THE MORTGAGE & PROPERTY MAGAZINE

ISSUE 4 - AUTUMN 2021

LOCATION, LOCATION, LOCATION

Deciding where to live: 10 factors to help you choose

DON'T WORRY, BE HAPPY

How to reduce stress and anxiety when applying for a mortgage

MORTGAGE OR MARRIAGE

Which is more important – the dream wedding or the dream home?

'GENERATION RENT'

Are you giving serious thought to becoming a buy-to-let landlord?

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Autumn 2021

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Welcome

WELCOME TO the Autumn 2021 quarterly issue of *The Mortgage & Property Magazine* from TFA Mortgages.

You want to buy a property but are not sure where? It could be the most important decision you'll ever have to make. If you get it wrong, you may be unhappy with where you live, and then have to face the costs of moving again. Whether you're looking for your first home, a fresh new start or planning to find the perfect home where you can spend your retirement years, there's much more to buying a home than finding a property you like and signing on the dotted line. On page 58 we weigh the factors you need to consider before you commit.

Buying a new home, and taking out a mortgage to do that, is a major, long-term financial commitment. If the idea of applying for a mortgage makes you feel anxious, you're not alone. Financial decisions can cause anxiety for some people, and it's natural to worry about making a long-term commitment that could affect your future wealth. To put your mind at rest, on page 15 we've broken down some of the concerns people commonly have when applying for mortgages and explain how working with a professional mortgage adviser could help.

The Netflix reality show *Marriage or Mortgage* reveals a lot about the emotional aspects of home buying, as couples decide whether to spend their savings on a wedding or a home. Over the years, both the average cost of a wedding and the average deposit required to buy a property have increased. As a result, this has forced some younger couples in the UK to decide which is more important to them — the dream wedding or the dream home? Turn to page 10.

So with 'Generation Rent' on the rise, is it time you gave serious thought to becoming a buy-to-let landlord? Fundamentally, buying a buy-to-let property works in a very similar way to any residential property. Buying property as an investment has proved to be a successful and lucrative investment decision for some. So if you're keen to become a buy-to-let landlord and want the best chance of success, on page 78 we provide our top tips on getting started.

A complete list of the articles featured inside this issue appears on pages 03, 04 and 05. We hope you enjoy reading this issue and always welcome your feedback. ◆

Charly Higman,
Mortgage & Protection Director

THE
MORTGAGE & PROPERTY
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THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

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

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MORTGAGE OR MARRIAGE

Which is more important — the dream wedding or the dream home?

OVER THE YEARS, both the average cost of a wedding and the average deposit required to buy a property have increased. As a result, this has forced some younger couples in the UK to decide which is more important to them — the dream wedding or the dream home?

IS REALITY TV NOW REFLECTING ACTUAL REALITY?

The Netflix reality show *Marriage or Mortgage* reveals a lot about the emotional aspects of home buying, as couples decide whether to spend their savings on a wedding or a home. In the popular show each episode focuses on one couple that are shown properties to fit their budgets while a wedding planner takes them on a tour of venues, trying on wedding dresses and tasting food for hypothetical receptions.

Low interest rates, stagnant wages and high rents have made saving hard work for many, and some younger people are now finding that they cannot afford to get married and jump on the property ladder at the same time.

The average wedding in the UK in 2021 and 2022 will cost a little over £20,000[1] and that only includes the costs of the day itself and not the cost of the honeymoon or other associated events like a bridal shower.

COST-CONSCIOUS ATTITUDE

Since the average price of a property in England is £256,000[2], a 10% deposit (which is typically the minimum you would need to save) would be £25,600, but first-time buyer deposits are often much higher. Plus, there are various other costs involved, including mortgage arrangement fees and survey fees.

Even if you approach both with a cost-conscious attitude, it would be difficult to save for a deposit and get married at a combined cost of less than £50,000.

IMPORTANT LIFE GOAL

For couples who each earn around the average UK salary, saving that amount could take between 10 to 20 years. So, many people in their 20s and 30s are forced to choose whether to postpone the big day or wait until afterwards to save for a home.

Recent research[3] highlighted that 12% of UK respondents believe that taking out a mortgage was more important than getting married. And, while 76% of people think that buying a home is an important life goal, slightly fewer (64%) think that getting married is an important life goal.

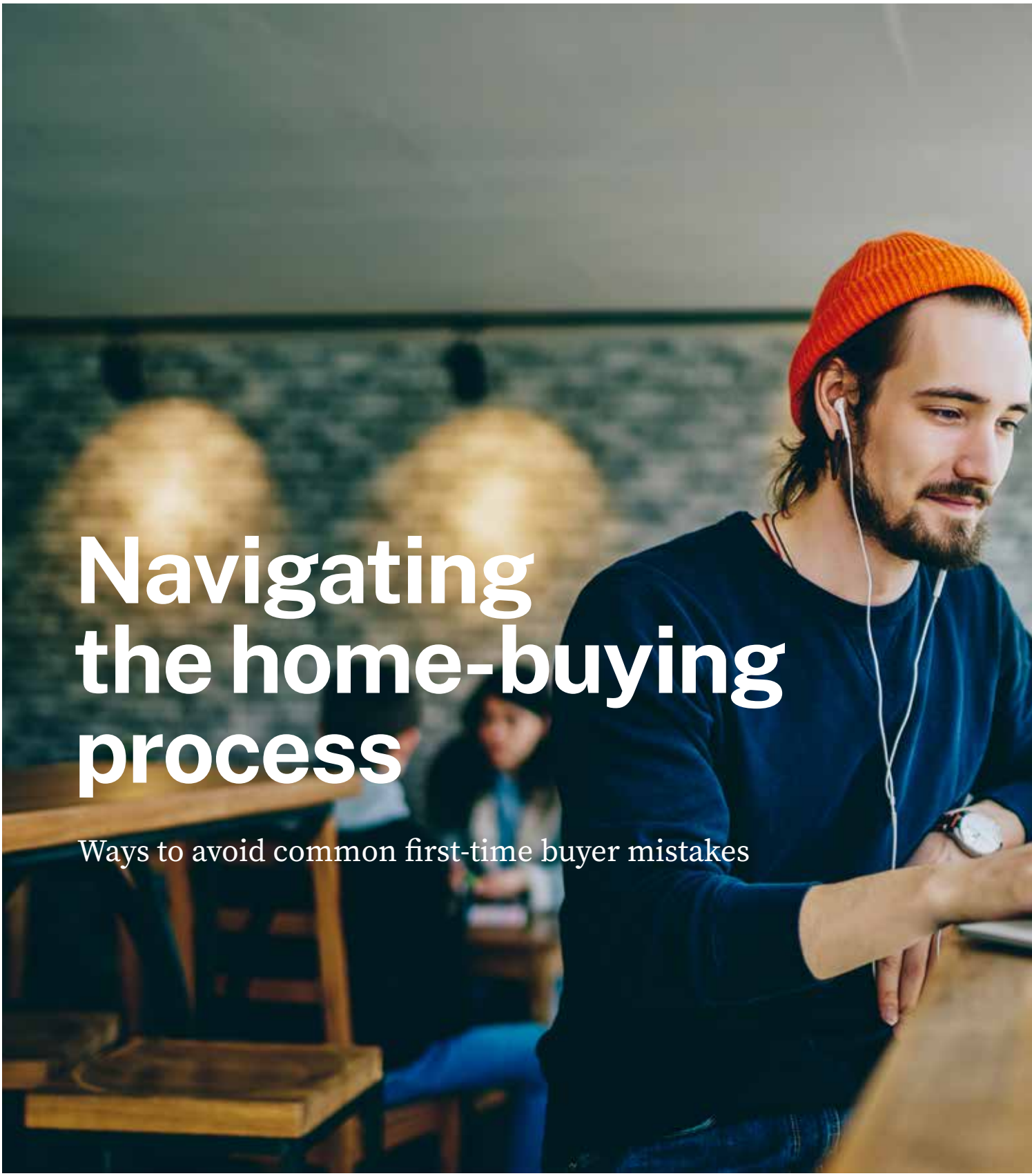
MEANINGFUL RITE OF PASSAGE

Although no one can predict how the housing market will go in the future, the difference between spending on a wedding and spending on a home is tangible. In one case you get a beautiful day and a meaningful rite of passage, but in the other you get real property you can live in for years. A home of your own is also an investment that can pay off down the road and one that should see its value grow.

Saving towards a common goal or goals, creating a monthly budget, making joint decisions and dreaming about the future are critical building blocks for a lifetime of partnership. These skills will serve you well in almost any scenario, whether staged for TV or happily ever after. ◆

Source data:

[1] https://www.compareweddinginsurance.org.uk/blog/average-cost-uk-wedding.php
[2] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/july2021
[3] https://www.whatmortgage.co.uk/news/why-brits-are-prioritising-a-mortgage-over-marriage/



Navigating the home-buying process

Ways to avoid common first-time buyer mistakes

BUYING A NEW home is an exciting time, but it can also be a little intimidating if you don't have the right knowledge and support to help you through the process.

When you're navigating the home-buying process for the first time, there are bound to be some obstacles to overcome. But many of the most common first-time buyer mistakes can be avoided if you are aware of them.

Here are four major pitfalls and how to evade them.

AVOID MORTGAGE REJECTION

A common mistake is applying for a mortgage without first checking your credit report. This could lead to your application being rejected for issues that are easy to fix. You can obtain your credit report from a service such as Experian or Equifax.

If there are incorrect items on your credit report, you can ask for them to be removed. If there are items that are correct, but not representative of your current financial situation (for example, an unpaid bill during a previous period of unemployment), you can also ask to add a notice of correction. You are permitted to submit a short explanation of up to 200 words.

AVOID GOING OVER BUDGET

Often, first-time buyers have saved enough for their deposit, but haven't considered all the extra costs which put a strain on their budget.

These can include:

- Stamp Duty Land Tax (SDLT), if you're buying a property worth more than £300,000 in England or Northern Ireland

"Many first-time buyers try to manage the whole process themselves, even though expert advice is easily available."

- If you're buying a property in Scotland, you will pay Land and Buildings Transaction Tax (LBTT) and in Wales Land Transaction Tax (LTT) instead of Stamp Duty
- Mortgage arrangement fees, which can run into thousands of pounds
- Solicitor or conveyancing fees, to pay to manage the transaction for you
- Insurance, including buildings insurance (which is essential to secure a mortgage) and other types of insurance to ensure you don't lose your home if your financial situation changes

These extra costs could potentially add up to around £15,000, so you might need to save up a little longer before you're ready to buy.

AVOID COSTLY PROPERTY PROBLEMS

As a first-time buyer, you might not be aware of all the things that can go wrong with a home, and they're not always visible.

For example:

- An old boiler may need to be replaced soon after you buy the property, costing thousands
- Poor insulation in the roof and walls can add to your energy bills in winter
- Missing roof tiles can lead to leaks and potentially expensive water damage

It can help to take someone with more experience along to viewings, but they might also easily miss some issues.

A professional survey, though it will cost several hundred pounds to arrange, will identify any potential issues and could save you a lot of money over the long term.

AVOID GOING THROUGH IT ALONE

Many first-time buyers try to manage the whole process themselves, even though expert advice is easily available.

Obtaining expert financial advice can help you to understand how much you can realistically afford to borrow and repay, so you don't overstretch yourself. A professional mortgage broker can help you create a plan to save a bigger deposit, or a budget so that you can afford all of your monthly mortgage repayments while continuing to save for the future.

They will help you find an appropriate mortgage deal to minimise your monthly repayments and can give you access to a wider range of products than if you were to research the market yourself and look at a lender's offerings. It's also likely they will be connected to a professional network within the sector, and they may even be able to offer products that aren't available to the general public.

You will also be guided through the process of applying for a mortgage to avoid time-wasting rejections, get help with paperwork and you won't have to handle the application. In many cases, first-time buyers will easily recoup the cost of this expert mortgage advice in the savings it brings them. ◆

>> FIND THE RIGHT MORTGAGE FOR YOU <<

We've got everything you need to make finding a mortgage straightforward. For further information about how we can help, contact **TFA Mortgages**
– telephone **0800 3899 708**
– email **enquiries@tfagroup.co.uk**

Don't worry, be happy

How to reduce stress and anxiety when applying for a mortgage

BUYING A NEW home, and taking out a mortgage to do that, is a major, long-term financial commitment. If the idea of applying for a mortgage makes you feel anxious, you're not alone.

Financial decisions can cause anxiety for some people, and it's natural to worry about making a long-term commitment that could affect your future wealth.

To put your mind at rest, we've broken down some of the concerns people commonly have when applying for mortgages and explain how working with a professional mortgage adviser could help.

GETTING A MORTGAGE IF YOU'RE SELF-EMPLOYED

Many people may mistakenly believe that they're unable to get a mortgage because they are self-employed. This factor alone is not typically a reason that your mortgage application will be refused.

However, you might find it a little more difficult to meet a mortgage provider's affordability requirements. You'll need to demonstrate your self-employed income for two or more years, and you may have to provide additional paperwork compared with salaried employees. A professional mortgage adviser can advise you on how much you can afford to borrow and simplify the application process.

GETTING A MORTGAGE WITH A POOR CREDIT HISTORY

Some people may worry that their credit history will make it impossible to get a mortgage. Your credit history indeed plays a role in the approval process, along with your income and other details of your financial circumstances, but your chances of success might be better than you think.

In many cases, negative items are removed from your credit report after seven years, so if your financial problems are long ago, you may not need to worry. If you have recent issues, you might not have access to every mortgage on the market, but a professional mortgage adviser can advise on which lenders will work with you.

UNDERSTANDING MORTGAGE RATES

A common cause of concern when applying for mortgages is that it's difficult to understand and compare how much you'll pay with different products. Mortgages advertised at low fees can have hidden costs, or the rate can rise significantly after only a short period. Sometimes it's worth opting for a higher rate if it's guaranteed not to rise.

To avoid unexpected expenses and get the right deal, you should read through all of the small print and do some calculations to compare the total costs of different mortgages. Your professional mortgage adviser can go through this with you.

UNDERSTANDING MORTGAGE JARGON

Confusing language can add significantly to the stress involved in applying for a mortgage. If you're not familiar with terms like equity, gross, capital or offset, then the product guides and terms and conditions can be almost impossible to read.

A professional mortgage adviser can explain things to you in simple terms.

WORKING WITH A PROFESSIONAL MORTGAGE ADVISER

Many mortgage anxieties can be mitigated by working with an experienced professional mortgage adviser. They can take the stress out of choosing the best rate and offer advice on which mortgage is right for your circumstances.

They may also have access to a wide range of mortgages, some of which might not otherwise be available to you. With greater access to a wider market, your professional mortgage adviser may be more likely to find a mortgage that's right for your circumstances, even if you have a poor credit history or you're self-employed. ◆

>> LOOKING TO GET MORTGAGE ADVICE? <<
Using an experienced professional mortgage adviser not only makes sound financial sense, but can provide you with all sorts of vital help. To discuss how we could help you through the mortgage process, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**

POSITIVE SOLUTIONS TO NEGATIVE EQUITY

How to get out of it and what options to consider

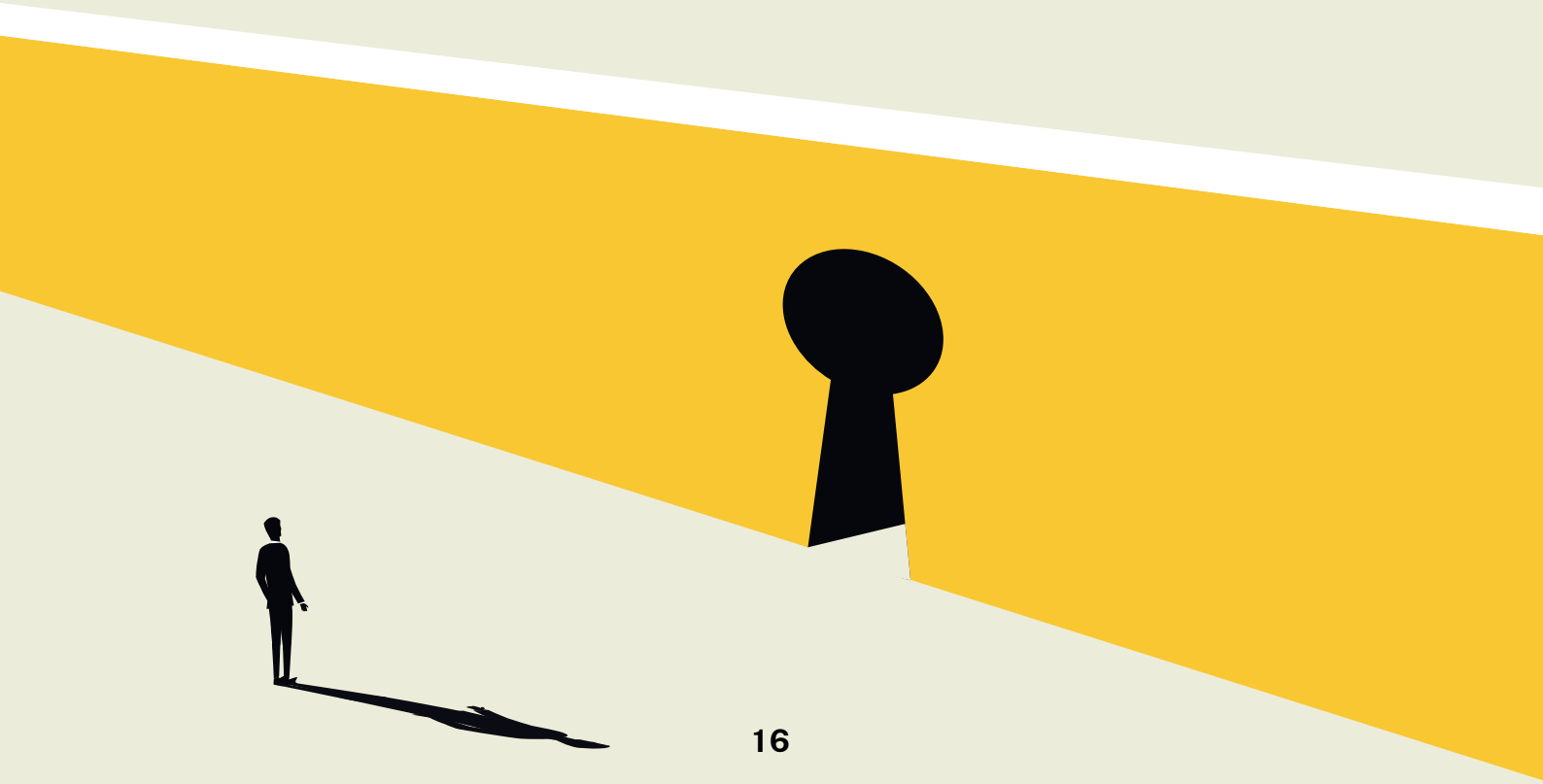
MANY HOMEOWNERS fear falling into negative equity and the financial difficulties this can create. However, it is not always the disaster it appears to be, and the solution is often straightforward.

We've provided answers to some common questions to help you understand and manage the situation.

WHAT IS NEGATIVE EQUITY?

If you're in negative equity, it means that the current value of your home is less than the amount you owe to your mortgage provider.

For example, if you bought a home worth £200,000, borrowing 90% of the value (£180,000) from a mortgage provider, if the value of your home fell quickly to £175,000, you would be in £5,000 negative equity.



HOW DOES NEGATIVE EQUITY HAPPEN?

Negative equity is usually the result of a sharp fall in the value of a property very soon after it was purchased. This can be because of a slump in the housing market. Falling house prices are typically the most common cause of negative equity.

Other reasons could be if someone has taken a secured loan against their home in addition to the mortgage, for example, perhaps they borrowed an additional sum to consolidate other borrowing.

If someone has an interest-only mortgage, the outstanding balance doesn't reduce as they make payments. This puts them at a greater risk of negative equity if their property value falls.

If mortgage payment has been missed, then the outstanding balance could increase to a level higher than the property value.

Ultimately, negative equity can often be caused by a combination of these issues.

HOW DO YOU KNOW IF YOU'RE IN NEGATIVE EQUITY?

If any of the above applies to you, you can find out if you're in negative equity by asking for:

- The outstanding balance you owe your mortgage provider
- A property valuation from a local estate agent

If the outstanding balance is higher than the valuation, you're in negative equity.

WHAT CAN YOU DO ABOUT NEGATIVE EQUITY?

You have several options to help you get out of negative equity. You can:

MAKE AN EARLY REPAYMENT ON YOUR MORTGAGE

This can reduce your outstanding balance to below the property value. Mortgage rates are often higher than savings rates and so you could use any disposable funds you may have to repay part of your home loan. However, this could be subject to a charge if you make an early repayment, so this may not always be an appropriate option.

INVEST IN HOME IMPROVEMENTS

In some cases, investing in an extension, new kitchen or garage conversion may increase the value of your home to above the outstanding balance on your mortgage. However, the cost of the home improvements could end up being more than the added value to your home.

