SIMPLY MORTGAGE

NEWSLETTER FROM A1 FINANCIAL SOLUTIONS

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SPRING INTO ACTION WITH OUR TOP TIPS

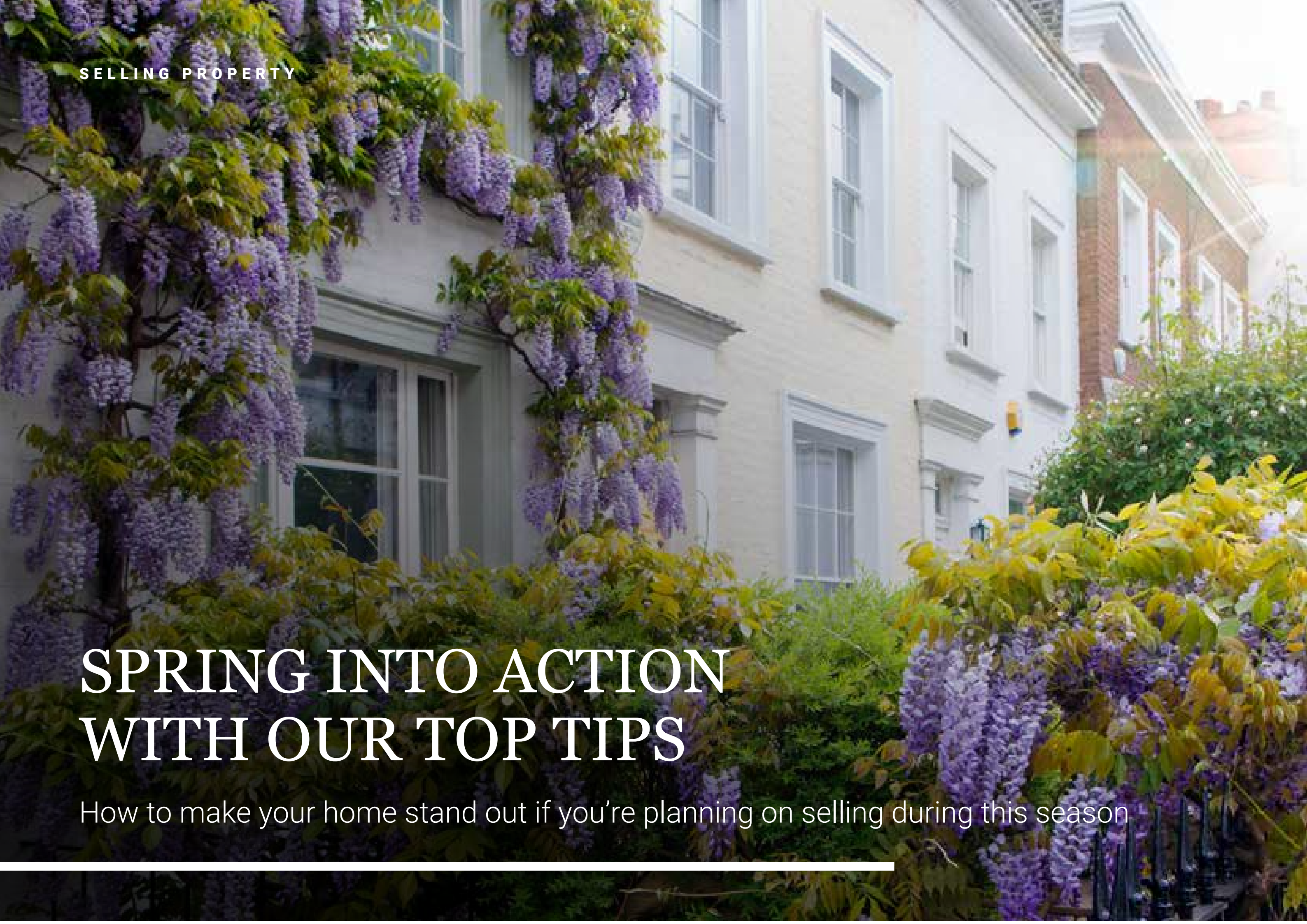
How to make your home stand out if you're planning on selling during this season

MORTGAGE TYPES EXPLAINED

How will fluctuations in interest rates impact on my mortgage?

LOOKING TO REMORTGAGE?

