the terms of the mortgage, how long it is taken out for, and whether it is on a fixed or a variable rate. If you have any concerns about how future rate rises could impact on your finances, contact A1 Financial Solutions today and speak to one of our expert mortgage advisers – we look forward to hearing from you.

FIXED OR DISCOUNTED RATE MORTGAGE COMING TO AN END?

Let the experts A1 Financial Solutions guide you through your options

Your mortgage is likely to be the biggest financial commitment you'll ever make. Whether you have a variable rate mortgage you're coming to the end of, or a fixed or discounted rate scheme, remaining on the same deal for the full term of your loan could see you losing out on the opportunity to reduce the total amount paid back, in some cases leading to significant savings.

Remortgaging could save you significant sums of money, and at A1 Financial Solutions we'll help guide you through every step of the way. Our expert mortgage advisers consider all your circumstances as well as available deals before offering impartial advice about which options are right for you.

THERE ARE TYPICALLY FOUR OPTIONS:

1. SWITCHING TO A VARIABLE INTEREST RATE MORTGAGE

At the end of a fixed-rate term, your mortgage carries on but the interest rate changes. For example, if you took out a 25-year mortgage at a three-year fixed rate, at the end of that three years, your mortgage continues for the 22 remaining years at the variable written that was set in your mortgage terms.

For most mortgages, the variable rate is your mortgage lender's Standard Variable Rate (SVR), and they can vary a lot between lenders. Some people may have a tracker variable rate that changes depending on other rate moves, such as the recent Bank of England base rate change. A1 Financial Solutions will provide expert impartial advice about what you should do next.

2. GETTING ANOTHER FIXED-RATE MORTGAGE FROM YOUR CURRENT LENDER

You could keep the same mortgage and arrange another fixed rate from your current lender. This means that the mortgage term and the amount borrowed are the same. So, going back to the 25-year, three-year fix example above, if you arrange a five-year fix when the first finishes, at the end of your new fix you will have 17 years left on your mortgage.

A lender will often write to you a few months before your fix ends and offer another one. Look out for this letter – it isn't junk mail! It may be a good offer, but it isn't always. Your current lender could be hoping that you just accept it without looking at other possible deals – and many lenders keep their best deals for new customers. A1 Financial Solutions will assess the market to see if what you are being offered is a good deal, and if it isn't we'll make alternative recommendations that better meet your mortgage requirements.

3. REMORTGAGING WITH YOUR CURRENT LENDER

You may want to change your mortgage by adding your partner's name to it, borrowing more money, paying an amount off or changing the length of the mortgage term. In this instance, you aren't just looking for a new fixed rate: you need a new mortgage, plus possibly a new fixed rate at the same time.

When looking to remortgage, the lender will want to look at the affordability of the new mortgage – especially if you are borrowing more or taking someone's name off the mortgage. There may need to be a valuation of your house and proof of your income, plus your credit records will be checked and bank statements looked at. There may be legal fees involved, but these can usually be included in the mortgage.

At A1 Financial Solutions, we'll look to obtain you an 'agreement in principle', sometimes known as a 'decision in principle' or 'mortgage in principle'. To save you time and money, we'll provide the lender with some basic information and perform a credit search and credit score to see what figure 'in principle' they would be able to lend.