WAIT FOR THE HOUSING MARKET TO IMPROVE

Negative equity is only really a problem if you want to sell your property, as there will be a shortfall in how much you need to repay your mortgage provider. Property market downturns are usually temporary so, if you can, simply wait to sell until house prices have risen and you're no longer in negative equity.

If you cannot wait to sell your home, you can discuss this with your professional mortgage adviser who can approach your mortgage provider to see if they will permit you to port the mortgage to your new home instead of repaying it. Alternatively, you could consider letting out your current home instead of selling it, to allow time for the market to improve.

REDUCING THE RISK OF NEGATIVE EQUITY

If you are in negative equity and you want to sell your home, then your options will depend on how flexible your mortgage lender is about transferring your mortgage to a new property. Some mortgage lenders offer specialist products for people with negative equity to move home.

The best way to reduce the risk of negative equity is to put down a significant deposit. This should perhaps be above 10% or 15% of the property's purchase price. This means you will be borrowing less through a mortgage. If property prices fall, the chance of your property's valuation falling below the balance on your mortgage is reduced. ◆

>> GUIDING YOU THROUGH THE MORTGAGE MAZE <<

We understand that everyone's situation is different. If you're looking to apply for a mortgage our experts can guide you through the mortgage maze. To talk to us about your requirements, please contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**

"If you're in negative equity, it means that the current value of your home is less than the amount you owe to your mortgage provider."

Funding home improvements with equity release

Lending options for over-55s could provide the cash you need to invest in your home

IF YOU'RE OVER 55 and don't have the funds available for improvements you'd like to make to your home, exploring equity release may be one option to consider if appropriate to your particular situation.

As well as cosmetic improvements, as we get older it's important our homes adapt as our needs change and renovations can be vital in improving accessibility. But some people are not able to undertake this vital work because they cannot afford it.

UNLOCK WEALTH

One possible solution for those who need extra money to make much needed improvements is to unlock equity from their home. There has been a rise in the number of people looking to unlock wealth from their home to make renovations, with 2021 seeing an increase of 134% compared to the same period last year, according to new data[1].

Many people now have more pressure on their finances than in the past, whether due to furlough, redundancy or forced early retirement. This has led some people to explore alternative ways to pay for them that they might not have otherwise considered.

OVER-55S OPTIONS

After turning 55, you're able to access various 'later life' lending options, including equity release. Equity release is a way to convert the wealth you currently hold in property into cash.

Recent research commissioned by the Good Home Inquiry[2] found that the majority (63%) of people approaching later life in England see home renovations as a priority in the next two years.

However, half (50%) of those aged 50-70 said the main reason they would not be able to carry out all the renovations they want is because they cannot afford it.

LIFETIME MORTGAGE

One equity release product is called a 'lifetime mortgage', which is available to homeowners aged 55 or over. You can take the money as a lump sum, series of lump sums or as a regular income. No repayments are required until you die or move out of your home into long-term care.

The loan is then repaid after you (and your partner, for jointly owned properties) have died, when the property will be sold. Once the loan, interest and fees are deducted by the equity release provider, any remaining proceeds from the sale are passed on to your loved ones.

HOME REVERSION PLAN

Another equity release product is a home reversion plan. This is a way to sell all or part of your home, and in return, be given a tax-free cash lump sum or regular income, and a lifetime lease. The provider buys a portion of your home at below market value.

You (and your partner, for jointly owned properties) retain the right to live there until your death. Afterwards, the home is sold, with the equity release provider taking a percentage of the proceeds based on the proportion of the property that they own.

"After turning 55, you're able to access various 'later life' lending options, including equity release."

RETIREMENT INTEREST-ONLY MORTGAGE

Thirdly, you have the option of a retirement interest-only mortgage. This is similar to a lifetime mortgage, but you will make repayments in your lifetime to cover the interest due on the loan. Therefore, the amount of capital owed to the provider after your death remains the same, rather than growing.

EXPLORING EQUITY RELEASE

It isn't just home improvements that can be funded with equity release. The cash can be used for any reason you'd like, whether that's to help younger family members to get on the property ladder or to make your retirement years more comfortable.

The data also shows a 96% rise in the first five months of this year in the number of enquiries about gifting money to loved ones, compared to 2020[1]. Requests to unlock cash for the purpose of gifting may come as parents and grandparents provide housing deposits, but the spike in requests may also be an indication of how the older generation has been relied on as a vital source of regular financial support for those hit by the pandemic.

LONGER-TERM PLANS

Gifting money to a family member can be hugely rewarding and can often make good financial sense, but the key is not to lose sight of your own longer-term plans. There is a risk that people could be underestimating what they need to fund a comfortable retirement.

Therefore it's important to gift sensibly and this needs to include thinking about our own ambitions for our lifestyle in later life as we cautiously begin the transition back into our normal way of living. ◆

>> MORTGAGES FOR YOU <<

Discover mortgages for you and your family. To find out more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**

Source data:

[1] https://www.legalandgeneralgroup.com/media-centre/press-releases/legal-general-sees-equity-release-enquiries-for-home-improvements-more-than-double-in-2021/

[2] https://www.ageing-better.org.uk/news/half-over-50s-who-want-home-renovations-are-unable-afford-them

On the move

Planning to move into something bigger, or downsizing

BUYING A PROPERTY can be a daunting experience, whether you are planning to move into something bigger, or downsizing. It may be a while since you went through the process, so don't forget to remind yourself why you're viewing the property and ask the right questions you need to know to help you make an informed decision before you make an offer.

We all know buying a property is usually the single most expensive purchase we'll ever make, but what may surprise you is that, on average, we only spend around 25 minutes[1] viewing a property before we decide to buy it!

To make sure you get the most out of your viewing, we've put together a list of basic questions you should consider.

HOW MUCH INTEREST HAS THIS PROPERTY ATTRACTED?

It's important to know how many other potential buyers are in the running to purchase the property you're looking at. If you're the first to view, you're in a strong position to make an offer. If there have been several other viewings already, you might have some competition.

Find out if there have been any previous offers that were rejected, and if the current owner is open to offers below the asking price. Remember that some negotiation is considered normal in the buying process.

WHEN IS THE PROPERTY AVAILABLE?

If you're buying a newly built property, find out when the construction work is due to be completed so you can move in.

If it's a previously owned property, you'll need to wait for the current owner to find a new home. This creates a chain, which can add time to the transaction and cause problems if other sales fall through. It's often unavoidable, though, unless the property is inherited or the owner is moving abroad.

WHAT'S INCLUDED?

There are no set rules regarding what a seller will leave in the property and what they'll take with them when they move out. So, you should establish this before making an offer. If all the white goods are included, for example, the fridge, washing machine, etc, you might be able to make a higher offer. If there are items you don't want to remain in the property, like a garden shed, you'll need to make that request.

Similarly, if you're buying a newly built property, find out if the developer will include the white goods or if you'll need to buy your own.

WHICH WAY DOES THE PROPERTY FACE?

It's helpful to know which way the property is oriented, so you know if you'll be able to enjoy the garden or balcony in

"There are no set rules regarding what a seller will leave in the property and what they'll take with them when they move out."

the evening, or if the bedrooms are well lit in the mornings.

You can ask the current owner, developer or estate agent, and you can also use a compass app on your smartphone to confirm the answer.

WHAT ARE THE NEIGHBOURS LIKE?

With a newly built property, you won't have the chance to find out about your future neighbours in advance. But, if you're moving into a previously owned property, you should find out from the current owner if they've had any problems with their neighbours, such as noise.

WHAT ARE THE RUNNING COSTS?

When you buy a home, the current owner or developer will provide you with an Energy Performance Certificate (EPC) that will rate the property's energy efficiency and likely running costs.

Newly built properties are usually cheaper to run. With a previously owned property, ask the owner how much they spend on bills to get a clear idea of how much your monthly expenditure will be. ◆

Source data: [1] https://www.barratthomes.co.uk/Documents/Barratt_Homes_Home_Buying_Truths.pdf

>> WHAT KIND OF MORTGAGE DO YOU NEED? <<

Whether you're coming to the end of your existing mortgage deal or you're looking for a new mortgage, we can help you look at your options. For more information, contact **TFA Mortgages**

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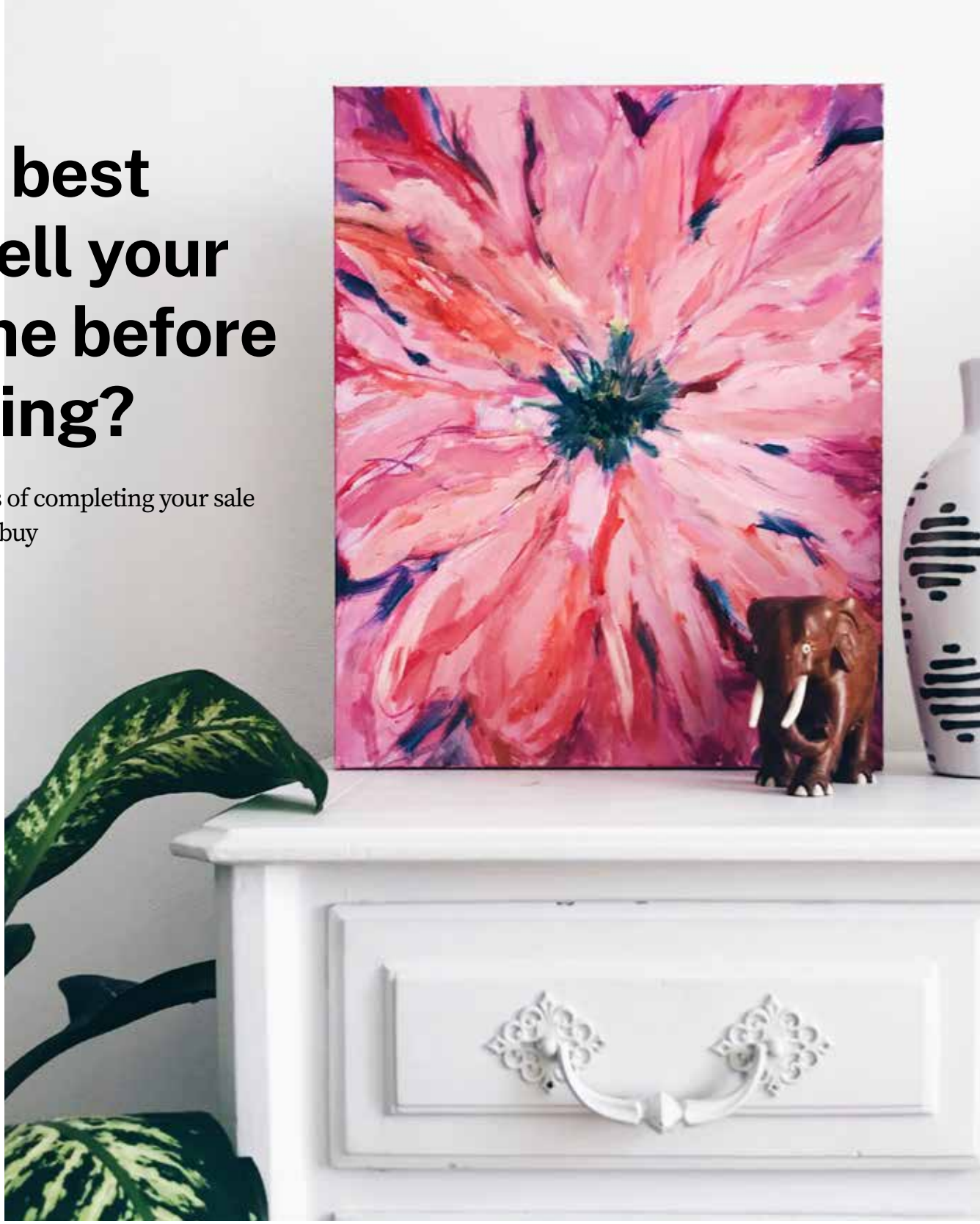
Is it best to sell your home before buying?

Advantages of completing your sale before you buy



"The process of selling and buying a house doesn't get easier, no matter how many times you've been through it before. You've got to get your property valued, sort your finances, arrange viewings and that's before you've even thought about looking for a new house yourself."

WITH COMPETITION and demand for properties in the marketplace fierce, to set yourself apart from other buyers, one option is to sell your current home before you look for a new one.

The process of selling and buying a house doesn't get easier, no matter how many times you've been through it before. You've got to get your property valued, sort your finances, arrange viewings and that's before you've even thought about looking for a new house yourself.

When it comes to moving house, homeowners typically sell their current property at the same time as buying a new one. This is often the simplest, most cost-efficient option. But this approach has its downsides – most notably the fact that it creates a property chain.

Here are some of the ways in which selling your home first could help you.

CUTTING DOWN THE CHAIN

Long property chains can be a nightmare, as it only takes one weak link to bring down all the transactions. If a buyer elsewhere in the chain is refused the mortgage they asked for, or a seller takes their home off the market, every sale could fall through.

The longer the chain, the slower the process will be, and the additional time involved makes each purchase vulnerable to gazumping.

So, chain-free buyers are far more attractive prospects. If you've already sold your home, you may have a greater chance of your offer being accepted, even if it's not the highest on the table.

PUTTING YOUR FINANCES IN PERSPECTIVE

Selling your home before buying another takes some of the guesswork out of how much you can afford. You can get an Agreement in Principle from a mortgage lender based on the exact amount of cash you have, rather than an estimate of how much you'll make from the sale. So, your chances of mortgage approval at the next stage are potentially higher.

You might even have enough cash from the sale to buy a new home outright, which allows you to move much more quickly than a buyer who needs to seek mortgage approval. It also gives you access to properties only open to cash buyers, such as auctioned properties and those with short leases.

TAKING OFF THE TIME PRESSURE

If you find your dream home before you've sold your current home, you'll then be in a race to sell yours to avoid missing out. The time pressure can weaken your negotiating position and force you to accept an offer at a lower price than you'd like.

In contrast, if you haven't yet started looking at properties for sale, you can manage the pace of your sale however you'd like and wait for the right offer.

AVOIDING STAMP DUTY COMPLICATIONS

Rates of Stamp Duty Land Tax (SDLT) are higher when buying a second property. This usually doesn't apply if you're selling your only home and buying another, but it can get complicated if you still own your old home when you buy the new one.

Your new home will be considered a second property, with additional SDLT to pay, until the old home is sold. If it sells within three years, you can claim back the additional SDLT. Otherwise, you'll lose the extra money you paid.

By selling your property first, you could save time and money, and remove some of the stress of buying a new home. ◆

>> FINDING A MORTGAGE DEAL THAT'S RIGHT FOR YOU <<

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Estate agent fees – getting value for money

Tips to help you cut the cost of selling your home

AS THE SAYING goes, 'A wise person should have money in their head, but not in their heart.' Moving home isn't cheap, so it is worth reviewing where can you make savings. One of the things you can do is negotiate with your estate agent about the fees that you have to pay.

Estate agent fees are a necessary part of the property selling process and are based on a number of different factors, such as how quickly similar properties are selling in the local area, the number of similar properties on the market, and their chosen marketing approach for your property.

Most agents are prepared to be flexible and have a bit of room for manoeuvre, so it's worth asking for the rationale behind the fee percentage you've been given.

Here's how to ensure you're getting value for money.

1. CHOOSE THE RIGHT AGENT

You may be approached by agents offering fee reductions, but remember that low fees are only cost-effective if your agent also helps you sell your home quickly and at the right price.

Choosing the right estate agent can be difficult, particularly if you seek several valuations and they vary dramatically. It's tempting to choose the agent who provides the highest valuation, but a high valuation doesn't guarantee a high selling price. Listing your home at the wrong price can delay your sale and cost you more in the long run.

So, do your own research and search online to see what price similar properties have sold for in your area recently. Ask around for recommendations for local estate agents or look for online reviews.

2. KNOW WHAT'S FAIR FOR FEES

Fees for most high-street estate agents can vary between 0.75% and 3% (plus VAT) of the agreed sales price. If you sell for £200,000, that could cost you between £1,800 and £7,200.

Make sure to check what's included in the price your estate agent quotes. Does the price they've given include VAT? Is it sole agency or multi-agency? Does the contract mention 'sole selling rights' or 'ready, willing and able purchasers'? These clauses can be costly!

For a sole agency contract, you should be able to negotiate the fees down to 1% plus VAT.

3. ASK FOR EXTRAS

Getting value for money on your fees isn't just a matter of negotiating a lower commission rate, it's also about what's included.

Sometimes, low-cost agents will charge extra for photography, marketing and sales boards. But if you have several estate agents competing to list your property, you can likely negotiate to have these included in the rate you pay.

"Most agents are prepared to be flexible and have a bit of room for manoeuvre, so it's worth asking for the rationale behind the fee percentage you've been given."

4. CHECK THE TIE-IN PERIOD

Some estate agent contracts may specify a tie-in period, which means that you cannot move to another agent within that time, even if you're not happy with the service or haven't received any offers.

Since the market is so competitive, your agent should be confident they can secure a fast sale. So, you may be able to get a contract without a tie-in period. If the tie-in period is unusually long, typically more than 12 weeks, negotiate it down or work with a different agent.

5. CONSIDER AN ONLINE ESTATE AGENT

For lower fees, it's increasingly popular to work with an online estate agent. These often offer fixed fees of between £99 and £999, rather than a percentage of the sales price and sometimes offer 'no sale, no fee' options.

The downsides of an online estate agent are that they might not have the same local knowledge and experience as a high street agent, and you might have to put more of your own time into managing the sale. Also, if your agent is working on a fixed fee, which is usually paid upfront, they may not be incentivised to push for the best sales price and to keep the sale moving once agreed.

Ultimately, there is more to consider than simply the cost of the fees. But the time is right if you want to ask for a discount. ◆

Get moving faster with a guaranteed buyer

Avoid the stress of trying to sell your home by part exchanging it

ONE OF THE MOST common frustrations when buying any property is losing out on your dream home because you can't find a buyer for the one you live in now. Part exchange is one potential solution to that problem, but it's not suitable for everyone.

Most of the larger big house builders offer part exchange. However, if you are living in a location where the housing market is buoyant you should avoid part exchange if you want the best possible price for your property. House builders can sometimes tend to be vague about how a purchase price is arrived at.

But there may be certain circumstances where it might be worth suffering a small loss on your existing home to enable you to move into the home of your dreams. For example, this could be because you are struggling to sell or you need to relocate quickly for a new job or the start of the school term.

WHAT IS PART EXCHANGE?

You might have previously used a part exchange scheme when buying a new car. In that instance, you would use your old car as partial payment towards the new car, so that you have less to pay in cash or credit.

The same applies to homes. Some sellers – specifically, some house builders – will allow you to use your current home as partial payment towards a home you want to buy from them.

To take advantage of part exchange, you need to be a homeowner looking to move up the ladder. Most home builders will only consider homes worth up to a certain percentage of the value of the new home.

Using a part exchange scheme:

- You have a guaranteed buyer for your property and don't need to wait for offers
- You won't be part of a property chain, as both your sale and purchase are with the same party
- Your transaction can therefore move at a pace that suits you both, with fewer delays
- You won't need to pay estate agent fees, which could potentially save you approximately 1% to 3% of the property value

WHEN IS PART EXCHANGE AVAILABLE?

Part exchange is only available when buying a new property from certain house builders. It wouldn't be an option if you're buying an older property from the current owner.

HOW DOES PART EXCHANGE WORK?

First, you'll need to find a property you want to buy from a house builder who offers a part exchange scheme. You may need to pay a reservation fee when you make an offer.

Next, the house builder will undertake a valuation of your current home and make a part exchange offer. This may be lower than you could achieve on the open market, so you'll need to weigh this up against the benefits of part exchanging.

Most will claim they will get at least two

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THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

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“Not all properties will qualify for part exchange. If your current home could be difficult to sell, for example, because of a short lease, a structural issue, Japanese knotweed or poor condition, the house builder may not want to take it on as they’ll risk losing money.”

estate agent valuations for your property and then make an offer. If you decide to accept the offer, you’ll need to appoint a solicitor or conveyancer to manage the transaction. You’ll also apply for a mortgage at this stage.

Once your transaction is complete and you have moved into your new home, the property developer will sell your old home to someone else.

DO I NEED A SPECIALIST SOLICITOR OR CONVEYANCER FOR PART EXCHANGE?

You can choose any solicitor or conveyancer to manage the transaction and, as always, you should consider personal recommendations or testimonials. Some will have more experience in part exchange, which could be an advantage. The house builder might suggest a conveyancer they have an existing relationship with.

WILL I QUALIFY FOR PART EXCHANGE?

Not all properties will qualify for part exchange. If your current home could be difficult to sell, for example, because of a short lease, a structural issue, Japanese knotweed or poor condition, the house builder may not want to take it on as they’ll risk losing money.

WHAT ARE MY OTHER OPTIONS?

You might choose not to part exchange, either because you think you can get more money from another buyer or because you decide to buy a different property.