Understand the process and what options are available



SPRING INTO ACTION WITH OUR TOP TIPS

How to make your home stand out if you're planning on selling during this season

There are all sorts of myths about when is the best time to sell your house, but many experts say the spring season is considered the ideal time for selling a property. Historically, property sales tend to peak during the months of March to May, so it's the perfect time to get your property ready for sale.

Milder temperatures and longer daylight hours during spring make it a more attractive season for property hunting compared to the scorching summer or colder winter months. As a result of higher demand for properties, it is wise for sellers to capitalise on this selling opportunity and list their property on the market during this season.

ENHANCING A PROPERTY'S CURB APPEAL

Spring's brighter, more radiant days can also significantly enhance a property's curb appeal. In contrast to the gloominess of winter days, spring's ample natural light brings out the natural hues of brick or stone and accentuates your property's architectural features.

Similar to its effect on exterior curb appeal, enhanced natural light also contributes to the quality of interior property photography. High-quality images are an essential component of a successful property sale, and having improved natural light available can make a significant difference in their visuals. With less editing required to refine the pictures, your agent can list your property more expeditiously, saving valuable time.

INVITING AND CHARMING TOUCHES

Even for properties without a garden, the sight of trees blossoming or flowers blooming nearby can contribute positively to the property's outlook. For apartment dwellers with a balcony, a few blooming pots of spring flowers provide an inviting and charming touch to the exterior space.

Preparing your home for sale is an important step to take before entering the market. You want it to look its best and capture a potential buyer's attention, so take some time to highlight what attracted you in the first place. Creating a good first impression is essential.

To maximise the selling potential of your home during this season and avoid the frustration of an unsold property, here are 7 useful tips:

1. Identify your target audience –
Aim to tailor your space to match the specific preferences of potential buyers. Strike a balance between appealing to your key audience without alienating other groups of homebuyers. Try to showcase the versatility of the space, such as demonstrating how an office can be transformed into an extra bedroom.

2. Keep decor simple – Since individual tastes in interior decoration vary vastly, it's advisable to minimise excessive decoration. This will allow potential buyers to envision their personal style in your property without any distractions from your personal taste. By keeping your decor simple, you allow them to see themselves living there comfortably rather than feeling like they're intruding in a stranger's home.

3. Spring cleaning can work wonders – A spotless home is irresistible! To attract potential buyers, it's crucial to make sure your home is thoroughly cleaned. Don't forget to wash your windows (inside and outside), and polish your mirrors to reflect sunlight and brighten your rooms. Your kitchen and bathroom should look properly hygienic, so give them some extra attention.

4. Create an inviting fragrance – The aroma of your home can significantly impact how potential buyers perceive your property. It's crucial to leave a positive impression, and not have them associate your home with unpleasant odours from rubbish or leftover food. This is why staging is vital. One great tip is to do some baking – bread, cakes, cookies or other delicious treats – so that your home will be filled with a welcoming smell, creating a homely atmosphere.

5. Revamp worn-out spaces – If your home looks worn-out or outdated, it's essential to spruce up these areas. You can consider adding a fresh coat of paint, or installing new flooring or doors to transform and improve problematic spots in your home for viewings.

6. Declutter your space – Prospective buyers are likely to inspect the storage capacity of the property by peering into the cupboards, wardrobes and drawers where you might have hidden clutter away. Therefore, ensure you clear out any unnecessary items. This will help potential buyers envision themselves living in the house more easily.

7. Spruce up your outdoor spaces – Finally, remember that your garden is just as much a part of your living space as the inside of your home. Therefore, it's crucial to ensure that it complements the overall look and style of your property while presenting itself as a perfect spot for entertaining. Control unruly vegetation, trim tree branches and clear away debris from your lawn to showcase the exterior and brighten up the interior of your home. ■

READY TO FIND THE RIGHT MORTGAGE SOLUTION FOR YOU?
We understand that everyone's situation is different – that's why we discuss the range of different mortgage options that could work for you. So whether you're looking to buy your first home or moving home, we pride ourselves on finding the right mortgage solution for you. To find out more, please contact us.

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MORTGAGE TYPES EXPLAINED

How will fluctuations in interest rates impact on my mortgage?

The Bank of England sets the base rate for interest rates in the UK, which is a benchmark for other lenders who use this as a guideline to set their own credit and mortgage rates. Consequently, changes in the base rate can have an impact on how much you pay each month on your mortgage.