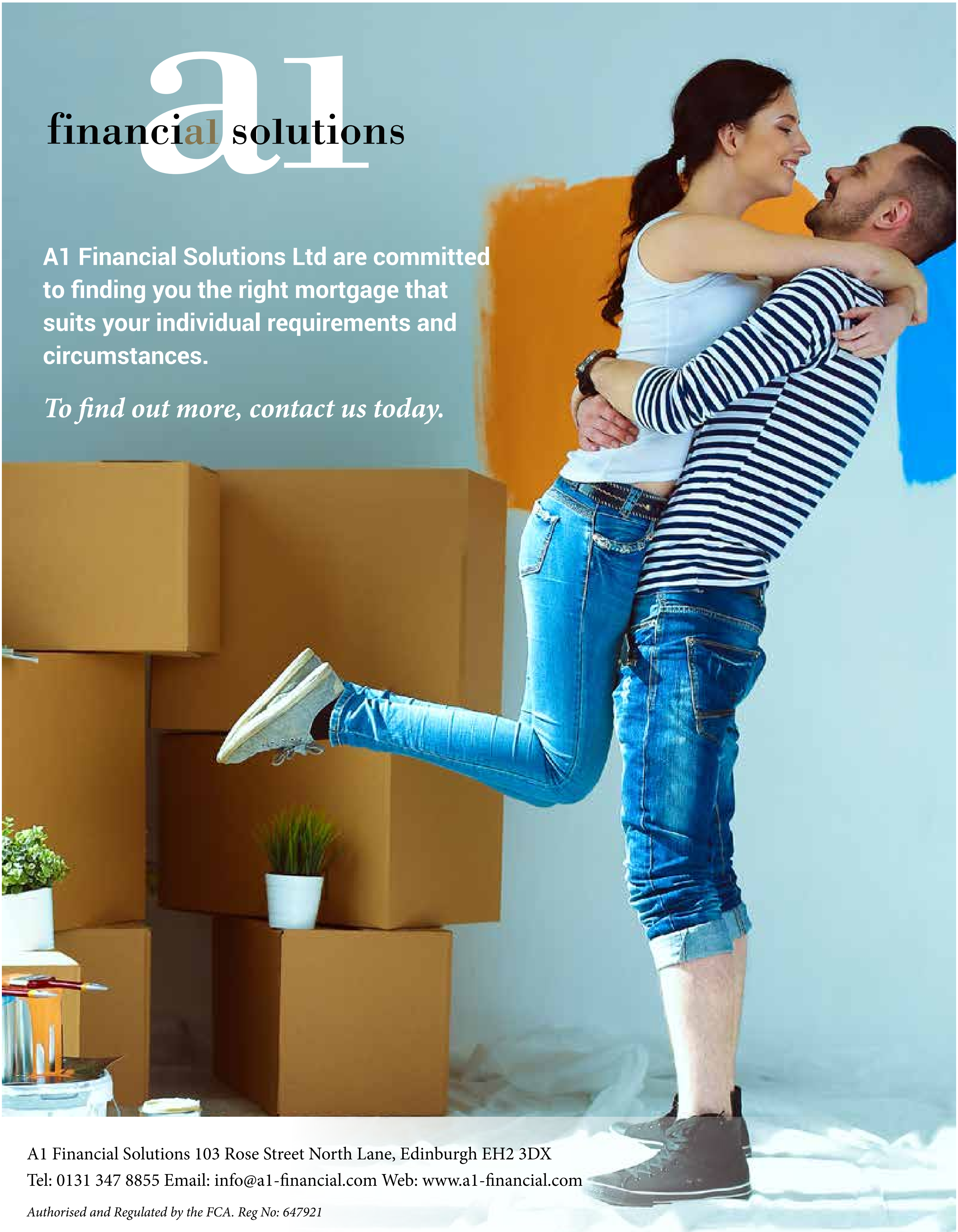
4. REMORTGAGING WITH A DIFFERENT LENDER

When A1 Financial Solutions submits your mortgage application for a completely new mortgage, the new lender will need to see proof of your identity, value the house and look at your finances to check the mortgage is affordable.

What deal we're able to secure will depend on how much equity you have. Equity is the property value minus your mortgage, so we'll need to know the value of your property. If you have more than 20% equity, you will have a wider choice of deals – and they are likely to be cheaper than if you only had 10% equity.

A1 FINANCIAL SOLUTIONS WILL GUIDE YOU THROUGH A HASSLE-FREE MORTGAGE PROCESS

Regardless of whether you are looking to remain with your current lender or proceed with a completely new mortgage, A1 Financial Solutions will help take all the hassle away from arranging your new mortgage requirements. As part of our expert mortgage advice service, we take the time to understand our clients' unique needs and circumstances so that we can provide them with the most suitable solutions in the most cost-effective way. To discuss the range of services A1 Financial Solutions offer, please contact us today for further information or to arrange a meeting.


a1 financial solutions
A1 Financial Solutions Ltd are committed to finding you the right mortgage that suits your individual requirements and circumstances.
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