In that case, your options are the same as usual. You can list your property for sale, either with a local estate agent or online estate agent, or sell it at auction.

If you consider that going down the part exchange route is right for you, it is important to negotiate as hard as you can, and not just accept the first offer that is made to you. As well as negotiating on the part exchange price, don’t forget to also negotiate the purchase price for the new property as you would in a normal transaction. ◆

>> READY TO DISCUSS YOUR MORTGAGE OPTIONS? <<

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Struggling to sell your property?

How to move out and move on

WHEN TRYING TO sell your house, it can be really frustrating to go through the motions of constantly keeping it in a viewable condition, showing prospective buyers around and dealing with estate agents – only for your beloved property to sit on the market for months on end.

So if your property isn't attracting interest after a couple of months on the market, it's time to ask yourself why. Fortunately, most of the reasons why a home isn't selling are easily identifiable and rectifiable and fit into a shortlist.

We look at some of the common reasons that home sales take longer than necessary and give some tips on how to resolve them.

IS THE ASKING PRICE UNREALISTIC?

Sometimes an estate agent will list your home at more than they think it's truly worth, to set a high starting point for negotiations. However, this sometimes means that it isn't being seen by the right buyers. And, if your home doesn't compare well to others listed at the same price, you won't get enough viewings.

“While it is possible to sell a property as a renovation project, it won’t appeal to all buyers, and the ones who are interested are typically looking for a bargain.”

Do your own research by looking at the prices similar properties in your area have sold for recently. Be open with your estate agent about the price you want to list at.

IS THE LOCATION SEEN AS DESIRABLE?

Location is one of the biggest factors in a buyer's decision-making process. They are typically looking for good transport links, good local schools, low noise, low crime rates and lots of amenities.

If you don't meet those requirements, you might have to drop your asking price, even if your property has other valuable features.

IS THE PHOTOGRAPHY GOOD ENOUGH?

Poor-quality images in your online listing can put off buyers before they've seen the details of the property. Your estate agent should know this and should have organised professional photography at a high standard.

If you're not happy with the photographs, speak to your agent and ask for more to be taken.

IS IT THE WRONG TIME TO SELL?

The property market moves in cycles, and so your home might take longer to sell during a low period. Sales typically move more quickly in spring and autumn and more slowly in summer and winter.

If this is affecting your property sale and you have the time to wait, you might consider delisting your home and relisting at a more optimal time, to avoid dropping your asking price.

DOES THE PROPERTY REQUIRE A LOT OF WORK?

While it is possible to sell a property as a renovation project, it won't appeal to all buyers, and the ones who are interested are typically looking for a bargain. They will often be trying to make a profit after buying the property and carrying out renovations.

With that in mind, consider if it's worth carrying out some of that work yourself so that you profit instead of the next buyer. A new kitchen or bathroom, for example, might add more value to your property than it costs to install (if you work to a tight budget).

HAVE YOU BEEN COMMITTED TO THE SALE?

Selling your home can require a lot of effort on your part. If you've been turning down viewings at times that don't work for you, or if you've had interest in the property but have been unprepared to negotiate over small details, you haven't been as committed as you could be.

Try to be more available at times when potential buyers want to view the property. Take their feedback seriously and be prepared to make changes or negotiate on price.

ARE YOU USING THE WRONG ESTATE AGENT?

Perhaps you feel that your agent isn't keeping you updated on interest in the property or isn't actively promoting it enough.

As a first step, try communicating your expectations to them clearly and asking for more regular updates. If this doesn't work, it's not unreasonable to move on to another estate agent. ◆

Top tips for buying a new-build property

Questions you need to ask before buying a new-build house or flat

NEWLY BUILT PROPERTIES cater for all buyers and all budgets, offering the ideal solution for first-time buyers and families as well as for anyone looking to upsize or downsize, but buying new is not without its pitfalls.

Before making an offer on a new home, you should be absolutely sure that it's the one. But with so many options out there, how do you find your perfect match?

You must feel comfortable you have all the information you need about that particular property. Asking as many questions as possible is important to avoid any surprises or extra costs that may arise.

If you're looking at new-build developments, make sure you get answers to these questions before you move in.

WHAT'S THE PRICE-PER-SQUARE-FOOT?

You'll know the asking price of the property you're viewing but if you want to easily compare the value to other properties, it will help to know the price-per-square-foot too.

Price-per-square-foot helps you understand the value of the property relative to the size, but doesn't take into account the value of factors such as location and premium features.

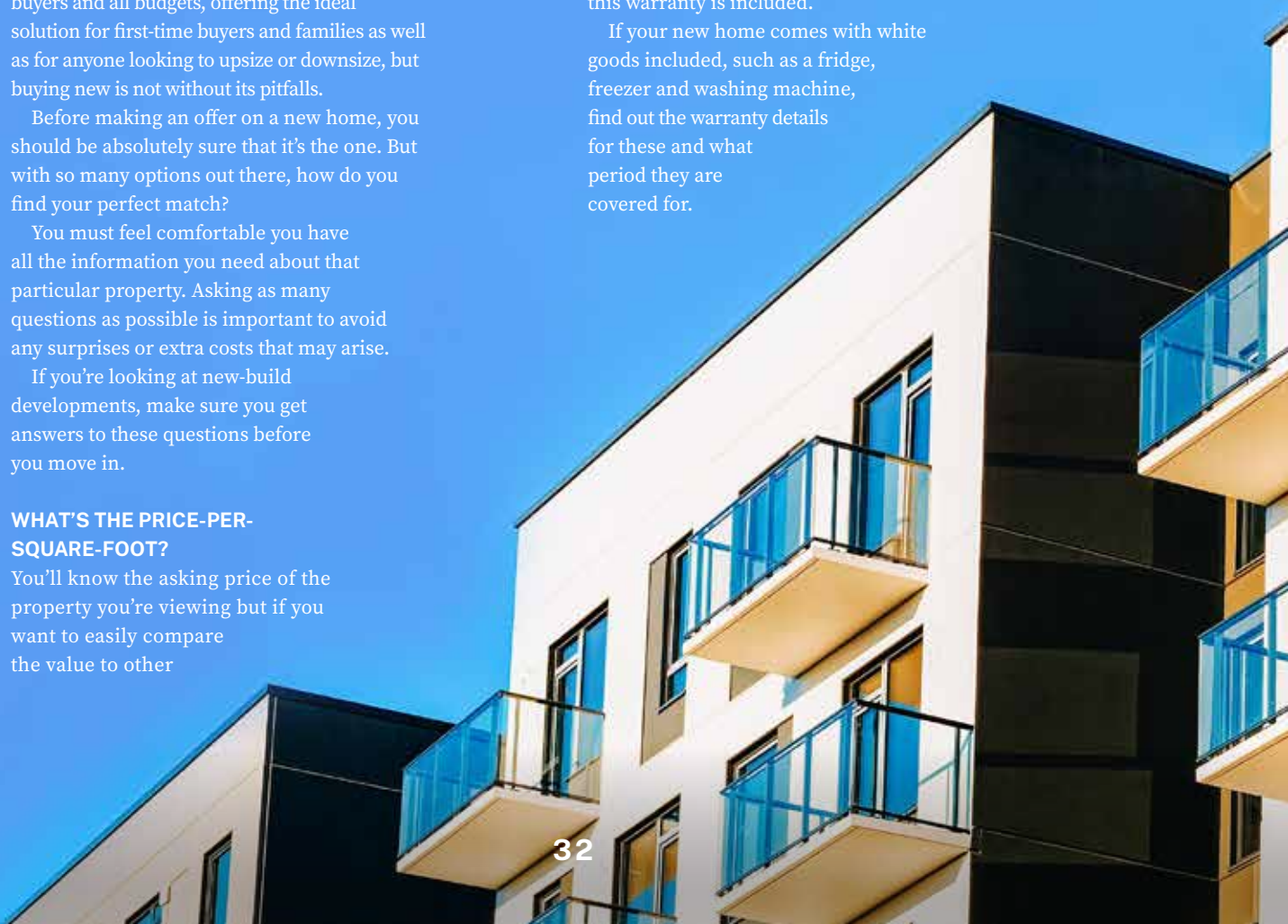
WHAT'S THE BEST DEAL ON OFFER?

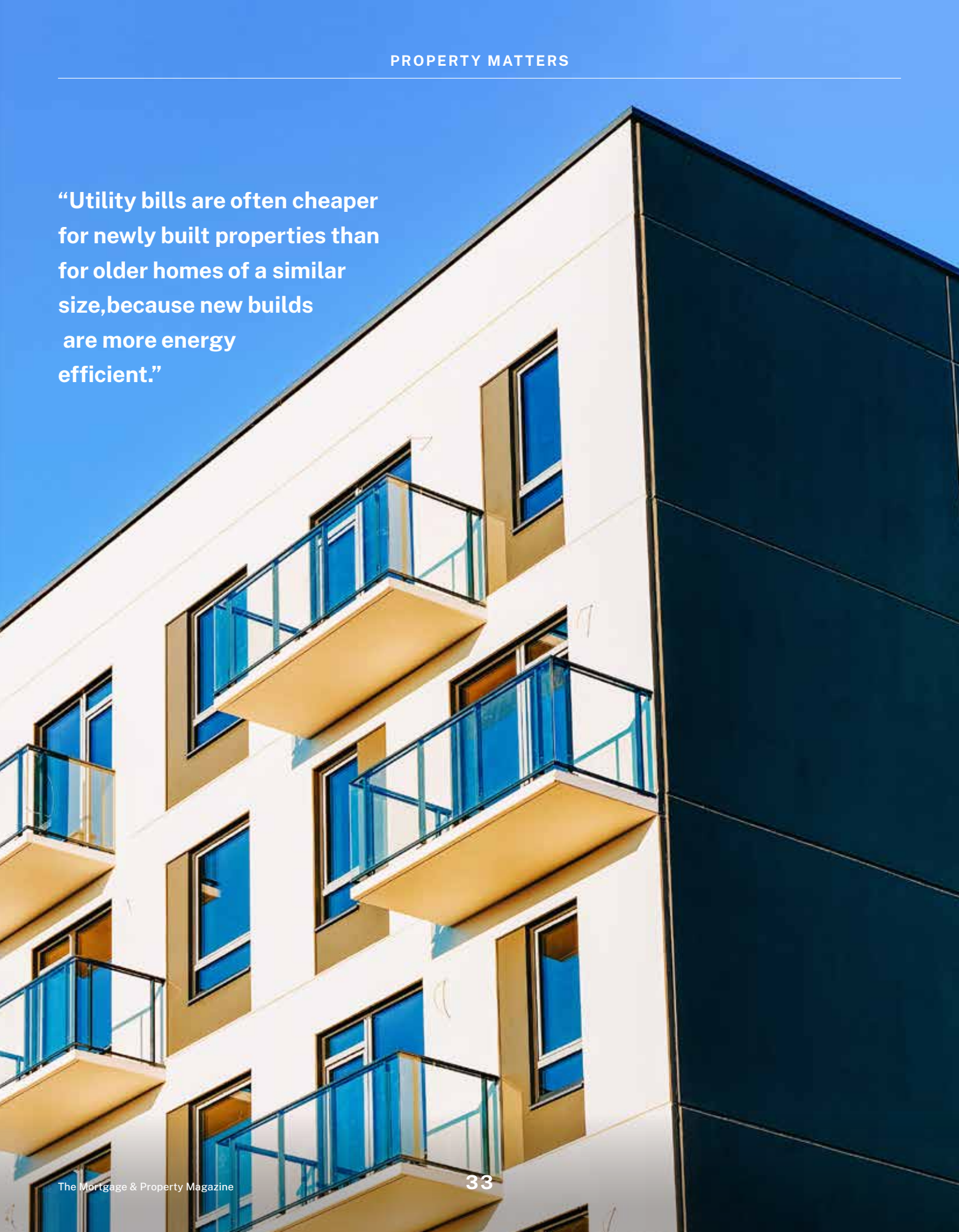
There might not be much room for negotiation on the price of a newly built property, but often developers can offer other purchasing incentives. They might offer to pay your Stamp Duty Land Tax, or your estate agent fees or conveyancing fees. They might offer a cash incentive or top up your deposit.

WHAT WARRANTIES ARE INCLUDED?

Your newly built home should come with a ten-year warranty that covers structural issues arising in the ten years after you buy it. This also includes a two-year guarantee for fixtures and fittings. Ask the homebuilder to confirm that this warranty is included.

If your new home comes with white goods included, such as a fridge, freezer and washing machine, find out the warranty details for these and what period they are covered for.





"Utility bills are often cheaper for newly built properties than for older homes of a similar size,because new builds are more energy efficient."

CAN I VISIT A FINISHED DEVELOPMENT?
If you're considering buying a home in the early stage of construction, you'll only see the finished condition once your sale is complete.

So that you can assess the quality of construction, you should arrange to see a development built by the same homebuilder.

WHAT IS THE NEIGHBOURHOOD LIKE?
Unless you already live locally, you probably don't know much about the amenities close by. Newly built developments are often located in up-and-coming areas, rather than established areas, so it's worth checking how far you'll need to travel for schools, health services, shops and restaurants, etc.

Bear in mind that these amenities often appear after the development is finished, so you might need to look at future plans to see what's coming soon.

HOW MUCH WILL THE BILLS COST?
Utility bills are often cheaper for newly built properties than for older homes of a similar size, because new builds are more energy efficient. Still, it's important to know how much your monthly costs will be.

Find out from the local council how much council tax will be and ask your homebuilder how much they've estimated that electricity, gas and water will cost. You can also check which phone and broadband providers cover the area and how much their packages are.

CAN I GET ADVICE?
Homebuilders often have a network of specialists they can connect you with, including sales advisors to help you decide which unit is best for you and conveyancers to help you navigate the sales process, often at a special rate. ◆

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REASSESSING YOUR LIVING SPACE

5 home improvement works that could bring the biggest profits

AS MANY OF US have reassessed what we want from our living space after spending months in our homes, it's a good idea to think carefully about what home improvements to spend on and which could bring you the biggest profits.

We look at some of the most popular home improvement options and what you need to consider if you want to make more than your money back if you are thinking of selling up in the near future.

Which home improvements could bring you the greatest profits?

5 TIPS FOR SOME RENOVATION INSPIRATION

1. EXTENSIONS

Home extensions are still a popular option for a home improvement, as well as being among the best ways to add value to your home.

There are various types of extensions to suit different properties, including:

- rear extensions, which work well for properties without an existing extension and with plenty of outdoor space
- side extensions, which work well for terraced properties with underused space such as an alleyway on one side
- second storey extensions, which work well for properties with an existing ground floor extension

The added space can be used however you need it. Adding an extra bedroom will usually add the most value and allow your home to grow with your family.

"Home extensions are still a popular option for a home improvement, as well as being among the best ways to add value to your home."

Or you might convert the ground floor of your property into an open plan layout.

2. GARAGE CONVERSIONS

Garage conversions have grown significantly in popularity over the last year. This is presumably due to the increasing need to work from home since garage space can be easily and effectively converted into office space.

You need to consider how you can incorporate additional storage into the rest of your home to make up for the storage space you're losing. For example, you may be able to incorporate built-in storage to the loft room or add a garden shed for items previously stored in the garage.

3. LOFT CONVERSIONS

In terms of adding value, a loft conversion can be good investment providing it adds more accommodation than it takes away. A loft conversion can involve quite a lot of planning since sloped ceilings present a layout challenge, and you'll lose some floor space by adding stairs – remember, you need to make room for a full staircase and this will take up existing space.

But the results can add a significant amount to the value of your home and are another popular choice for homeowners looking for additional space. Depending on your needs, your loft could become a bedroom, guest room, living room, children's playroom or home office.

4. BASEMENT CONVERSIONS

Basements aren't as common as garages and can be a little trickier to convert than lofts, so these conversions are lower on the list of popular renovations. But if your home has a basement, it might be your best option.

You'll need to consider excavation if your basement has a low ceiling height, as well as ventilation and light if there are no windows and the potential for damp. These possible issues can add to the cost of a basement conversion compared to a garage or loft, so plan your budget in detail before work begins.

5. GARDEN BUILDINGS

There has been a massive shift in the number of people working from home, so garden offices are a big selling point and can add value to your home.

The 'shoffice' or 'shed-office' has been a major 2021 renovation trend, offering a

"The 'shoffice' or 'shed-office' has been a major 2021 renovation trend, offering a chance to get out of your home to go to work without leaving your property."

chance to get out of your home to go to work without leaving your property.

Garden offices make sense for many reasons. For those without the space to spare in their homes, a garden office can be the only way to create a productive office area.

This option is open to most people with outdoor space, whether you already have a garden building that can be converted or plan to install one for that purpose.

A garden building doesn't necessarily have to serve as an office though. If you need a change of scene from your home's living areas, a summer house or sunroom might be an appropriate option for you. ◆

Buying your first home

Your checklist for all the key stages to get you on the property ladder

ARE YOU LOOKING to buy your first home but not sure where to start? Owning a home doesn't have to be a dream. Homeownership is something that is deeply ingrained in the Great British psyche. It's an aspiration for many people and brings with it a sense of financial security, both now and for the future.

But the process of buying a home for the first time can seem daunting and complex. Understandably, taking that first step on the property ladder is likely to be one of the biggest decisions you'll ever have to make.

Here's our step-by-step guide to buying your first home, your checklist for all the key stages.

1. SAVE A DEPOSIT

Long before you can start looking at properties, you need to start saving. You will typically require a deposit of between 5% and 20%, which, based on the average house price in England of around £270,000[1], could be approximately between £13,500 and £54,000.

The bigger the deposit you can save, the stronger the position you'll be in, which means a lower mortgage interest rate and lower monthly repayments. You'll also be at a lower risk of negative equity if you have a bigger cash deposit to put down.

2. GET A MORTGAGE AGREEMENT IN PRINCIPLE (AIP)

As a first-time buyer with an Agreement in Principle (AIP), you can take the first step to buying your home. It will improve your chances of having an offer accepted if you already have an AIP from a mortgage provider, which proves that they are in principle willing to lend you the amount you've requested.

As well as letting you know how much you could borrow, you'll also get an idea of how much you can afford to spend on your new home. That means you can start looking at properties in your price range.

3. MAKE A WISH LIST

Next, you need to decide what you're looking for from a first home. It's useful to make a wish list to help narrow down your search. Making a home hunting wish list can be exciting as you think of all the details, features and rooms you'd love to have. But, it's important to know that you may have to make a compromise or two if you ever expect to become a homeowner.

Consider key factors like whether you'd prefer a newly built or previously owned property, a flat or a house, how many bedrooms you need, which areas you'd be happy to live in, and whether you need a garden or parking.

4. SEARCH FOR SUITABLE PROPERTIES

Once you know what you're looking for, you can search for suitable properties online. There are plenty of reasons to consider online markets when seeking a new property. From convenience to greater choice, this will help you to see a vast array of options and understand what you might be able to afford.

You can search in exact locations using a variety of filters, choosing options such as garden, garage, new build, detached, etc. It's quick and easy to find the exact properties you want to shortlist and narrow down your selection quickly. But as well as looking online, you might want to speak directly to local estate agents and property developers, who may have options that are not listed.

"Consider key factors like whether you'd prefer a newly built or previously owned property, a flat or a house, how many bedrooms you need, which areas you'd be happy to live in, and whether you need a garden or parking."

5. GO TO VIEWINGS

One of the most exciting parts of buying your new home is going on property viewings. Property viewings let you see what's available on the market for your budget.

Go along to viewings ready to take notes and photos and ask lots of questions. This is your opportunity to find out all the details of the property that you might not see in the listing.

6. MAKE AN OFFER

Once you've found the right property, you'll need to make an offer. If your offer is accepted, the property will be taken off the market and the sales process will begin.

As a first-time buyer, you're in a strong position to buy a property, as you're chain-free. Make sure that the estate agent mentions this to the seller when they pass on your offer.

7. CHOOSE A MORTGAGE

Now that you're ready to pay for the property, you'll need to find the right mortgage. There are many different types, and the rates and hidden costs can be confusing. It's important to see a professional mortgage adviser at the start of your mortgage journey. It can save you a lot of time and effort in the long run.

Working with a mortgage adviser can give you access to a wider range of mortgage options. They will also take care of the application paperwork and know which lenders will likely process your application the quickest.

8. APPOINT A SOLICITOR OR CONVEYANCER

Once you've had your offer accepted and confirmed your mortgage, you need to decide whom you are going to appoint as your solicitor or conveyancer to handle the legal side of things. Their job is to draw up the contract, conduct searches and handle the money for you.

You may want to consider getting recommendations from family or friends. It is also worth checking reviews and recommendations online. The conveyancing process starts when your offer is accepted and ends when you receive the keys, and good conveyancing is key to keeping your property purchase on track.

9. GET A SURVEY

Before finalising the purchase of your new home, you'll probably want to check that the property is structurally sound and safe to live in. There are a number of different types of survey. What you choose depends on the depth of survey you want and your budget. A surveyor will assess the value of the property and identify any major problems you might need to deal with as the owner.