Mortgage payments tend to be affected more by small fluctuations, rather than large ones; however, if there is a significant change that has a prolonged effect then it could result in substantial savings or costs over time. When interest rates rise, borrowers will find themselves paying more; conversely, when they are reduced, the amount needed to cover the repayment will be lessened.

It is important to remember that while many people are aware of the base rate, lenders may not necessarily pass on any changes immediately. Therefore it is important to be mindful of what your lender has done with their own interest rates and how this could potentially affect your household budget.

With the recent rise in interest rates, many people with a mortgage are likely to have been affected in some way, unless they are still on a discounted or fixed rate deal. The magnitude of the impact on your finances will depend on various factors, including the type of mortgage you have.

STANDARD VARIABLE RATE (SVR) MORTGAGES

If you have an SVR mortgage, your lender sets the interest rate, which usually follows the Bank of England's base rate movements. While rates may not rise as much as tracker rate mortgages, lenders will likely pass on the interest rate increase on to their customers.

When your initial mortgage deal comes to an end, your lender may automatically transfer your mortgage to their SVR. This means that your payments could increase as soon as your next payment.

Your lender should send you a letter explaining the new rate and what you can expect to pay. If you haven't received any communication from them, it is advisable to contact them immediately.

FIXED-RATE MORTGAGES

With this type of mortgage loan, the borrower pays a set amount each month for an agreed period of time. The interest rate remains fixed throughout the fixed-term duration of the loan and so there is no fluctuation in monthly payments or risk that you will have to pay more if interest rates rise.

This makes it easier to budget and can make your mortgage payments more manageable over a longer period of time. Fixed-rate mortgages have become increasingly popular as borrowers seek to protect themselves from rising interest rates and volatile markets.

They provide a comfortable level of security, knowing that payments remain consistent by usually fixing the rate on your

mortgage for between two and five years at a time. Although you may be able to get a fixed rate mortgage for between seven and ten years, too. If you need to switch lenders or refinance your loan during this period, however, then there may be additional fees involved.

DISCOUNTED RATE MORTGAGES

Discounted rate mortgages usually come with an initial period when the interest rate is discounted from the SVR. This initial period may last for one, two or three years or even longer, depending on the lender's terms and conditions. After this period ends, the interest rate will revert back to the SVR unless you have taken out an extended fixed-rate deal.

During this initial period, borrowers can also benefit from any changes to either the Bank of England Base Rate or SVR, whichever is lower at any given time during your mortgage term. It is important to note that although discounted rates can help you save money over the course of your loan in some cases, they may not always be more cost-effective than other types of mortgages such as fixed-rate deals.

Overall, discounted rate mortgages can be a useful option for borrowers looking to save money on their monthly mortgage payments. However, it is important to research all the available options before committing to any deal and ensure you are getting the best deal for your particular circumstances.

TRACKER RATE MORTGAGES

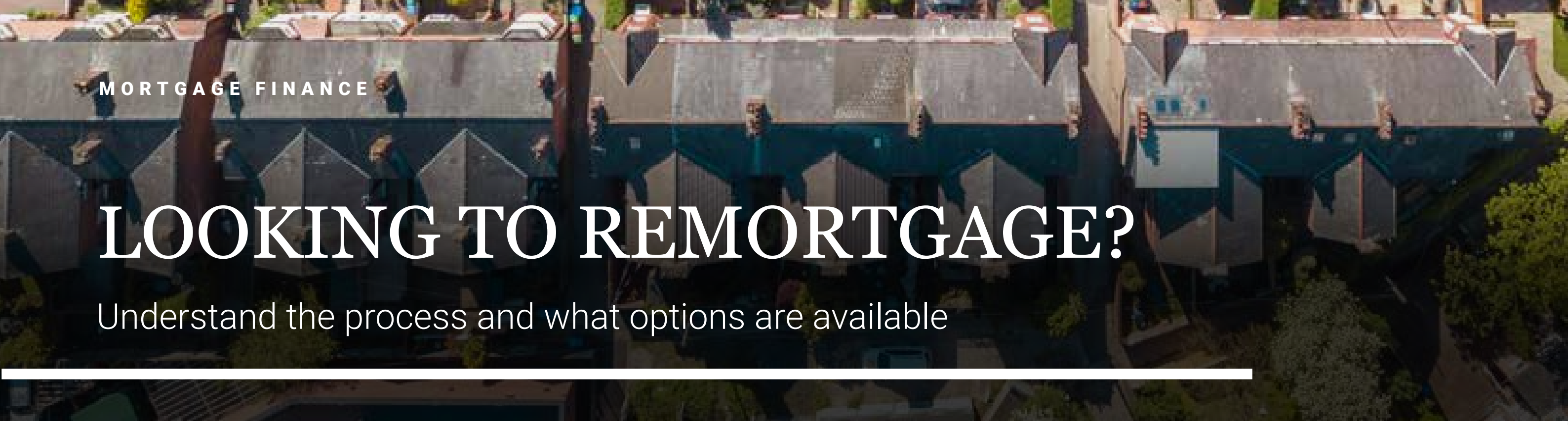
Tracker rate mortgages change in line with the Bank of England's base rate plus a few percent. Tracker rates usually last for one to five years before reverting to a SVR. This means that if the Bank of England increases its base rate, then your interest payments will also increase, so you would be paying more for your mortgage each month.