If the property you are buying is a new build and is

built ready, you would ideally carry out a snagging survey before exchange. If it's off-plan then try to carry out the survey pre-completion when you will have more negotiating power to get any problems fixed.

10. EXCHANGE CONTRACTS

Your solicitor will guide you through all the paperwork involved in your purchase, and then you'll be ready to exchange contracts. At this time, you'll pay your deposit, your mortgage provider will transfer the rest of the funds, and this legally commits you to the property purchase.

Soon, your sale will be complete, and you can collect the keys. ◆

>> READY TO APPLY FOR YOUR NEW MORTGAGE? <<

If you're a first-time buyer you've probably got a lot of questions. Our expert mortgage advisers are on hand to help you find a mortgage deal that suits your needs and we'll guide you through the mortgage process. To discuss your requirements, contact **TFA Mortgages**
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Source data: *[1] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/april2021*

Older homeowners decide to stay put

More over-55s have no plans to downsize

"Research still suggests many over-55s are open to the idea of moving, but the number of homeowners in this age group looking to downsize in the near future has dropped by 200,000 in the last three years."

THE IMPACT OF COVID-19 has clearly changed the mindset of many older homeowners. There has been an uplift in those who want to keep hold of their home.

Over time, priorities can change, and it is only natural that over the course of the last 18 months people have grown closer to their local community, valued having family nearby and enjoyed having the space to relax while in lockdown.

LOOKING TO DOWNSIZE IN THE NEAR FUTURE

Of course, the decision to move home is a big one, particularly in later life, and there are practical considerations, as well as emotional ones. Research still suggests many over-55s are open to the idea of moving, but the number of homeowners in this age group looking to downsize in the near future has dropped by 200,000 in the last three years, according to research[1].

A property is often our most valuable asset and deciding not to downsize presents a potentially difficult situation if the funds are one day required to supplement retirement, or gift money to a family member. According to the Office for National Statistics, the total property wealth amongst the over-50s is estimated to be £3.8 trillion[2], with three quarters (74%) of those aged 55 and over in the UK owning their own home[3].

HOLD CONSIDERABLE PROPERTY WEALTH

The drop in over-55s considering downsizing means that over the course of the last three years, there has been a growing trend in 'Forever Homeowners', who now want to stay put. The 2.9 million older households who may sell their home still hold considerable property wealth, with the current value of the housing stock in Great Britain standing at £767 billion. However, this is a drop from £938 billion when the analysis last took place[4].

While some 'Forever Homeowners' have made their mind up not to sell, others impacted by the pandemic are keen to reassess their decision in the near future. Nearly a quarter of over-55s who haven't sold their home stated that they would still consider downsizing but want to see how their financial situation develops before deciding (12%) or are uncertain about the housing market currently (10%). ◆

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Source data:

[1] Opinium Research for Legal & General ran a series of online interviews among a panel of 2,000 UK adults, of which 603 were homeowners aged 55+, from 23 July to 27 July 2021.
[2] Office for National Statistics, Wealth and Assets Survey
[3] Office for National Statistics, English Housing Survey 2019/20
[4] Last Time Buyer Report 2018

Current property market driven by multiple factors

Nearly seven in ten homes across Great Britain have found a buyer in the current market

THERE'S BEEN A MUCH greater chance of a seller finding a buyer over the past year, which really highlights the sheer number of people who have been determined to move.

While the long-term average shows that typically around half of properties sell, the increase in 2021 reflects the frenzied buyer activity we've seen in the current market, driven by multiple factors such as pent-up demand and changing priorities.

If you are selling, the likelihood of successfully securing a buyer in the current property market is at its highest point at any time over the past ten years.

New data reveals nearly seven in ten homes (68%) across Great Britain have found a buyer in the current market, the highest percentage recorded over the past ten years[1].

Scotland has the highest sales rate in Great Britain at 89%, while London saw the lowest with just under half (48%) of homes being sold.

The analysis of over 13 million listings tracked the journey of a property going up for sale to being marked sold subject to contract. Sales that fell through and went on to secure a buyer again were only counted once. ◆

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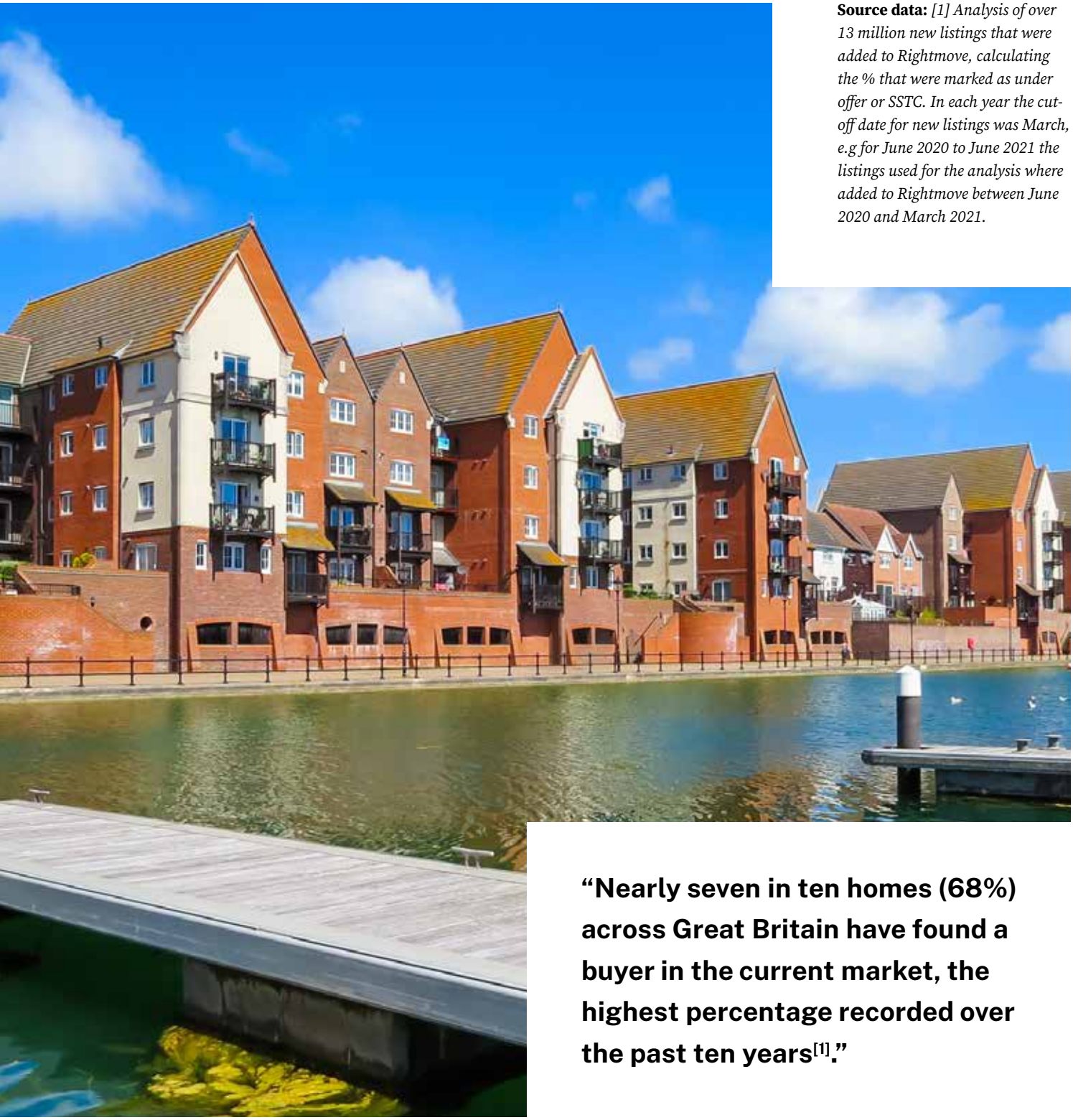


Source data: *[1] Analysis of over 13 million new listings that were added to Rightmove, calculating the % that were marked as under offer or SSTC. In each year the cut-off date for new listings was March, e.g for June 2020 to June 2021 the listings used for the analysis where added to Rightmove between June 2020 and March 2021.*

"Nearly seven in ten homes (68%) across Great Britain have found a buyer in the current market, the highest percentage recorded over the past ten years[1]."

Property viewing checklist

Everything you must check before making an offer

MANY PROPERTY VIEWINGS last less than 15 minutes, and you might not have time to arrange a number of viewings before you decide whether you'd like to make an offer. To ensure you have enough information to make this major life decision, this property viewing checklist suggests the features you should look at.

A checklist is essential when you become seriously interested in buying a property. It will help you make a better and more informed decision that is not based on kerb appeal. It can also help you step away from the emotional pull you will feel for a house you want to own.

Buying your new home is a huge decision and it's important to know what to look for when viewing a house. Looking carefully at the start could save you wasted fees and repairs later on.

SPACE

Spend a minute or two assessing the size of each room in comparison to the items you'll want to put in it.

For example, will the kitchen have room for a fridge, freezer, dishwasher, washing machine and tumble dryer, or will you need to choose which of these are essential to you?

APPLIANCES

If items such as washing machines and dishwashers are already in the property, ask if they'll be included in the sale. It's worth checking about anything that's not permanently attached to the property, so there are no surprises.

Remember to check that all appliances are in good working order, including radiators, showers, etc. Ask how recently the boiler has been installed or serviced.

CONDITION

Is there any existing damage to the carpets, walls, fittings, etc? If so, mention it to the estate agent or current owner so you can discuss whether it can be repaired before you move in, or if the asking price can be adjusted with consideration to repair costs.

NATURAL LIGHT

Determine how much natural light the property gets during the day, taking note of any electric lights that are on at the time of the viewing.

You can check which way each of the rooms faces to work out which time of day they'll get the most sunlight: east-facing rooms will get sunlight in the morning, west-facing rooms in the evening, and south-facing rooms for most of the day.

PHONE AND WIFI

Check your phone signal during the viewing to ensure that your network provider has good coverage in this area. You may also want to test the broadband speed or check online to find out expected speeds for the area.

OUTDOOR SPACE

If you like to spend time outside, then the size of the outdoor space will be important. But the direction it faces also matters, as it could mean

your garden, patio or balcony is in shade at the time you want to enjoy it. Use a compass app on your phone to check that the direction mentioned in the property listing is correct.

If the property has a communal garden, you'll need to check who is responsible for maintenance.

PARKING

If the property has a parking space or driveway, you'll easily be able to see if this is sufficient for you. If not, make note of how busy the street is and whether you'd be likely to find parking close to home every day.

You might want to come back in the evening, for example, at peak times for parking, to see what the situation is like then.

LEASE

If you're purchasing a leasehold property, it's essential to find out how many years remain on the lease, and whether you'll need to pay monthly service charges.

NEIGHBOURS

Try to get a sense of what the neighbours are like for the whole street. Are there a lot of families with young children? Are the buildings and gardens well looked after? How close are your nearest neighbours, and can you hear them while you're outside the property, or even inside?

RUNNING COSTS

Ask if the current owner can give you some guidance on how much they spend each month on utilities and council tax.

TRANSPORT

Plan your route to work, and any other journeys you regularly take. You could also try that route one day to see if everything runs on time and how busy it is.

If you'll be travelling by public transport, you might want to walk from the station to the property after dark to see if you'd be comfortable making that journey regularly.

LOCAL AREA

Find out which GPs and dental surgeries it's possible to register with locally.

Check if there are cafés, pubs, gyms and any other amenities that are important to you in the local area. You might want to try them out before you commit to living there long term. ◆

Stamp Duty Land Tax

How much do I have to pay now the holiday has finished?

UK CHANCELLOR, RISHI SUNAK, announced in his March Budget that the Stamp Duty Land Tax (SDLT) holiday would be tapered from the 1 July 2021 ahead of its full withdrawal in October. Now this date has passed, from 1 October the 0% SDLT threshold has returned to £125,000, or £300,000 for first-time buyers purchasing a property worth up to £500,000.

If you are buying-to-let, as a landlord you will have to pay SDLT if the income from a short term property let (up to seven years), residential tenancy or lease is above the threshold.

FREEHOLD AND LEASEHOLD PROPERTIES

SDLT is a tax payable when you buy a residential property or a piece of land in England or Northern Ireland over a certain price. It is calculated as a percentage of the property you are buying and applies to both freehold and leasehold properties – whether you're buying outright or with a mortgage.

If you're buying a property in Scotland, you will pay Land and Buildings Transaction Tax (LBTT) and in Wales Land Transaction Tax (LTT) instead of Stamp Duty.

SDLT FROM 1 OCTOBER 2021

From October, the rates of SDLT have returned to their pre-pandemic levels.

Potential buyers should note that the standard rate doesn't necessarily apply to them, as there are the following exceptions to be aware of:

- Buyers who already own a property will pay a 3% surcharge on additional property purchases
- Non-UK residents will pay a 2% surcharge on any property they buy
- First-time buyers will pay 0% on the portion of the property up to £300,000 and 5% on the portion of the property between £300,001 and £500,000, unless the total property value is over £500,000, in which case the standard rates will apply

SDLT RATES FROM 1 OCTOBER 2021

These rates also apply if you bought a property before 8 July 2020

HIGHER SDLT RATES FOR ADDITIONAL PROPERTIES

You'll usually have to pay 3% on top of SDLT rates if buying a new residential property means you'll own more than one.

PROPERTY OR LEASE PREMIUM OR TRANSFER VALUE	SDLT RATE
Up to £125,000	Zero
The next £125,000 (the portion from £125,001 to £250,000)	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

"Buyers need to understand the SDLT rates and to budget for the correct amount of tax which will be due."

BUDGETING FOR THE CORRECT AMOUNT

Buyers need to understand the SDLT rates and to budget for the correct amount of tax which will be due on purchases. The land tax return must be submitted alongside payment of SDLT within 14 days after the effective date of the transaction, to avoid penalties and interest charges. That is not long to get the form and payment organised. ◆

Nurturing your home

Feng shui tips to create a peaceful living space

THE GOAL OF FENG SHUI is to invite positive chi into your home so that your life feels both energised and balanced, and it's a relatively simple way to improve the vibes of your space.

Feng shui is a traditional Chinese practice that aims to align individuals with the environments they live in by harnessing an energy, or life force. The principles of feng shui are intended to bring positive energy into your home and allow it to flow gently through your surroundings.

To embrace this ancient art, you need to understand the following basic principles. These guidelines can be used to make some of those difficult interior design choices of colour, furniture, accessories and furniture placement for your home easier.

THE FIVE ELEMENTS

The five elements in feng shui are earth, fire, water, wood and metal. Each element has a corresponding shape (square, triangle, curve, rectangle and circle respectively) and colours of significance.

Colours with associated values:

- Earth tones are browns and yellows and are associated with stability
- Fire tones are reds and orange and are associated with passion
- Water tones are blues and are associated with relaxation
- Wood tones are greens and are associated with growth
- Metal tones are, of course, metallics, and are associated with strength

THE BAGUA GRID

The bagua grid encompasses the nine areas of your life that are mapped to your home:

1. Power and wealth
2. Fame and reputation
3. Love and relationships
4. Creativity and children
5. Compassion and travel
6. Career and work
7. Knowledge and harmony
8. Family and health
9. Wellbeing and balance

By combining different elements with different areas according to the bagua grid, you can encourage the flow of positive energy to the areas you want to focus on.

While this practice is quite complex, there are some simple ways that you can take inspiration from feng shui to encourage positive energy in your home.

ADD GREENERY

In feng shui, plants and the colour green relate to the element of wood and are associated with growth and healing. So, adding more plant life to your space could help you to embrace these qualities.

Different plants have different purposes, for example, money trees can be used to attract wealth, while snake plants and aloe offer protection. Philodendrons and rubber plants bring calm and relaxing energy.

USE COLOUR

We've listed above the significance of the different colours. So, when decorating your home, you should consider your current goals in life and explore the colour connections that can help you achieve them.

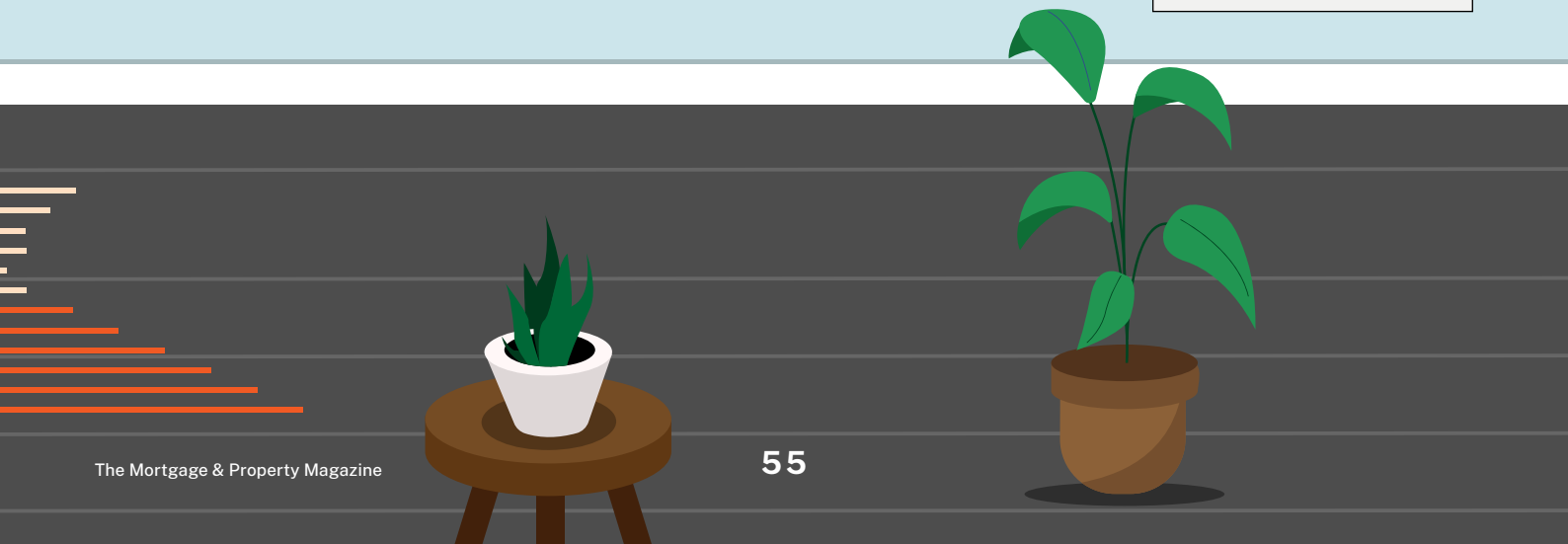
For example, if you'd like to build strength in your career and work, you could introduce metallics into the corresponding area of your home, according to the bagua grid.

REMOVE CLUTTER

Clutter can have a subtle but negative impact on your wellbeing, draining your energy. It can cost you time, if you are regularly looking for essential items like your phone and keys, and add stress by providing constant reminders of unfinished projects or abandoned hobbies.

You may find it mentally healing to clear out old and unused items and to organise the things that remain so that they can be kept out of sight.

If you find these tips helpful, you could start to explore the principles of feng shui in more detail. ◆



Younger buyers plan escaping to the country

Why urban living lost its appeal during the pandemic

LOCKDOWN AND THE RISE of remote working has caused many to make a switch from metropolitan life. This has lead to a major shift in the aspirations of younger people when it comes to buying a home, according to a recent survey[1].

Though purchasing property is still a common goal, the type of property in demand is changing, with more rural locations becoming more highly favoured than those in cities.

BUYING A HOME IS A PRIORITY FOR THE MAJORITY OF YOUNG PEOPLE

The survey identified two-thirds of people in their twenties and thirties say they plan to buy a home in the next five years.

Based on the behaviour of previous generations, we might expect them to be looking for properties in prime city locations, close to shops and restaurants, with little regard for size or outdoor space. But this generation has revealed a different set of priorities.

LOCKDOWN HAS LED YOUNG PEOPLE TO RETHINK LOCATION

The lockdowns have prompted 60% of people in their 30s and 51% of people in their twenties to reconsider their preferred location to live in. Findings from the data showed urban environments now hold less appeal, as many young people have grown used to living without after-work drinks, frequent meals out and eclectic nightlife.

“The lockdowns have prompted 60% of people in their 30s and 51% of people in their twenties to reconsider their preferred location to live in.”

The drawbacks of city living – lack of space and gardens, for example – have been magnified by lockdown conditions. Perhaps it's no wonder that 69% of young people surveyed now report that they would prefer a larger property in a rural area to a city-centre flat.

MOST YOUNG PEOPLE NOW ASPIRE TO BUY IN THE COUNTRY

Location is still a leading factor when choosing a home to buy, with 58% of people in their 30s agreeing that it is more important than the property itself.

But with previously popular locations falling out of favour, 74% of people in their 30s now state that their dream location is in the countryside.

GARDENS ARE CONSIDERED A 'MUST-HAVE'

A need for outdoor space is perhaps one of the major reasons for people to leave cities behind. The majority of those surveyed (74%) consider a garden a must-have for a new property purchase.

Other items on the list of must-haves were also far more common in rural locations than urban areas: access to private parking (58%), a spare bedroom (55%), a pet-friendly property (29%) and the option to build an extension later (20%).

Are these trends here to stay, or will they reverse as the country moves on from the pandemic? It's too early to tell, but we'll be watching with interest. ◆

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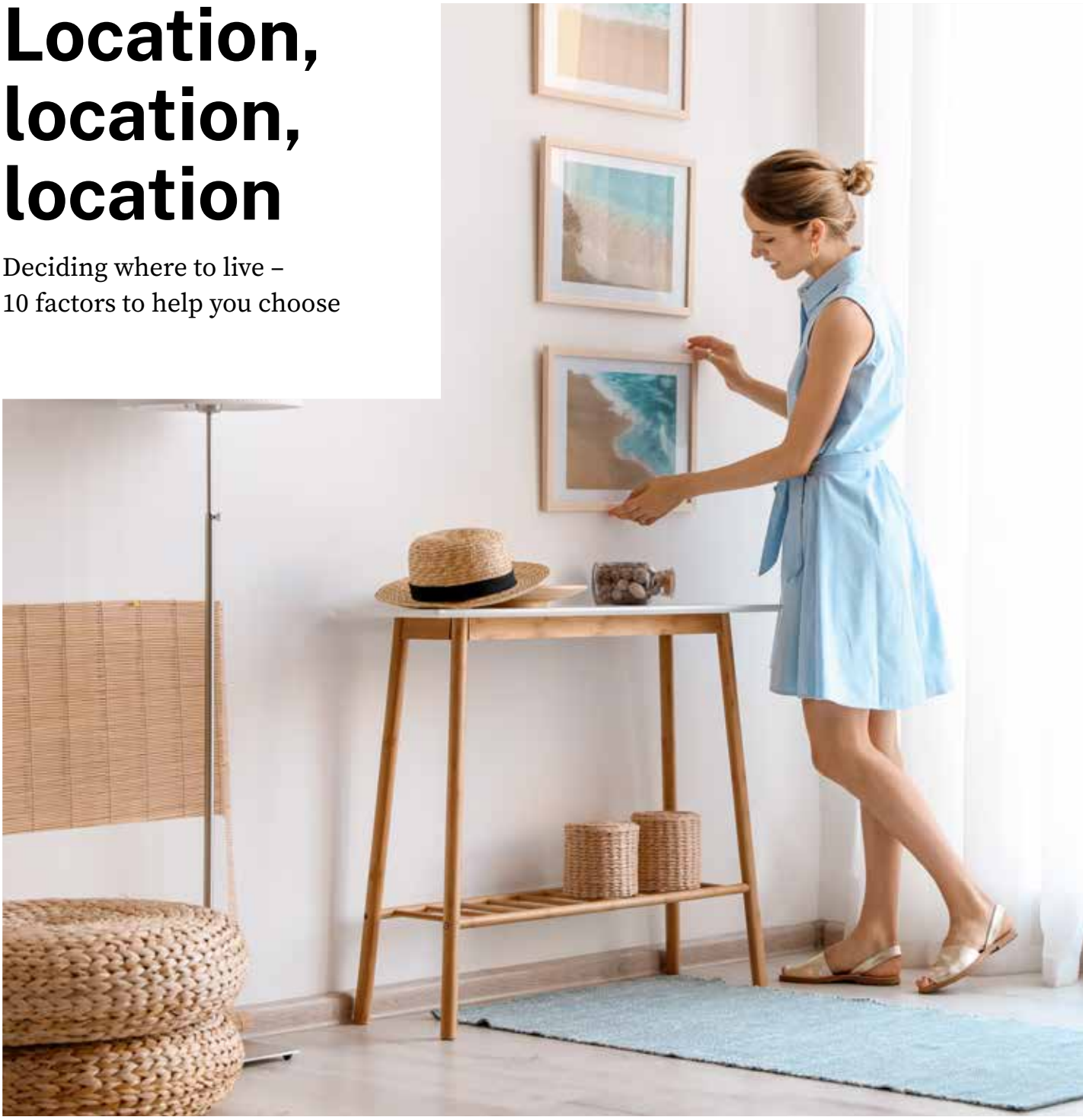
Source data: *[1] https://www.experianplc.com/media/news/2021/house-hunters-swap-city-aspirations-for-country-living/*

Location, location, location

Deciding where to live – 10 factors to help you choose



YOU WANT TO BUY a property but are not sure where? Before you look at buying your new home, you need to decide on the area. It could be the most important decision you'll ever have to make. If you get it wrong, you may be unhappy with where you live, and then have to face the costs of moving again.

Whether you're looking for your first home, a fresh new start or planning to find the perfect home where you can spend your retirement years, there's much more to buying a home than finding a property you like and signing on the dotted line. It's important to look at your options and what you think is an ideal location.

WEIGHING UP THE FOLLOWING FACTORS BEFORE YOU COMMIT

1. COST
A major factor for most buyers is the cost of a home in different areas. For example, many people can't afford to buy in central London or desirable commuter towns. You'll need to research the typical property prices in areas you like to find out which are realistic on your budget.

2. FAMILY AND FRIENDS
It's also important to factor in how close you'll be to your loved ones. Whether you want to be able to meet up daily, weekly, monthly or less frequently will partly determine which areas you'd be comfortable living in.

3. SCHOOLS
If you have children or plan to have them soon, the quality of local schools might be a deciding factor in where you live. Look at school league tables and find out what catchment areas they allow students from, which you can find out from the local authority.

4. WORK
You'll need to consider how long you're prepared to commute to get to your current workplace. Or, if you're relocating and leaving your current job, how easily available are suitable jobs in the area.

5. NATURE
If you love to be outdoors and need access to open space, you'd likely prefer to be in the countryside than in the town centre.

6. AMENITIES
If access to gyms, restaurants and cinemas is important to you, you might be more at home in a city than in a rural town.

7. TRANSPORT
Of course, there is a balancing act to be done in relation to the type of amenities you appreciate and the location you'd prefer to live in, and transport is also a major factor. A countryside location with a train link close to a major city might be ideal for you.

8. COMMUNITY
Whether you choose the town, city or countryside, it's always possible to find areas with a good sense of community, if that's important to you. You can check local websites and social media groups for the locations that you're considering, to see how much activity there is.

9. PROPERTY TYPE
If you're looking for a property of a certain type, it might determine where you can live. For example, you won't find many cottages in urban areas. If you need a large family home, you're more likely to find it in the suburbs than the city.

10. POTENTIAL
If you're hoping that your home will increase in value substantially while you live in it, this might influence your choice of location. You can sometimes spot potential by researching what plans are currently in the pipeline to improve the local area and transport links. ◆

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Our homes electric

All new homes with a dedicated car parking space to be built with an electric chargepoint

ALL NEW-BUILD HOMES could soon be fitted with an electric car chargepoint, the government has outlined in a public consultation on changing building regulations in England.

The proposals announced by the government aim to support and encourage the growing uptake of electric vehicles within the UK by ensuring that all new homes with a dedicated car parking space are built with an electric chargepoint, making charging easier, cheaper and more convenient for drivers.

ELECTRIC VEHICLE (EV) CHARGING

If pending UK legislation becomes law, all new home construction will include electric vehicle (EV) charging installations. New office buildings are part of the plan, too: they will need to provide charging infrastructure per every five parking spaces.

Starting in 2022, the new law will accelerate the rate of installations, which would move the current 500 charging point installations per month up to 700.

ELECTRIC VEHICLE INFRASTRUCTURE

The legislation would be a world first, and complements wider investment and measures the government has put in place to ensure the UK has one of the best electric vehicle infrastructure networks

in the world – as part of the £1.5 billion Road to Zero Strategy.

The government has already taken steps to ensure that existing homes are electric vehicle ready by providing up to £500 off the costs of installing a chargepoint at home.

ELECTRICITY TARIFF INFORMATION

Having supported the installation of almost 100,000 domestic chargepoints through grant support schemes, the government has also announced that it is consulting on requirements that all new private chargepoints use 'smart' technology.

This means an electric vehicle would charge at different times of the day in response to signals, such as electricity tariff information. This would encourage off-peak charging, keeping costs down for consumers.

NEW RESIDENTIAL AND NON-RESIDENTIAL BUILDINGS

The drive towards electric vehicles comes as the UK government aims to meet stringent targets for air quality and pollution caused by internal combustion engine emissions. From 2030, the £1.5 billion Road to Zero strategy will see the sale of all new cars without electrification banned.

Transport Minister, Rachel Maclean, commented: 'We will publish our consultation response on requiring all new residential and non-residential buildings to have a chargepoint, and we intend to lay legislation later this year.'

The consultation, which was made available online for public comment, is a package of announcements to support electric vehicle drivers and improve the experience of charging.

"We also confirmed our intention to mandate that home and workplace electric vehicle chargers must be capable of smart charging," Maclean added. ◆

"The government has already taken steps to ensure that existing homes are electric vehicle ready by providing up to £500 off the costs of installing a chargepoint at home."

The art of negotiation

Statistics you need to know before haggling down the price of a property

NEGOTIATION IS AN important part of the home buying process and in more recent times sellers have been gaining an advantage in negotiations. As a result, buyers are having to offer more to secure a purchase.

Offers are an exciting part of the process and are normally part of a negotiation that often includes a couple of rounds of offers and counter-offers before an agreement is made.

But some Britons are more willing to haggle on the price of a used car than they are on their own home, according to research. 30% of British homeowners didn't negotiate at all on the cost of their current home out of fear of losing the property, and feelings of embarrassment or intimidation[1].

Fears for not negotiating and haggling down the price of a property include:

- Fear of losing the property (17%)
- Fatigue at the process of buying and just wanting it over (10%)
- Finding negotiating embarrassing (8%)
- Finding negotiating intimidating or scary (8%)
- Not wanting to upset the seller (7%)

The research reveals that homeowners aged 25 to 34 are more prone to experiencing the most anxiety or stress when negotiating, compared to those aged 65 and over who are much more comfortable with the process and find it the least stressful.

The anxiety holding back those aged 25 to 34 comes at a cost, as more than a third (35%) of homeowners in this age group say they had to spend more of their savings to afford the house they wanted.

LONG-TERM DATA

If you're entering negotiations to buy or sell a home in 2021, you'll want to know the following statistics. Recent data shows that more than one-third of homes (37%) sold for above or equal to their asking price[2]. From 2005 to 2021, the average has been less than one-quarter (23%).

Looking again at the long-term data, an average of one in ten homes have sold for more than the asking price since 2005. But, the data shows that early this year the number almost doubled to 18% or nearly one in five.

INDICATOR OF HIGH DEMAND

This is an indicator of high demand in the housing market, leading to multiple offers on the same home and, in some cases, a bidding war. Buyers should consider that offers below the asking price might not be taken seriously in these conditions.

So as a buyer, once you have found the perfect property, you then need to decide how to bid for it. Do you put in a high offer to clinch it, and risk wasting money? Or a low offer and risk losing your dream home?

GOOD NEWS FOR SELLERS

Average asking prices hit a record high of £336,073 in January 2021. Looking at that in combination with the other statistics, it's extremely good news for sellers that not only were homes listed for their highest ever price, a significant portion of them were sold at over that value.

For the first time ever, the average proportion of the asking price paid has exceeded 98%, reaching 98.1%. So, if a

home is listed at the average price of £336,073, statistically you would expect it to sell for approximately £329,687.

STILL ROOM TO NEGOTIATE

It's good news for buyers that there is still room to negotiate on the asking price in most purchases. However, sellers are in a strong position to ask for more or wait for a higher offer.

Before your start looking at property to buy, get your mortgage pre-approved. You need to be able to prove to a seller that you can get a mortgage. Remain emotionally detached – there are plenty of other properties – and be prepared to walk away. ◆

>> NEED TO OBTAIN PROFESSIONAL MORTGAGE ADVICE?<<

Whether you are looking to buy a new home or sell a property to move to another home, we can help you with your mortgage enquiry. Mortgages come in all shapes and sizes, which is why it's essential to obtain professional mortgage advice. To discuss your mortgage options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**

Source data: *[1] https://home.barclays/news/press-releases/2021/02/home-truths--why-brits--fear-of-negotiation--fon--comes-at-a-cos/ [2] https://www.rightmove.co.uk/press-centre/record-number-of-homes-selling-for-asking-price-or-above/*

How to avoid conveyancing fraud

Understand the risks to avoid losing your mortgage deposit

THERE ARE FEW BANK transfers you'll ever make as large and important as your mortgage deposit. When buying a house, you'll be asked to move this money to your solicitor or conveyancer by bank transfer to complete your purchase.

Unfortunately, fraudsters are well aware of this opportunity to intercept large sums of money and they frequently target homebuyers. Here are some tips to help you avoid becoming a victim of conveyancing fraud.

CHOOSING THE RIGHT CONVEYANCER

If you wait until you've found your dream home before appointing a conveyancer, you might have to rush to find one and keep the transaction moving. You'll be in a stronger position if you look for a conveyancer before you look at properties, so you can take your time to find the right one.

What you need to find out:

- Are they licensed and legitimate? You can check this with the Solicitors Regulation Authority or the Council of Licensed Conveyancers.
- Do they specialise in conveyancing? You may be able to find a great price with a generalist solicitor, but a specialist will likely offer a better service.

"Any time you receive an email from your conveyancer, you should double-check the email address to ensure it is the same one you usually communicate with."

- Will you be assigned a dedicated case handler? It's helpful to know you'll be in touch with just one individual from the beginning of the process to the end.
- Do they offer digital services? If you can upload documents, complete paperwork and access your case details online, the process will likely be smoother and more secure.

UNDERSTANDING THE RISKS OF FRAUD

There are various types of fraud that you should be aware of, in conveyancing and more broadly:

- Debit/credit card fraud, where scammers will steal and use your card details
- Bank account fraud, where scammers will trick you into revealing your bank account login information
- Identity theft, where scammers will use your personal details to open new accounts
- Phishing, where scammers will send emails to trick you into revealing personal and financial information
- Bank transfer fraud, where scammers will trick you into sending funds to the wrong account

This last one is the biggest risk in the conveyancing process. Since you're expecting to make a large bank transfer, scammers will see an easy opportunity to trick you into sending it to the wrong recipient.

BEING INFORMED ABOUT HOW IT WORKS

To help prevent conveyancing fraud, it helps to be informed about how it works. Typically, the scammer will interrupt email conversations between you and your conveyancer, posing as them or as another solicitor, and provide bank details for you to make the transfer to. By the time you realise the scam has taken place, it may be too late to trace your money.

To avoid this, ask your conveyancer to send you their bank details by post, rather than by email, soon after you appoint them. If you later receive a request to pay a different account, you can take steps to verify that request.

Any time you receive an email from your conveyancer, you should double-check the email address to ensure it is the same one you usually communicate with. Scammers may use tiny differences in spelling to pose as someone else.

If you have any doubts about the source of an email, call your conveyancer on a verified phone number to ask them to confirm that they sent it.

Be particularly suspicious of new individuals becoming involved in the conveyancing process at a late stage, even if they claim to work for the firm you have appointed. ◆

Gazumping: What is it and how can you avoid it?

Improve your chances of closing the deal on your dream home

A POTENTIALLY expensive and disappointing practice that all hopeful homebuyers should be aware of is gazumping. Purchasing a property can sometimes be a long process, and it doesn't help to get close to the finish line, only to have your chosen home snatched out from under your nose by another buyer.

We'll explain what it is, how to avoid it and how to protect yourself financially.

WHAT IS GAZUMPING?

Gazumping is when you make an offer on a property that the seller accepts but, later, they accept a different (usually higher) offer from another buyer, and you lose out.

As long as this takes place before contracts have been exchanged, it's totally legal, but very inconvenient for you, the original buyer. It can also be costly as you may have already

paid hundreds, even thousands of pounds for surveys, conveyancing and mortgage applications.

HOW COMMON IS GAZUMPING?

It's becoming increasingly common due to high competition in the housing market. In the past year, data[1] shows around 2 in 5 buyers say they have outbid a previously accepted offer in order to buy the home for themselves. 3 in 4 potential buyers say they would consider doing this if they found their dream home and it was already under offer.

HOW CAN YOU AVOID GAZUMPING?

While gazumping is, unfortunately, always a possibility, you can minimise the chances of it happening to you by being well prepared for the purchase. The quicker you can exchange contracts, the easier it is to avoid gazumping.

Before making an offer, make sure that:

- You have a Mortgage Agreement in Principle for the amount you'll need to borrow
- You have appointed a conveyancing solicitor whom you trust to work swiftly
- You have all the necessary documentation together (IDs, payslips, bank statements, etc.)

It is also helpful if you have already sold your home before buying a new one, to minimise the chain of transactions that can delay your purchase.

HOW CAN YOU PROTECT YOURSELF FROM GAZUMPING?

Since it's difficult to avoid gazumping with certainty, it's also sensible to protect yourself financially in case it happens to you.

Homebuyer protection insurance can reimburse the money you've already spent on solicitor fees, mortgage application fees, surveys and other costs if the seller decides not to move forward with the sale.

Another option is a 'lockout agreement', which involves both you and the seller paying a deposit and signing a contract to confirm that you have the exclusive right to buy the property for an agreed period. If the seller breaks the contract, they will forfeit their deposit.

IS GAZUMPING AGAINST THE LAW?

In England and Wales:
Until contracts have been exchanged, the seller still has the legal right to change their mind and make an agreement with a different buyer.

In Scotland:
To prevent gazumping in Scotland, an offer that is made and accepted on a property is legally binding.

IS THERE ANYTHING YOU CAN DO ABOUT GAZUMPING?

It may not feel like it, but you do still have options if you are the victim of gazumping. If you have the budget and believe the property is worth more, you can outbid the other buyer.

You can also try to reason with the seller. Explain the difficult position this leaves you in and highlight any reasons they should continue with the sale to you, rather than starting again: perhaps you are close to completion or can promise a quicker transaction. There's no guarantee that they'll be convinced but you have nothing to lose by trying. ◆

Source data: *[1] https://hoa.org.uk/2021/07/gazumping/*

AVERAGE UK HOUSE PRICE £256,000

Impact of rising prices and phasing out of stamp duty holiday

SOARING HOUSE PRICES over the past year have pushed home ownership further out of reach for many people. The average UK house price was £256,000 in July, which is £19,000 higher than a year earlier, according to data from the Office for National Statistics (ONS).[1]

AVERAGE HOUSE PRICES, WHAT THE NUMBERS SHOW

UK average house prices increased by 8.0% over the year to July 2021, down from 13.1% in June 2021.

The average UK house price was £256,000 in July 2021, which is £19,000 higher than this time last year, following the record high of £265,000 in June 2021.

Average house prices increased over the year in England to £271,000 (7%), in Wales to £188,000 (11.6%), in Scotland to £177,000 (14.6%) and in Northern Ireland to £153,000 (9.0%).

London continues to be the region with the lowest annual growth (2.2%) for the eighth consecutive month.

BREATHING LIFE INTO THE PROPERTY MARKET

The ONS has said its July house price figures may go on to be revised in future, as there was less transaction data available than expected during the pandemic.

Despite the slowdown in July, prices are not expected to fall any time soon, and there are no signs of imminent deflation, because the race for more living space, lower mortgage rates, and the welcome return of first-time buyers is continuing to breathe life into the property market. ◆

Source data: *[1] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/july2021 Published 15 September 2021*

"Average house prices increased over the year in England to £271,000 (7%), in Wales to £188,000 (11.6%), in Scotland to £177,000 (14.6%) and in Northern Ireland to £153,000 (9.0%)."

Passing on property to your next generation

How to avoid overspending on Inheritance Tax and Capital Gains Tax

IF YOU OWN PROPERTY it likely makes up a significant portion of your total overall wealth. But Inheritance Tax (IHT) could one day cost your loved ones a significant sum of money. That's why it's important to consider how you might pass it on to the next generation of your family in the most tax-efficient way possible.

There's a big difference in how much tax would be due by gifting a property in your lifetime compared to passing it on after your death.

WHAT IS INHERITANCE TAX (IHT)?

IHT is a tax on your wealth and assets you pass on after your death. The standard rate of IHT is currently 40%.

However, no IHT is currently due on wealth or assets left to your spouse or registered civil partner. Also, no IHT is payable on the first £325,000 of your wealth or assets passed on to others (this is called your Nil-Rate Band, or NRB), or an additional £175,000 of property wealth. This is called your main Residence Nil-Rate Band, or RNRB, and it can be used against one property only.

Both bands have now been frozen until April 2026.

If you're a surviving spouse or registered civil partner who has inherited everything from your deceased partner, you'll be entitled to their NRB and RNRB also, meaning you can pass on a total of £650,000 in wealth and assets plus up to £350,000 of the value of one property.