But if there is a reduction in the base interest rate, then you would pay less for your mortgage each month. However, you do not have the security of a fixed rate mortgage and should interest rates increase significantly during your loan period then this could be costly for borrowers.

It is important to consider all aspects when choosing a Tracker Rate Mortgage. Talk to a professional mortgage adviser before committing to one so they can discuss all the options available and help you find the right solution for your needs. ■

WHICH TYPE OF MORTGAGE IS SUITABLE FOR ME?

One of the most important things to consider when buying a property is the type of mortgage you take out. If you'd like advice on which mortgage may be suitable for you, we'll review your financial situation and provide suggestions and recommendations, based on the information you provide. To discuss your requirements, please contact us.



LOOKING TO REMORTGAGE?

Understand the process and what options are available

Remortgaging could save you hundreds of pounds on your mortgage payments and ensure that you are getting the right deal from your lender. But it's important to understand the process and what options are available before diving into it.

The process of remortgaging refers to changing your existing mortgage to a new one, either with your current lender or with a different one. It's an important decision as your mortgage is likely to be your biggest ever financial commitment.

MORTGAGE TERM MAY BE COMING TO AN END

There are various reasons why remortgaging might currently be appropriate for you. Your current mortgage term may be coming to an end, and you don't want to end up paying your lender's standard variable rate (SVR), which can typically be higher.

Maybe you need to borrow more money for a major expense, such as moving home or funding a home improvement project, or you want to reduce your monthly repayments and find a cheaper deal with better rates.

ELIGIBLE FOR A CHEAPER MORTGAGE

You may also want to switch to a mortgage provider that allows overpayments, or the Bank of England base rate has changed, prompting you to shop around for a more competitive rate.

Alternatively, your property has increased in value, making you eligible for a cheaper mortgage with a lower loan-to-value (LTV) ratio and you want to fix your payments and have certainty about your monthly mortgage outgoings if your circumstances change or rates increase.

AMPLE TIME TO REVIEW YOUR OPTIONS

To ensure you are not paying more than necessary, it may be appropriate to consider remortgaging every few years. In addition, to make sure you have enough time to shop around and complete the application process, set a reminder for six months before your current deal ends and contact your professional mortgage adviser. This will give you ample time to review your options.

If you have paid off a substantial amount of your mortgage over the past few years and gained equity in your home, switching to a different mortgage can reduce your monthly interest payments by taking advantage of the most competitive deals available.

MOST APPROPRIATE DEALS AVAILABLE

If you are considering remortgaging, it's important to know the steps involved. Gather your paperwork and review your current mortgage deal. Take note of the type of mortgage, interest rate, remaining payment period and monthly payments. Your mortgage adviser will then discuss the most appropriate deals available.

Get a conveyancing solicitor if necessary. If you're remortgaging with your current lender, there is no additional legal work required as it is considered a 'product transfer'. However, if you choose another lender, you'll need a solicitor or conveyancer to assist with the legal aspects.

The remortgaging process typically takes between 18 days to 40 days from application to mortgage offer. However, there are no hard and fast rules when it comes to the duration of the process.

REMORTGAGE COSTS: UNDERSTANDING THE FEES INVOLVED

If you're considering remortgaging your property, it's important to understand the fees that may apply.

Early Repayment: If you have a fixed rate or discounted mortgage deal, ending that arrangement early may result in an early repayment charge. These charges are typically calculated as a percentage of the balance still owing on the mortgage and can cost between 3% to 5%. However, they often decrease each year of a fixed term.