On the death of the second partner, your combined allowance could potentially reach up to £1m of allowances before your heirs have to pay IHT, although the combined main RNRB of £350,000 can only be set against the main residence.

This allowance is gradually reduced if your estate is worth more than £2m and completely exhausted for joint estates worth more than £2.7m.

HOW MUCH TAX WILL BE DUE IF I PASS ON A PROPERTY AFTER MY DEATH?

This depends on various factors, one being the total size of your estate. If you have only one property to pass on, which is worth less than £175,000, or the total value of your estate is less than £500,000, you may be able to pass it on without incurring a tax charge.

But if you have more than one property, it's very possible that IHT will be charged at 40% of the total property value.

WHEN WOULD IHT NOT BE CHARGED?

You must survive for seven years after making a gift of property for it to become IHT free. If you die within three years, IHT would be charged at the full rate. If you die after three years but within seven, it would be charged at a tapered rate.

You must also not profit from the property in any way during your lifetime, for example, by retaining the right to live in it. This would be considered a 'gift

"Inheritance Tax (IHT) could one day cost your loved ones a significant sum of money."

with reservation of benefit' and would incur an IHT charge after your death.

HOW MUCH IS CAPITAL GAINS TAX (CGT)?

CGT is a tax on assets you sell at a profit during your lifetime. There are different rates of Capital Gains Tax which depend on the item you're selling and your tax band.

If you only own one property, you won't pay CGT when you sell it. But, for any additional properties, you'll pay 18% CGT if you're a basic rate taxpayer, or 28% if you're a higher or additional rate taxpayer.

CGT is only payable on profits above your personal allowance, which in the tax year 2021/22 is £12,300 (or £24,600 for married couples on assets they jointly own).

CGT can apply to assets you give away as well as assets you sell. So, gifting a second property to your child could incur a tax charge.

HOW MUCH CGT WILL BE DUE IF I GIFT A SECOND PROPERTY IN MY LIFETIME?

As a parent gifting a second property to a child at no cost, you would still have to pay CGT. This would currently be charged at 18% or 28% (depending on your tax band) of the difference between the current property value and the price you paid for it, if this exceeds your personal allowance.

WHAT ARE MY OTHER OPTIONS?

One option is to transfer the property into a trust. This strategy is only possible if the property is mortgage-free, and is most effective if the property value is within the NRB (i.e. less than £350,000). For any property value that exceeds the NRB, you will need to pay an IHT charge. Trust law is extremely complicated so you should seek specialist professional advice if you wish to explore this.

Another option, if you own property within a limited company, is to pass on shares in that limited company. If your company operates within the rules for Business Property Relief, shares in it may be eligible for 50% or 100% IHT relief. Again, you should seek specialist professional advice before taking any action. ◆

MOVING IN TO YOUR DREAM HOME

Ready to take that step? 10 things to think about to get you on the property ladder

TAKING YOUR FIRST-STEP on the property ladder is an exciting time, but it can also be a daunting time. It will also probably be your biggest and most stressful purchase so far, but it can also be one of life's most rewarding experiences. It's a place to call home and an investment for the future.

A lot of the steps, from knowing what you're looking for to knowing how much to offer, become easier with experience, but if you don't have that experience, then our top tips for first-time buyers should help.

ARE YOU WONDERING IF YOU'RE READY TO TAKE THAT STEP? HERE ARE 10 THINGS TO THINK ABOUT.

1. WORK OUT WHAT YOU CAN AFFORD

Your budget will partly be determined by how much you've saved as a deposit, but you might not want to buy the most expensive house you can get with that deposit.

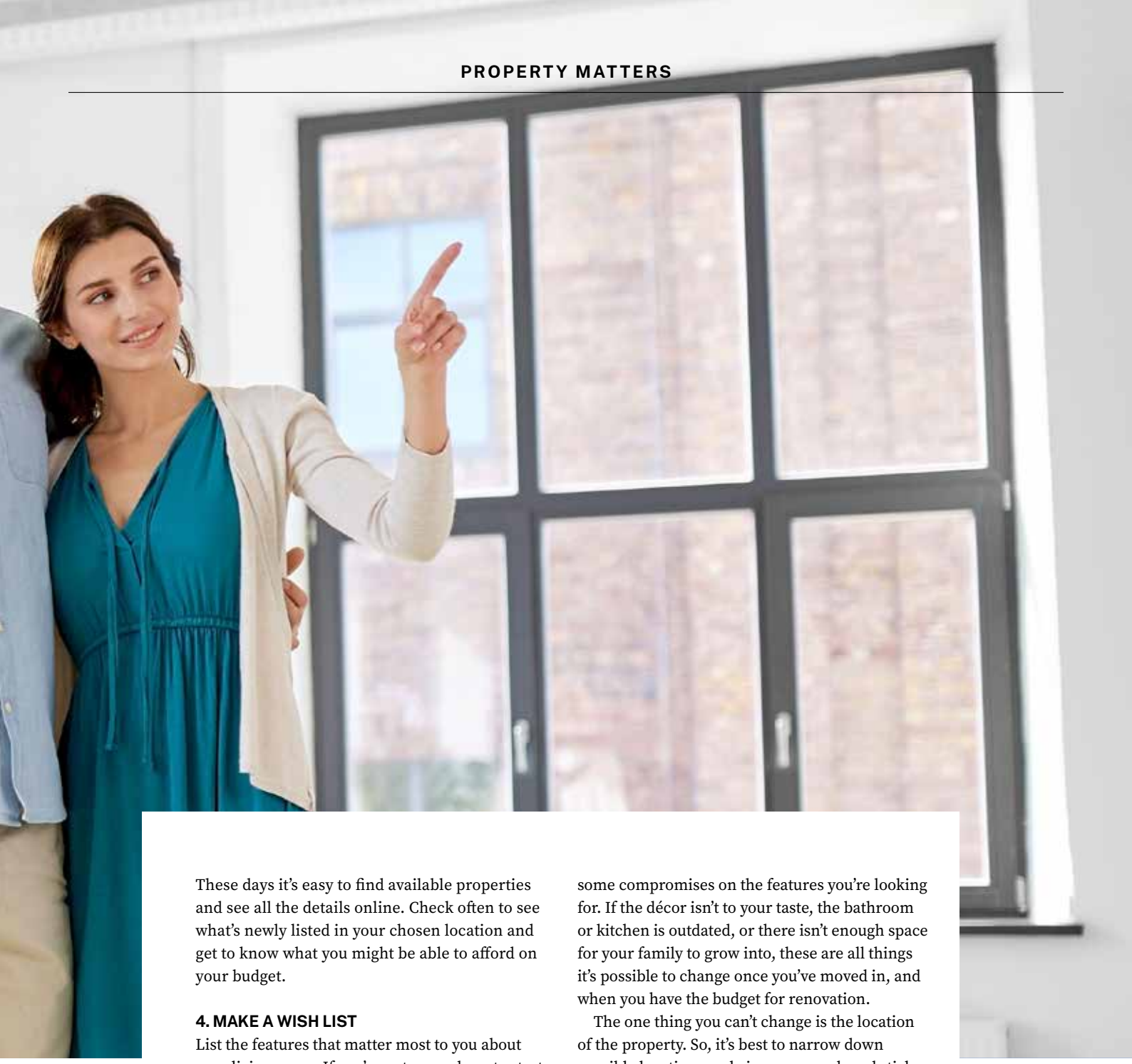
Be realistic about how much you can spend each month on mortgage repayments, not forgetting that you'll also have to pay for buildings insurance, household bills, repairs and maintenance.

Factor in all the upfront costs of buying a home too, including surveys, conveyancing fees, moving costs and furnishing costs.

2. CONSIDER GOVERNMENT SCHEMES

If you only have a small deposit, you might want to seek help from the government to afford a more expensive property. You could look into Shared Ownership, Help to Buy loan or the Mortgage Guarantee Scheme.

3. GET TO KNOW THE PROPERTY MARKET



These days it's easy to find available properties and see all the details online. Check often to see what's newly listed in your chosen location and get to know what you might be able to afford on your budget.

4. MAKE A WISH LIST

List the features that matter most to you about your living space. If you're not sure where to start, think about the features you like or dislike about the home you live in now or homes you've lived in before. Perhaps they were too noisy, too cramped, too dark or lacked outdoor space. When you start to view properties, this will help you to quickly judge if they meet your requirements.

5. PRIORITISE LOCATION

To afford your first home, you might have to make some compromises on the features you're looking for. If the décor isn't to your taste, the bathroom or kitchen is outdated, or there isn't enough space for your family to grow into, these are all things it's possible to change once you've moved in, and when you have the budget for renovation.

The one thing you can't change is the location of the property. So, it's best to narrow down possible locations early in your search and stick to your choices.

6. PREPARE FOR VIEWINGS

If you're viewing properties for sale for the first time, you might not know what you're supposed to look at. The purpose of viewings is partly to see if you like the property and can imagine yourself living there, but there's a lot more you can check at the same time.

For example, you'll need to look at the appliances, find out if they're included in the sale, judge if they're in good working order, ask how old they are, and consider when they might need replacing.

7. TAKE PHOTOS OR VIDEOS

When you see features you like or dislike, they might seem easy to remember later, but it's often difficult to recall the exact detail – especially if you're viewing multiple properties. Rather than relying on memory, be methodical about capturing everything in photos or videos, which you can look back on in the future.

8. EXPLORE THE AREA

When you've found a home you really like, spend some time in the surrounding area to get to know it as well as possible. Even if you live locally, there might be things you haven't noticed, such as sources of noise, lack of parking or poor transport services, which could all affect your enjoyment of your time living there.

9. DECIDE HOW MUCH TO OFFER

Consider the advertised price of the property and whether you think that's fair, taking into account any flaws you've noticed at viewings. If there are things you don't like about the property or local area, decide if you can live with them or improve them. It's usually best that your first offer truly reflects your financial situation and how much you're willing to pay.

10. PREPARE FOR THE PURCHASE

It's very exciting to have an offer accepted, but you haven't quite reached the finish line yet. There are still things that can go wrong, so to minimise the chances of your purchase falling through, get all your paperwork and admin in order as soon as possible. Your top priorities should be appointing a conveyancer and applying for a mortgage. ◆

"Rather than relying on memory, be methodical about capturing everything in photos or videos, which you can look back on in the future."

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‘Generation Rent’

Are you giving serious thought to becoming a buy-to-let landlord?

SO WITH 'GENERATION RENT' on the rise, is it time you gave serious thought to becoming a buy-to-let landlord? Fundamentally, buying a buy-to-let property works in a very similar way to any residential property. You can either pay with cash or with a mortgage, although the type of mortgage will differ slightly.

The main difference is how the lender categorises your primary income source – usually they'll look at your potential rental income over your personal income, which is usually a secondary factor.

In recent years, buy-to-let investors and landlords might feel as if they have been deliberately targeted, with changes to mortgage interest tax relief, the introduction of stamp duty surcharges, and a seemingly endless range of new legislation and regulation to contend and comply with.

However, buying property as an investment has proved to be a successful and lucrative investment decision for some. So if you're keen to become a buy-to-let landlord and want the best chance of success, here are our top tips on getting started.

CHOOSING A LOCATION

Location is crucial when choosing a buy-to-let property. Choosing the right one will ultimately depend on your target tenants. You need to consider carefully the types of tenant you are targeting before you invest in a buy-to-let property.

"Location is crucial when choosing a buy-to-let property. Choosing the right one will ultimately depend on your target tenants."

- Families will want to be in the catchment area for good schools and green spaces.
- Young professionals will want to be close to transport, with a quick journey to the city centre.
- Students, of course, will want to be close to the university they study at and within walking distance of clubs and bars.
- Additionally, proximity to a supermarket, pubs and restaurants, and parks and open spaces are all factors to consider.

DECIDING ON A PROPERTY

Before you start to view properties, do plenty of research on the rental market in your area. Find out about the type of tenants that are most common and which type of properties rent the fastest. Look at which features seem to be most desirable, such as a garden or off-street parking, and which don't seem to attract renters.

Based on your findings, you can create a list of what you're looking for in a property. If you're willing to put in a lot of work to improve a property before you let it to tenants, you may be able to find a better deal that will provide a greater return.

SETTING YOUR BUDGET

There is always a risk that your investment won't return the money you're hoping for, but you shouldn't buy unless you're confident that the income you'll receive from the property exceeds the costs of running it.

When you create your budget, the rental income should cover the majority of your costs, but it's important to have a contingency budget just in case things go wrong.

Include the cost of mortgage repayments, repairs, maintenance, insurance and marketing. For example, you may need to pay out for repairs, or your property may be empty for a month or two in between tenancies. Make sure you have enough money to cover these expenses, just in case.

Look at the average rent charged for similar local properties to be sure that

"You shouldn't buy unless you're confident that the income you'll receive from the property exceeds the costs of running it."

you're being realistic about the income you'll achieve.

FINDING THE RIGHT BALANCE

Typically, the properties that generate the most income also involve the most work, for example, student lets with multiple bedrooms, or Houses of Multiple Occupation (HMOs). Properties that involve less work, such as studio flats, typically generate less income. So, you'll need to find the right balance personally.

CHOOSING A LETTING AGENT

A letting agency may be an extra expense, but they may be beneficial in the long run. Consider what's best for you before making any decisions.

Working with a letting agent will help you navigate some of the challenges you may face as a first-time landlord, such as how to price your property and avoid it sitting empty.

You should speak to several letting agents to find out about their fees and what expertise you'll get in exchange. You'll have a choice between online agents, which have lower fees, and high street agents, who tend to have more experience and local knowledge.

CHOOSING A MORTGAGE

A buy-to-let mortgage is specifically designed for a property that is being purchased to then rent out to tenants. The outstanding loan is then added as a charge on the property by the lender. This will always be done on any purchase unless you're remortgaging, where a new charge would be raised.

Landlords generally go for interest-only mortgages. This is because monthly mortgage payments are less when compared to buy-to-let mortgages on a repayment basis. The additional monthly income can then be used to buy another property and so on.

Buy-to-let mortgages typically have different rates and may require larger deposits when compared to residential mortgages. There are various different options to consider, so it is important to discuss your options with a professional mortgage adviser. ◆

>> TIME TO TALK ABOUT YOUR BUY-TO-LET MORTGAGE OPTIONS? <<

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HMO investment opportunities

The ideal solution for affordable and flexible housing growing demand

THERE IS a lack of affordable housing throughout the UK and, as many people can't afford to save for a mortgage deposit, more and more are looking to live in private rented accommodation.

Houses in Multiple Occupation (HMOs) are a common property type in the UK popular with tenants looking for affordable and flexible housing options and popular with landlords as they can be extremely profitable.

EARN MAXIMUM YIELDS

Students are among the most common tenants in HMOs, so if you are letting out in areas near universities you will find a huge demand for these types of properties. Young professionals are also often happy to live in shared housing, as it means they can live in a large property with more facilities but only have to pay for the room they rent.

HMOs have become an increasingly appealing form of property investment for both landlords with years of experience and those new to the sector. For landlords looking for a property which is going to deliver a consistent rental yield for minimal costs, HMOs can fit this bill. But to successfully manage HMOs and ensure you earn maximum yields, it takes careful management and planning.

TAILOR-MADE FOR HMOS

Some landlords let HMOs as they consider them a more efficient way to run a rental portfolio. Although there may be more work to do, the opportunity to collect rent from a higher number of tenants and a potential higher rental yield is appealing.

What's more, certain properties and locations are tailor-made for HMOs. When it comes to tenants, HMOs are sometimes preferable due to potentially lower rent payments and the opportunity to live with more people.

However there is often confusion about what makes a property an HMO, in part because the rules vary across the UK.

WHAT IS AN HMO?

Different local authorities have different definitions of an HMO, but typically it is a rental property with three or more tenants who share a kitchen and/or bathroom and who are not considered one 'household' in the way that a family (for example) would be.

In the past, the definition of an HMO

"Students are among the most common tenants in HMOs, so if you are letting out in areas near universities you will find a huge demand for these types of properties."

dictated that it must be three or more storeys high, but this is no longer the case.

While you should check with your local authority to find out what rules apply in your area, generally:

- A house shared by four unrelated tenants IS an HMO, if facilities are shared
- A house shared by two couples IS an HMO, if facilities are shared
- A house shared by two unrelated tenants is NOT an HMO
- A house shared by five members of the same family is NOT an HMO

A house with more than five tenants is considered a large HMO.

WHAT ARE THE BENEFITS OF LETTING AN HMO?

There are various benefits to consider:

- HMOs are often more profitable, as you can charge more rent relative to the total size of the property
- The problems of rent arrears and vacant periods are minimised since you'll have several separate tenants who are unlikely to all fall behind on rent or

move out at the same time
- Demand for HMOs can be higher, particularly in student towns and cities

WHAT ARE THE ADDITIONAL LANDLORD RESPONSIBILITIES WITH HMOS?

While there are many advantages to letting an HMO, landlords should also be aware of the additional legal responsibilities:
- The property must not be overcrowded
- Washing and cooking facilities must be ample for the number of occupants
- Sufficient waste bins must be provided
- Common areas and facilities must be maintained
- A council-approved fire safety risk assessment must be completed
- Fire safety devices must be installed, including mains-powered smoke alarms and kitchen heat detectors
- Escape routes must be accessible in an emergency
- An annual gas safety check must be conducted
- Electrical installations must be checked annually
- A risk assessment for legionella must be undertaken

HMOs can often have higher associated costs and can be more difficult to obtain a mortgage for. You could also get an unlimited fine for renting out an unlicensed HMO.

HOW DO YOU BECOME AN HMO LANDLORD?

In addition to owning a suitable property to let as an HMO, landlords must follow licensing rules. Large HMOs (with five or more unrelated tenants) require a mandatory licence. HMOs in London frequently require an additional or selective HMO licence. Licences typically last for five years.

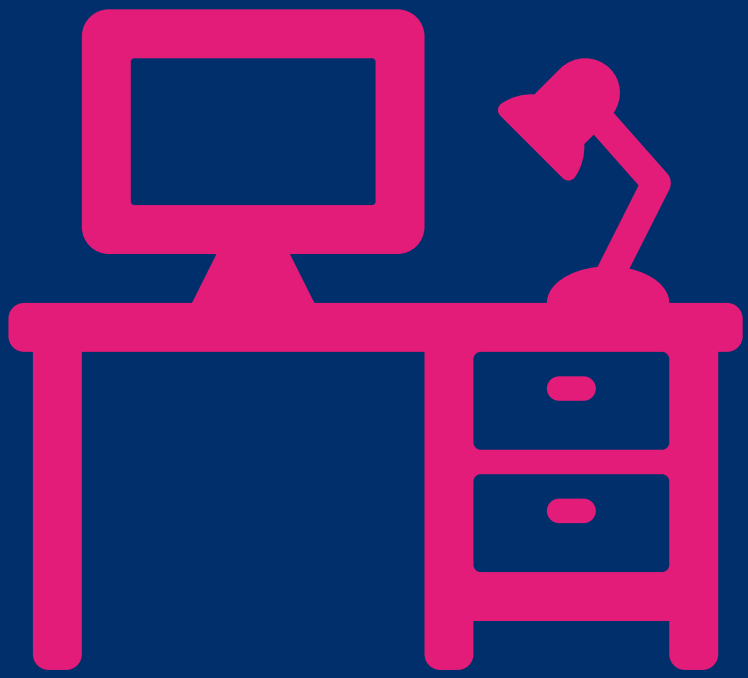
You can check if you need a licence and which licence is required with your local authority. You will also apply for the licence through your local authority, for a fee. They will grant one if they believe your property meets the necessary standards.

When applying for a licence, you must also notify the property freeholder (if you are not the property freeholder), the current tenants (if they have more than three years left of their tenancy agreement), and your mortgage provider (if you have a mortgage).

DO I NEED TO PROVIDE A WRITTEN TENANCY AGREEMENT?

Landlords of HMOs should issue their tenants with a formal, written tenancy agreement. One of the most common types is the 'room only' Assured Shorthold Tenancy (AST). These should cover everything from keeping pets to arrangements for access, procedures when repairs are required, and responsibility for paying water/sewerage charges and other utility bills.

As a landlord if you take a deposit, this must be protected under one of the government's approved tenancy deposit schemes. ◆



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Investing in property

What should I consider before becoming a buy-to-let landlord?

SO YOU'RE LOOKING for a monthly passive income, a diverse investment portfolio and more financial freedom. Becoming a landlord and owning an investment property is one way to achieve this, but only if you choose the right property. Spending too much to acquire it, buying in the wrong area, or taking on more than you can manage are all mistakes that will eat into your profits.

From accidental landlords to those wanting to embark on buy-to-let as a business, renting out property can be extremely rewarding. But as with any investment opportunity it's important to begin with a financial plan and have a clear goal to work towards. So before you take the first steps towards building your property empire, here are some key factors to consider.

BUDGET

One of the biggest factors in which investment property you choose will be your budget.

Buy-to-let mortgages typically require a larger deposit than conventional mortgages, so you'll typically need capital of between 20% and 45% of the property value. For example, if you have £50,000, you can consider properties up to around £250,000.

The type of property you can afford for this price will vary greatly in different areas of the country, from a studio flat in some city centres to a house in cheaper regions. Research the local market, look at trends and keep an eye on future investment projects that might be due to affect the area, as well as tenant demand.

Added costs such as Stamp Duty Land Tax (SDLT) also need to be taken into account when deciding on your budget. If you're buying a property in Scotland, you will pay Land and Buildings Transaction Tax (LBTT) and in Wales Land Transaction Tax (LTT) instead of Stamp Duty.

POTENTIAL RENTAL YIELD

While you will want to invest somewhere with the prospect of capital appreciation, achieving good rental yields is also hugely important.

You'll only want to buy a property if it will achieve a rental yield of at least 5%, that is, it will deliver a return of at least 5% of the property value each year in rental income, after expenses.

To check if this is possible, you need to know three figures:

1. The property value, how much you plan to pay
2. The annual rental income you expect to achieve
3. The annual costs you expect to pay for mortgage interest, letting agent fees, repairs, etc.

Subtract the annual costs from the annual income. Then divide the property value by that figure. If it is below 5%, the property may not be a good investment.

Properties with the highest rental yield tend to be Houses in Multiple Occupation (HMOs), as you'll have multiple tenants paying to use the same facilities. However, there is often more work to do as you need to manage multiple separate tenancies. Some landlords may prefer a simpler arrangement.

TAX MATTERS

Normally, you will be required to pay income tax on what you make from renting out property, but there are certain expenses you can claim, which you can find out through HM Revenue & Customs. On the eventual sale of a rental property, you may be required to pay Capital Gains Tax.

If you decide to operate through a limited company, you must ensure you pay the right Corporation Tax. Even if you are a non-resident landlord living overseas for more than six months of the year, you are still eligible to pay tax in the UK.

AGE

Some buy-to-let landlords tend to buy older properties rather than newly built properties. This is because the premium price tag of a new build home can make it difficult to achieve a high rental yield.

You'll typically pay less upfront the older a property is, but that's because older properties require more maintenance and upkeep. Plus, they tend to be less energy efficient, meaning they can be more expensive to run.

So, you'll need to balance minimising your upfront costs with minimising your ongoing costs.

TARGET TENANTS

You should never make an offer on a property before considering the type of tenants you will rent it to. Different target tenants have very different needs, which you need to keep in mind when viewing properties.

If you plan to rent to families, you'll need to consider outdoor space and parking. If you want to target a tenant with a large budget, you'll need to consider premium features, like modern gadgets or access to a gym or concierge.

"You'll typically pay less upfront the older a property is, but that's because older properties require more maintenance and upkeep."

LOCATION

Location is also closely linked with your target tenants. For example, if you plan to rent to students, it is only worth viewing properties in their preferred neighbourhoods, which are within easy reach of their university. If you plan to rent to young professionals, they usually prefer to be close to the city centre.

However, you'll also need to consider location in terms of your long-term investment, and how much house prices are expected to rise in different areas. It is often wiser to buy in an up-and-coming area than in one that has already achieved its potential.

GOALS

Finally, it's important to consider what you're hoping to gain from buying a buy-to-let property. If you're looking for an easy-to-manage investment with low and consistent returns, you would choose a different property to someone hoping to maximise their returns by doing a lot of the work themselves. ◆

PROPERTY TAX MATTERS

Understanding when and how much Capital Gains Tax you'll be charged

THE CAPITAL GAINS TAX (CGT) rules for landlords have changed in recent years. CGT is one of the more complicated taxes to understand, as the charges are structured differently from other common taxes, such as Income Tax. It can be difficult to know exactly when and how much CGT you'll be charged.

WHAT IS CAPITAL GAINS TAX?

CGT is paid on the gain, or profit, you make when disposing of a buy-to-let property. This relates to selling, giving away or exchanging all or part of the property.

If you have lived in the property as your main home at any time during ownership, this makes it more complicated when it comes to calculating any CGT due.

If you sell the property at a higher price than you paid for it, you'll make a gain.

HOW MUCH CAPITAL GAINS TAX DO LANDLORDS PAY ON BUY-TO-LET PROPERTIES?

Everyone has a personal CGT tax-free allowance, currently £12,300 (tax year 2021/22). So, you won't need to pay CGT unless your profits in this tax year exceed that amount.

In the UK, you pay higher rates of CGT on property than other assets. Basic rate taxpayers pay 18% on gains they make when selling property, while higher and additional rate taxpayers pay 28%.

With other assets, the basic rate of CGT is 10%, and the higher rate is 20%. Bear in mind that any capital gains will be included when working out your tax status for the year, and may push you into a higher bracket.

WHEN IS CGT PAID?

If you make a taxable capital gain from UK residential property in the 2021/22 tax year CGT on property, this must be paid within 30 days of the completion of the sale. You do this by submitting a 'residential property return' and making a payment on account.

HOW CAN LANDLORDS MINIMISE A CGT BILL?

You're permitted to offset certain costs involved with buying and selling property from a gain when working out a CGT bill. These include solicitor's and estate agent's fees, and Stamp Duty Land Tax when buying the property.

"If you have total ownership of a buy-to-let property and are married or in a registered civil partnership, you could consider giving your partner a share in the property."

Other costs involved with improving assets, such as paying for an extension, can also be taken into account when working out your taxable gain.

However, you're not allowed to deduct costs involved with the upkeep of a property. You're also not allowed to deduct mortgage interest (though that can reduce the tax you pay on rental income).

PROPERTY-RELATED EXPENSES LANDLORDS CAN OFFSET AGAINST THE CGT TAX THEY PAY:

Buying costs – Such as conveyancing, surveys or valuations and stamp duty

Improvement costs – Costs for adding to the property, for example, a loft conversion, extension or building a garage, providing the improvement is still there when the property is sold.

Selling costs – Bills for conveyancing, estate agent or auction fees

The costs are offset in full against any gain and can add up to a significant tax saving.

PRIVATE RESIDENCE RELIEF (PRR)

If you have lived in your buy-to-let at any time during ownership, you are entitled to make a PRR claim for the period. This is a valuable relief that may reduce CGT payable on the sale of a property that was at some point used as your only or main residence, and which has also been let as residential accommodation.

This is the first full year PRR has been restricted since rules changed in April 2020. Previously, if you lived in your property before letting it to tenants, you'd get PRR when you came to sell. This meant you wouldn't pay any CGT for the time you lived in the property, plus an extra 18 months after you moved out.

Under the new rules PRR permits you to remove any CGT for the years you lived in the property plus nine months, which is a CGT-free period to allow you to sell.

What's more, the £40,000 of lettings relief (which you can claim if you rent out a property that's been your main home) will only apply to landlords who share an occupancy with their tenants.

LETTING RELIEF

Letting Relief allows any chargeable gain remaining after Private Residence Relief (PRR) to be reduced further by whichever is the lower of the amount of private residence relief already calculated, £40,000, or the chargeable gain made from letting your home (and not covered by the deemed occupation provisions).

Therefore up to an additional £40,000 of a gain is currently exempt from CGT if you qualify for the relief. This is even more valuable when you factor in that Letting Relief is available per owner and not just per property, so £80,000 of the proceeds from the sale of a co-owned property could potentially be exempt from CGT.

Shared occupation applies where the owner lives in the same property as the tenant and the property is their only or main residence throughout the letting period. This means that should you move out of the property and let it to a tenant, Letting Relief will no longer apply.

SHARING OWNERSHIP

If you have total ownership of a buy-to-let property and are married or in a registered civil partnership, you could consider giving your partner a share in the property. Under the current CGT rules, switching a share of ownership is tax-free, although Stamp Duty Land Tax may apply.

The advantage is your partner also has a CGT tax-free allowance (currently £12,300 in tax year 2021/22) and qualifies for PRR on their share of the property, which can double your CGT tax reliefs.

To transfer a share of ownership, you need a sworn document from your solicitor confirming the new ownership shares of the property and a Form 17 to file with HMRC.

GIVING AWAY A BUY-TO-LET AND CGT

Some buy-to-let investors look for alternative ways of owning property to mitigate CGT. But there is no one-size-fits-all and careful consideration should be given to future income requirements before any assets are given away.

This may include giving property away to family members who are paying tax at lower rates, or in many cases considering a corporate structure. This also ensures the rental income is taxed at lower Corporation Tax rates, therefore increasing yield, and also transfers value out of the donor's estate for Inheritance Tax purposes.

Although transfers to a spouse or registered civil partner are 'no gain, no loss' transfers, gifts to 'connected people' are considered disposals at market value and taxed as such, regardless of whether no price was paid or that the price was discounted.

ADVICE ON TAXES FOR UK LANDLORDS

Following a review of the system, a freeze on CGT could mean landlords are faced with a higher tax burden when they come to sell a property. The Office of Tax Simplification had previously recommended an overhaul of CGT on property, which includes reducing the CGT tax-free allowance and increasing Capital Gains Tax to be more in line with Income Tax rates. While this hasn't materialised yet, it could be something we see introduced over the coming years.

Buy-to-let investment properties can be extremely lucrative but they are taxed in a very specific way. Since the rules are complex and vary for different assets and individuals, it's prudent to speak to a tax expert to ensure that you're only paying as much CGT as you need to. ◆

>> MAXIMISE YOUR BUY-TO-LET INVESTMENT IN A TAX-EFFICIENT WAY <<

Looking to discuss the opportunities and the challenges of buy-to-let property ownership? To look at how you could potentially maximise your buy-to-let investment in a tax-efficient way, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Move on up

Landlords achieving higher rental yields in 2021

LOOKING TO INCREASE your buy-to-let investment rental yield? One of the most popular investment methods is to purchase a buy-to-let where you reap returns through rental yields over time, in addition to capital appreciation.

Recent research has highlighted the average rental yield achieved in the first three months of 2021 was 6%, the highest level in three years[1]. This is an increase from 5.3% the previous year.

Focusing on rental yields and investing for the long term is typically a better investment strategy than only focusing on capital gains. Lenders now require landlords to meet increasingly stringent stress tests when getting buy-to-let mortgages.

The current landscape has put pressure on investors to optimise their portfolios and find higher-yielding properties. So, how are landlords achieving higher rental yields in 2021? We'll look at some of the factors.

UNDERSTANDING RENTAL YIELD

If you're an experienced landlord you should be familiar with the term 'rental yield' and why it's important. If you're a little newer to the market or looking for a refresh, simply think of your rental yield as the annual financial return you can expect to achieve on a rental property.

A simple way to calculate rental yield is X–Y/Z:

- X is the total rental income you receive each year from the property
- Y is the total costs you incur each year from the property, including mortgage interest, letting fees, etc
- Z is the price you paid for the property

So, if your annual rental income (X) is £15,000, your annual costs (Y) are £5,000, and the property value (Z) is £200,000, then the rental yield (X-Y/Z) is 5%.

Therefore, anything you can do to increase your rental income or cut your costs will improve your rental yield.

CHOOSING THE RIGHT LOCATION

Location is a crucial factor in rental yield. It's important for landlords to choose investable locations, ideally with strong rental demand and house price growth projections. On one hand, you need to buy a property in an area where property prices are low, to minimise your initial investment.

On the other hand, you must choose an area where rental demand is high, or you'll miss out on potential returns. Areas fitting both of these criteria are

"Focusing on rental yields and investing for the long term is typically a better investment strategy than only focusing on capital gains."

primarily found in the north of England, and particularly in the North East region, where the gap between property prices and average rents is most significant.

FINDING A LOW MORTGAGE RATE

One way you can reduce your monthly outgoings is to obtain a better mortgage rate. Reviewing your outgoings can make a big difference to what you have coming in, so try and shop around each time your mortgage or insurance products are coming up for renewal.

Some landlords may be looking to remortgage now, if they can, because mortgage rates are uncommonly low. You might find it fairly easy to find a lower rate than you currently pay.

You can also make savings by improving the energy efficiency of your property, as some mortgage providers offer lower rates for green homes. Improving the energy efficiency of your property could also help to retain its value over the long term.

MAKING HOME IMPROVEMENTS

If you want to charge higher rent for your property, you'll likely have to make some improvements. Home improvements cost money, so it's important to choose the improvements that will provide the best return on your outlay.

With the trend of more people working from home now than in previous years, improvements that relate to that lifestyle are also worth considering. For example, a high-speed internet connection can be valuable, as can home office space.

REDUCING TENANT TURNOVER

Another simple way to both increase your rental income and reduce your costs is to retain your current tenant, thereby avoiding gaps in the rent you receive and the costs associated with recruiting tenants.

Taking some careful steps with your choice of tenant can help reduce the one-off costs which are often associated with changing tenants.

While it's not totally within your control if your tenants decide to leave, you can help by maintaining a good relationship with them and being responsive to any issues that come up during the tenancy. ◆

>> WANT TO APPLY FOR A BUY-TO-LET MORTGAGE? <<
If you are looking to buy a property to rent out or add another investment to your property portfolio, there are lots of things to consider. To discuss your options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data: [1] https://www.paragonbank.co.uk/press-releases/rental-yields-reach-3-year-high-


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Landlords' seasonal property maintenance check-list

Maintaining happy relations with tenants and sound financial sense

NOW AUTUMN has arrived and with the winter months just around the corner, landlords need to be thinking about how best to prepare their property for the months ahead. Being on top of essential maintenance isn't just about maintaining happy relations with tenants. It also makes sound financial sense.

So it's important to plan ahead. A failure to prepare your property could lead to emergencies that will cost you money and upset your tenants.

To avoid expensive repairs, now is the time to carry out routine maintenance checks. From burst pipes to clearing gutters, here's a guide to the sorts of things landlords should be aware of.

BOILER

A boiler service is often cheaper than the bill for emergency repairs would be, and you'll have happier tenants if they haven't had to deal with a boiler failure in the cold weather.

Legally, you must have your gas boiler inspected at least once a year and provide a gas safety certificate to your tenant. It's worth booking that inspection in the autumn to ensure that everything is in good working order for the winter months.

RADIATORS

As the radiators likely haven't been used since last winter, they might need bleeding to avoid central heating failures. Plan to do this in the autumn.

PIPES

If the temperature reaches freezing, your pipes are vulnerable to damage. Visually inspect them for cracks and weaknesses while the weather is still warm.

You might want to add lagging, which can help to prevent frozen pipes, and also improves the energy efficiency of your home.

GUTTERS

When the leaves fall from the trees, they can end up in your gutters and drains, blocking the water from flowing freely. Once the winter rains come, this can cause flooding and lead to significant property damage.

This is easy to avoid by clearing the blockages from your gutters and drains after the autumn.

FENCES

Winter weather is unpredictable, and you'll need to be prepared for storms and high winds, which can bring down fences surrounding the property. Check the fence panels and posts to see if there are any points of weakness and reinforce them in advance.

ROOF

Another area of vulnerability in the winter is the roof. If some of the tiles are missing or damaged now, once the winter weather comes, your property could easily suffer leaks and water damage. This is often far more expensive to deal with than simply replacing a few tiles.

INSURANCE

Even if you already have landlord insurance, now is a good time to thoroughly read your policy documents. Make sure it's up to date and check your policy gives adequate protection for any winter-related damages. You'll want to know exactly what you're covered for in an emergency.

Boiler insurance is also a good idea. And if your property has a flat roof, it's worth checking your insurer covers flat roof damage – most insurers do not cover flat roofs, and structures of this kind can be prone to collecting water as it can't drain off.

Depending on your property's location, condition and unusual features, you might need specialist insurance. ◆

Rental demand returns to cities

UK cities seeing increased demand during the second quarter of this year

SOME LANDLORDS in the UK's cities over the last 18 months may have experienced fewer tenants looking for properties in urban areas.

A string of national lockdowns and the many restrictions that came with them caused rental demand to dwindle across the UK's major cities during much of 2020.

But the vaccine rollout and a return to the workplace are now playing a part in reviving the rental market, with the majority of major UK cities seeing increased demand during the second quarter of this year.

CITY RENTAL DEMAND HAS RISEN SINCE LAST YEAR

There are different ways to measure rental demand. One way is to calculate the number of properties already let as a percentage of all rental listings. Using this metric, rental demand in cities across the UK was at an average of 33% for Q2 of 2021[1]. For the same period in 2020, it was just 23%.

HIGHER RENTAL DEMAND IS FUELLED BY EASING RESTRICTIONS

Q2 of 2021 saw more and more businesses reopening after lockdown, meaning that cities had more attractions to offer to renters. Plus, vaccines were made available to younger age groups at this time, allowing them to return to their pre-pandemic lifestyle and enjoy a fast-paced city life once more.

INCREASE IN THE NUMBER OF STUDENTS LOOKING TO RENT

Rental demand in Bournemouth grew from 36% in Q2 of 2020 to 66% in Q2 of 2021, a change of 30%. There has been an increase in the number of students looking to rent in this city, as well as young professionals who would like to live near the beach but still within reach of London.

HIGHEST RENTAL DEMAND IN SOUGHT-AFTER CITIES

Newport currently has rental demand of 69%, an increase from 40% in 2020. It is

London Bridge, UK


Bristol, UK

"A string of national lockdowns and the many restrictions that came with them caused rental demand to dwindle across the UK's major cities during much of 2020."

partly popular due to its location, situated within easy reach of both Cardiff and Bristol, now with no charge to cross the Severn Bridge.

Other highly sought-after cities include Cardiff, where rental demand is 48% (up from 19%), Cambridge (41%, up from 25%) and Glasgow (37%, up from 20%).

LONDON RENTAL DEMAND HAS SLIGHTLY INCREASED

Across all London boroughs, rental demand increased from 26% to 30% from 2020 to 2021. Demand has increased most in the City of London borough, from 11% to 26%, while demand is highest in Kingston upon Thames, at 40%.

While demand has risen in 24 boroughs, it has fallen in 8, including Croydon, Waltham Forest, Hillingdon, Havering and Lewisham.

RENTAL DEMAND HAS FALLEN IN THREE CITIES

Though the overall picture looks good for landlords, there are three cities where rental demand has fallen. These are Nottingham, where demand has fallen slightly from 37% to 36%, Plymouth, with a bigger drop from 30% to 26%, and Belfast, with a substantial decrease from 20% to 8%.

CAPITALISING ON HIGH RENTAL DEMAND

High rental demand is an opportunity for landlords, as you'll have more quality tenants looking for property, which can drive up rental prices and help you avoid vacant periods.

If you own a rental property that is

currently vacant or coming to the end of a tenanted period, now is a great time to find the right incoming tenant. Make sure that your property is in good condition and any necessary repairs have been taken care of. Find the right letting agent who can help you to establish the optimal rental price and fill the property quickly. ◆

>> LOOKING TO STREAMLINE YOUR JOURNEY TO BUY-TO-LET MORTGAGE SUCCESS? <<

If you're a landlord, or thinking about getting a property to rent out, speak to us to look at the options available to you. Contact **TFA Mortgages**
– telephone **0800 3899 708**
– email **enquiries@tfagroup.co.uk**.

Source data: *[1] Barrows and Forrester, 5 July 2021, https://www.barrowsandforrester.co.uk/property-research/rental-demand-returns-to-the-uks-major-cities-in-q2.html*

MANAGING A LETTING

Time to consider using a property management service company?

OWNING A rental investment property can be a rewarding experience. However, a rental property only generates income when the landlord has good tenants who pay their rent on time and do not destroy their property.

As a landlord, you can choose to self-manage your property or look for a company specialising in property management services.

Once a landlord encounters a problem tenant, owning and managing a rental property can become difficult and very time-consuming. Some landlords may choose to do everything themselves, from finding tenants, maintaining properties and taking calls day and night.

However, others prefer to get back all the time spent on those tasks by taking on a property management service company.

WHAT DO PROPERTY MANAGEMENT SERVICE COMPANIES DO?

Tenant screening

One of the biggest benefits of using a property management service company is that they can handle all tenant screening activities. They receive hundreds of applications and are well practised in sorting the good from the not-so-good prospective tenants.

Renting to the wrong tenant can cause all kinds of problems, including damage to the property or rent arrears. So, a high standard of tenant screening will save money and give you peace of mind.

> **"A property management service company knows exactly what process to follow if your tenant is late with a rent payment and can manage it with no intervention from you."**

Rent collection

Rent arrears are a potentially stressful problem for landlords and can cause tension with your tenants. A property management service company knows exactly what process to follow if your tenant is late with a rent payment and can manage it with no intervention from you.

In the worst-case scenario, a property management service company would issue the eviction notice on your behalf.

Point of contact

Your tenants will need a point of contact to deal with any repairs, maintenance needs or other property needs, including emergencies. If

you don't have a property management service, it's likely that you'll need to be available 24 hours a day to respond.

Dealing with these problems is a core element of their business, so they are able to handle them swiftly and easily as part of the service they provide. They will also have access to emergency plumbers, locksmiths and any other professionals you might need.