Exit Fees: Many lenders charge an exit fee when closing your mortgage account. This fee can be called something different depending on the lender, such as a 'mortgage account fee'. Typically, these fees range from £50 to £300.

Arrangement Fees: Lenders may charge for various aspects of arranging your new mortgage, including product fees, admin fees or application fees. New lender arrangement fees usually cost around £1,000 but can be higher.

Legal Fees: Most legal fees involved with remortgaging are usually covered by the lender themselves. However, if there is a charge, it will need to be paid upfront and cannot be added on to the new mortgage. Remortgage legal fees can cost from £300.

Valuation Fees: The valuation fee will depend on the value of your property and varies significantly between lenders. Some lenders offer free valuations while others may charge up to £1,500.

Don't overlook these costs before deciding whether to remortgage and which lender to choose.

When considering paying remortgage fees, you have the option to either pay them upfront or add them to your loan. While adding them to your loan is a common choice, but this will result in added interest over the life of the mortgage term, ultimately costing more overall. ■

WANT TO SEE IF A REMORTGAGE DEAL COULD HELP YOU SAVE MONEY?
If you want to find out if you could save money by moving your mortgage, let us know what's important to you and we'll discuss your options .To find out more, speak to us and arrange an appointment.

COHABITATION NATION

Over 60% of first-time buyers opt for a joint mortgage as a means of scaling the property ladder

More than six in ten first-time buyers are now going joint on the property ladder, according to the latest analysis[1]. This trend towards shared ownership instead of lone purchases can be attributed to several factors, including economic necessity and lifestyle preferences.

Cohabiting couples may also find that their combined incomes make it easier for them to qualify for larger mortgage loans than either could get on their own. They benefit from pooling resources when it comes to putting down a deposit and other costs associated with buying a home. In addition, splitting living expenses increases affordability for both partners and helps them build up equity faster.

‘RACE FOR SPACE’

The average age of a first-time buyer has increased to 32 years old, with the number of first-time buyers decreasing by 11% in 2022 compared to the previous year, the analysis identified. Nonetheless, the figures for first-time buyers were still higher than pre-pandemic levels, except for the record spike seen in 2021 and the peak in 2006.

In 2021, a combination of factors such as pent-up demand from the pandemic, government measures to ease Stamp Duty costs,and a “race for space’ led to a record number of first-time buyers purchasing their first homes.

ENOUGH SUPPLY

Moreover, the analysis also indicates that joint mortgage completions involving two or more people now account for almost two-thirds (63%) of all mortgage completions. More than 362,000 people entered the property market in 2022, with first-time buyers comprising over half of all home loans. However, purchasing a new home for the first time now typically involves paying over £300,000 and putting down an average deposit of £62,000.

While the number of first-time buyers remains high and even exceeded previous years except for 2021 (which saw record demand) and 2006 (the peak year), the cost of buying a home is still significant. Buyers may welcome the anticipated drop in more recent property prices this year but only if there is enough supply. Saving for a deposit can also be challenging for some first-time buyers due to the length of time needed and cost.

AVERAGE DEPOSITS

The average cost of a home for first-time buyers in 2022 increased by 13%, reaching £302,010. This increase resulted in average deposits accounting for 21% of the purchase price, equating to an average deposit of £62,470. This marks an 8% increase from the previous year.

Despite these significant costs, first-time buyers continue to account for over half (52%) of all loans on homes – the highest figure seen in the last decade. It's becoming increasingly common for first-time buyers to apply for mortgages in joint names as the average property values are now around 7.6 times the average UK salary. ■

LOOKING TO START THE JOURNEY TO YOUR FIRST HOME?

We'll advise you on how to obtain your first mortgage, guiding you through each stage that must be completed in the process. Contact us today to find out more.

Source data:

[1] Research based on data from the Halifax's housing statistics database, UK Finance statistics (including Halifax estimates based on the expected levels of market completions given the prevailing economic environment and lead indicator of market applications), and ONS ASHE data on average earnings – 25 January 2023.

SIMPLY MORTGAGE

When it comes to mortgages, taking advice can be a daunting process, whether you are looking to take financial advice for the first time or you've taken financial advice in the past.

Finances often take a low priority for many people because they are complex, but at Simply Mortgage our clients appreciate our ability to make the mortgage-arranging process both simple and enjoyable.

At Simply Mortgage, we ask the questions, look into your future, give straightforward advice and find the right mortgage solution for you.

Contact us today to begin your journey – we look forward to hearing from you.

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