Tenant satisfaction

A property management service company won't just make life easier for you but for your tenants. They will benefit from the availability of the team, and the swift resolution of any problems they have with the property.

Happy tenants are less likely to move on at the end of their tenancy, which will save you money by keeping your property occupied for longer.

Of course, utilising a property management service company comes at a cost. So it's up to you to weigh up whether you'd rather save money or free up the time you spend managing properties yourself. ◆

"Once a landlord encounters a problem tenant, owning and managing a rental property can become difficult and very time-consuming."

Legal matters

Latest regulations for buy-to-let landlords

KEEPING UP WITH all the rules for buy-to-let landlords can be tricky due to the frequency that they are updated – particularly as we have seen during the pandemic. However, failure to follow the rules can result in fines, legal troubles and the loss of some of your rights as a landlord.

So, it's crucial to stay informed. Here are some updates to rules and regulations you should be up to speed with.

ELECTRICAL SAFETY STANDARDS

From 1 April 2021, new electrical safety regulations apply to all privately rented properties in the UK.

If you are following the Section 21 process (for repossession of a property after the end of a tenancy, or during a rolling tenancy), from 1 October 2021 onwards you must now give a notice period of two months.

If you are following the Section 8 process (for early repossession of a property for allowable reasons, such as rent arrears), from 1 October 2021 onwards the notice period will also be two months. This can be cut shorter in certain circumstances, such as in evictions due to antisocial behaviour. ◆

"Since March 2020, right to rent checks have taken place over video calls and using scanned copies of identification documents."

In summary, landlords are required to:

- Have all electrical installations professionally inspected and tested every five years
- Provide a copy of the inspection report to the property's tenants within 28 days
- Provide a copy of the report to any new tenants that move in before the next inspection
- Provide a copy of the report to any potential new tenants who request one, within 28 days
- Provide a copy of the report to your local authority, if requested, within 7 days
- Keep a copy of the report to provide to the next inspector and tester
- Rectify any issues identified in the inspection report within 28 days, or less if specified
- Provide written confirmation of the completion of any repairs to the property's tenants and the local authority within 28 days

RIGHT TO RENT CHECKS

Since March 2020, right to rent checks have taken place over video calls and using scanned copies of identification documents. This changed on 1 September 2021, when landlords will need to return to conducting the checks in person.

From this date, you must now also check each tenant's original documents, rather than copies, or use a tenant's share code to check their right to rent online.

There have also been recent, Brexit-related changes to right to rent checks. According to the latest process, for all EU, EEA and Swiss citizens, you should use the online checking service, which requires a share code.

EVICTION NOTICE PERIODS

As things stand, notice periods will return to pre-pandemic levels. Eviction notice periods have changed again recently, having been extended during the pandemic.

Selling a tenanted property

Landlord tips to help guide you through the process

BUYING AND selling property is all in a day's work for landlords, but if the property you are selling has current sitting tenants, the matter is a little more complicated.

Selling a house or flat with sitting tenants will obviously require a little tact, but it shouldn't automatically cause tension. Not if the task is handled correctly, anyway.

As a landlord you have legal responsibilities to the tenants that you'll need to be aware of and you'll need to follow the correct process.

Whether you're in the process of selling a tenanted property or are still considering whether or not to do so, we've provided our tips to help guide you through the process.

SELLING WITH SITTING TENANTS

You could sell your property as an investment property with sitting tenants. Other buy-to-let landlords might be attracted by the fact that they won't have to market the property and won't have any period of vacancy after buying it, so will receive an income immediately. This can help you to negotiate a good price for the property.

However, you'll be limiting your audience of potential buyers to landlords only, excluding a larger number of people who are searching for a home to live in. You may receive fewer offers as a result.

ENDING THE TENANCY

You could give your tenants notice that you want to regain possession of the property. Under Section 21 of the Housing Act 1988, you have the automatic right of possession at the end of the fixed term of the tenancy.

The only requirements are that you give, from 1 October 2021, at least two months' notice in writing, and that you have properly protected your tenants' deposit in a government-approved scheme.

Section 21 does not allow you to end a tenancy before the end of the fixed term.

ENDING THE TENANCY EARLY

It's possible to end a tenancy early under Section 8 of the Housing Act 1988, but you would need to have grounds to do so.

Acceptable reasons include if the tenants have used the property for illegal activities or if they are in rent arrears. You cannot use Section 8 simply because you want to sell the property.

"Selling a house or flat with sitting tenants will obviously require a little tact, but it shouldn't automatically cause tension. Not if the task is handled correctly, anyway."

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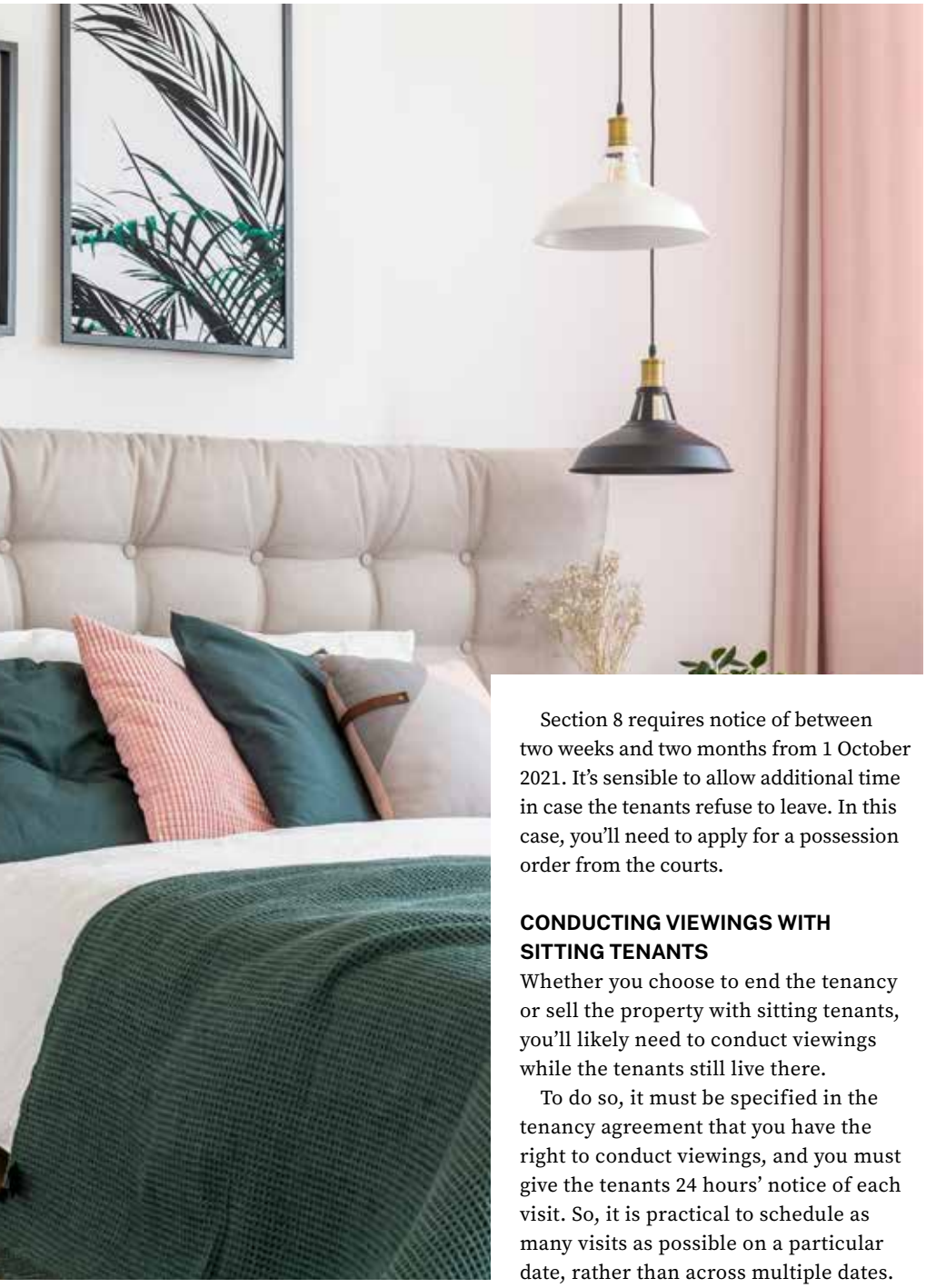


Section 8 requires notice of between two weeks and two months from 1 October 2021. It's sensible to allow additional time in case the tenants refuse to leave. In this case, you'll need to apply for a possession order from the courts.

CONDUCTING VIEWINGS WITH SITTING TENANTS

Whether you choose to end the tenancy or sell the property with sitting tenants, you'll likely need to conduct viewings while the tenants still live there.

To do so, it must be specified in the tenancy agreement that you have the right to conduct viewings, and you must give the tenants 24 hours' notice of each visit. So, it is practical to schedule as many visits as possible on a particular date, rather than across multiple dates.

If the tenancy agreement does not specify your right to conduct viewings, you'll need to approach your tenants for permission. It will help if you have a good relationship with them and if you have acted fairly towards them in this process.

TRANSFERRING A TENANCY AGREEMENT TO A NEW LANDLORD

If you sell the property with sitting tenants, the same tenancy agreement can remain in effect. You'll simply need to change the name and contact details of the landlord to the new owner.

It's sensible to initiate communications between the tenants and the new owner as soon as possible and keep the tenants well informed throughout the sales process, as they have the right not to sign the amended tenancy agreement, which can create a difficult situation.

In most cases, following the rules, communicating well and making an effort to be fair will result in a smooth transaction. ◆

>>READY TO DISCUSS YOUR INVESTMENT PORTFOLIO OPTIONS? <<

Whether you're a first-time landlord or a seasoned professional, we're here to help. To discuss your requirements, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Hamptons 'Buy-to-let' Report Spring 2021

Are you ready to become a buy-to-let landlord?

5 reasons to consider the current opportunity for property investment

THE VALUE of the Private Rented Sector (PRS) in England, Wales and Scotland grew by 5.8% to £1.4 trillion in the last year, according to a new report[1].

Demand from tenants has been growing. In total, 42% of landlords report that they have seen demand increase for their properties in the past 12 months.

In addition, two-thirds (67%) of landlords said that they were confident about the future of the property market over the next 12 months, with a third (34%) of all landlords planning to buy a property in the coming year.

Many landlords are looking to expand their portfolios due to a combination of rising house prices, attractive yields and growing demand from tenants. Borrowing to help fund this expansion is an attractive option, with landlords presented with great choice and historically low mortgage costs.

It might sound obvious, but if you are considering investing in property then buying the right property, in the right location, marketed at a fair price, really will attract the very best tenants.

WE'VE PROVIDED FIVE REASONS WHY NOW COULD BE THE RIGHT TIME.

1. Rents are rising

A limited supply of homes available to rent has led rents to rise across most regions in the UK. According to recent data, average rents in June 2021 were 5.9% higher than the previous year and 9% higher than 2019[2].

"Demand for rental properties shows no signs of slowing, which also gives landlords the opportunity to choose from more quality tenants."

Properties with certain desirable features in the current climate, such as home office space and outdoor space, are even more limited in supply, and therefore rising in price at a greater pace.

Demand for rental properties shows no signs of slowing, which also gives landlords the opportunity to choose from more quality tenants. More and more individuals are having to live in a rental property rather than buying their own home. Some reasons behind this trend are lack of affordable properties and stricter guidelines of mortgage underwriting.

2. House price growth is strong

According to the Office for National Statistics (ONS) data[3], UK house prices increased by 13.2% over the year to June 2021, up from 9.8% in May 2021; this is the highest annual growth rate the UK has seen since November 2004.

UK average house prices reached a record high of £266,000 in June 2021, which is £31,000 higher than this time last year. Average house prices increased over the year in England to £284,000 (13.3%), in Wales to £195,000 (16.7%), in Scotland to £174,000 (12.0%) and in Northern Ireland to £153,000 (9.0%).

London continues to be the region with the lowest annual growth (6.3%) for the seventh consecutive month.

3. Interest rates are low

For any buy-to-let investor looking to obtain a mortgage, they will want the lowest possible rates. For the lender, they will want to attract as many borrowers as possible by staying competitive, all the while trying to manage their risks with appropriate rates.

The Bank of England base rate has been low for quite some time, and that is being reflected in mortgage rates. That gives prospective property investors an opportunity to acquire an investment property now and secure a low fixed rate for the next few years.

Buy-to-let mortgage rates are currently at their lowest levels since the beginning of this year, which is not only welcome news to new property investors but also benefits landlords looking to remortgage[4].

4. Costs could be offset against tax

Holding a buy-to-let property in a Special-Purpose Vehicle (SPV) company can offer certain improved tax benefits and planning that are not available to private landlords. The process of incorporation essentially involves setting up a limited company and putting a buy-to-let to it.

Most lenders will only lend to companies used solely for buy-to-let purposes.

The lender will also require the company to have its own bank account. The tax benefits of holding property in a company derive from the ability of landlords to offset 100% of mortgage interest against profits, while those holding property in their own name can offset just 20%. For landlords owning a property without a mortgage, only higher rate taxpayers will see benefit from incorporating from a tax perspective.

But while landlords holding their property in a company can offset more costs against their rental income, mortgage interest rates tend to be higher, although they have come down in recent years. This means that setting up a company to hold buy-to-let property tends to benefit higher-income taxpayers or those with multiple buy-to-let properties.

5. Protection is available on your investment

Property investment has inherent risks and isn't guaranteed to return the money you invest. But a degree of protection from income loss is available with landlord insurance, particularly if it includes rent and legal protection (RLP).

With RLP, landlords may be able to claim 100% of defaulted rent payments for up to 15 months. Plus, if a property is vacant between tenancies, the landlord may be able to claim up to 75% of the rent due for that period. ◆

Surce data:

[1] https://www.shawbrook.co.uk/direct/property-finance/insights-news/2021/8/shawbrook-releases-buy-to-let-report-2021/

[2] https://homelet.co.uk/homelet-rental-index

[3] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/june2021

[4] https://moneyfacts.co.uk/news/mortgages/btl-mortgage-rates-fall-to-lowest-level-since-start-of-2021/

Landlord rights

Dealing with troublesome and difficult tenants

"One of the biggest risks you face as a landlord is renting out your property to the wrong tenants, as problems they cause could affect your income."

ONE OF the biggest risks you face as a landlord is renting out your property to the wrong tenants, as problems they cause could affect your income. Dealing with problem tenants can feel like a nightmare.

In a perfect world, every tenant will pay their rent promptly, avoid damaging the property, conduct himself or herself as a responsible neighbour, and make your job easy and rewarding.

When problems occur during a difficult tenancy, there are steps landlords can take to protect their rights. Let's look at some common problems with tenants and how landlords can deal with them.

WHAT PROBLEMS CAN DIFFICULT TENANTS CAUSE FOR LANDLORDS?

Some of the common problems that landlords encounter with difficult tenants are:

- **Rent arrears** Missing rent payments or making persistent late payments is one of the biggest financial problems a tenant can cause.
- **Illegal activities** Another concern for landlords is that a difficult tenant could use your property as a base for activities that break the law.
- **Noise complaints from neighbours** If neighbours have an issue with your tenants and are unable to resolve it with them directly, they will expect you to step in and handle it.
- **Damage to the property or contents** Accidents happen, and a level of normal wear and tear is to be expected. But difficult tenants can cause far more damage than is acceptable.
- **Refusal to vacate** At the end of the tenancy, even if you have given your tenants proper notice, they can cause problems by refusing to leave and forcing you to go through the evictions process.
- **Unreasonable expectations** While all tenants will expect the property to be well maintained and any necessary repairs to be dealt with quickly, a problem can arise if their requests are constant and unmanageable.

HOW CAN LANDLORDS HANDLE PROBLEMS WITH DIFFICULT TENANTS?

While problems with difficult tenants can be very stressful, it's best to manage them calmly and rationally.

Try the following approaches:

- **Reasonable monitoring** If you are concerned about damage to the property or inappropriate use of the property, make regular inspections at a reasonable frequency to determine when further action is necessary.
- **Communicating directly** Tenants may not initially be aware that they are causing a problem, and a calm but honest conversation can help to resolve the issue.
- **Keeping written records** In case you later find yourself involved in legal proceedings, it's best to keep all communication documented from the start. Face-to-face conversations and phone conversations should be followed up with a written summary.
- **Involving the police** If your situation involves any illegal activities, you should notify the police so that they can deal with that element.
- **Following legal process** It can be tempting to deal with serious issues by taking drastic action, such as changing the locks. This will likely only cause further issues and place blame on you. Avoid this and stick to the legal courses of action available.
- **Commencing eviction proceedings** If all else fails, follow the proper process for eviction, which involves notifying your tenants and applying for a court order.

HOW CAN LANDLORDS AVOID PROBLEMS WITH DIFFICULT TENANTS?

There are actions you can take at the start of each tenancy to avoid problems before they occur, rather than deal with them once they arise.

Take the right action:

- Run a background check, ask for references and check their 'right to rent' status.
- Complete all the legal paperwork, such as a tenancy agreement, and make sure that all the possible problems are covered within it.
- Create an inventory to avoid any disputes about damage occurring during the tenancy. ◆

Looking to rent out your home?

Basic requirements you might not have thought about

THERE ARE VARIOUS different paths to becoming a landlord. Some people buy an investment property with specific plans to rent it out and some inherit a property and become an accidental landlord.

Others, for various reasons, decide to rent out their home because they are moving out but choose not to sell it. If you're in this last category, here are some of the basic requirements you might not have thought about.

INFORMING YOUR MORTGAGE PROVIDER

Most conventional mortgages don't allow you to rent out your home, so you will need to get your mortgage provider's approval.

If you're planning to rent out your home for just a short time, you may only need to get a 'consent for lease', that is, permission from your mortgage provider. For longer lets, you'll probably be required to switch to a buy-to-let mortgage, which could have a different rate to your current mortgage.

GETTING LANDLORD INSURANCE

If you already own the property you should have buildings insurance, but this won't be enough to cover all the risks of renting it out. As the landlord, you'll be responsible for sorting out insurance to protect your property against accidental damage, such as fire and flooding.

Your tenant will need to arrange their own contents insurance if they want to protect their possessions.

Like any insurance, landlord insurance policies vary in how much they cost, what is covered and how much they'll pay out. Look at all the details and compare quotes from different providers to find one that fits your budget and needs.

UNDERSTANDING YOUR RESPONSIBILITIES TO TENANTS

Landlords have various legal responsibilities to protect tenants, including:

- Arranging regular tests of electrical appliances, gas appliances, smoke alarms and carbon monoxide alarms
- Promptly repairing faults that arise, such as leaks, boiler problems, etc.
- Providing an up-to-date Energy Performance Certificate (EPC) to demonstrate your property's energy efficiency rating
- Protecting your tenant's deposit through a government-approved scheme to ensure that it is returned promptly, and any disputes are settled properly.

If you fail to meet any of these responsibilities, you could have to pay a fine.

PAYING YOUR TAXES

As a landlord, you'll need to complete an Income Tax Self-Assessment and ensure that you're paying the right amount to HM Revenue & Customs. Rental income is subject to Income Tax and National Insurance, but there are various allowances, deductions and reliefs that can help you avoid overpaying.

You'll also need to be aware of the tax implications of buying more properties, either to live in yourself or to rent out. You'll pay a higher rate of Stamp Duty Land Tax (SDLT) when buying a second home, and any profits you make above the annual allowance from selling a second home are subject to Capital Gains Tax. ◆

"Most conventional mortgages don't allow you to rent out your home, so you will need to get your mortgage provider's approval."

>>MORTGAGE MATTERS<<

If you're looking to buy a property with the specific intention of letting it out, you won't be able to fund it through a residential mortgage. We can discuss your options, so to find out more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

GROWING DEMAND FOR HOLIDAY-LET MORTGAGES

Tenants looking for larger modern living spaces

EVER DREAMED of owning a second home by the beach, or in your favourite UK holiday spot? Or perhaps you're looking at a second home from purely an investment perspective. The good news is a holiday-let mortgage could help you realise your dream, boost your income and it has tax benefits too.

The holiday let sector has gone from strength to strength, the surge in UK holidays this summer fuelling a growing demand for holiday-let mortgages. Many commentators think the boom in UK holidays is likely to continue over the next few years as restrictions or concerns about travel remain and people feel safer holidaying in the UK.

"A holiday-let mortgage could help you realise your dream, boost your income and it has tax benefits too."

SPECIALIST HOLIDAY-LET PRODUCT

The number of holiday-let mortgage deals on the market has more than doubled in a year, according to the latest financial data[1].

A holiday property cannot be purchased or remortgaged with a normal residential mortgage – even if you intend to live there yourself for long periods. Lenders might offer you a buy-to-let product but more likely you will have to obtain a specialist holiday-let product.

INCREASED RISK TO THE LENDER

This is because of the increased risk that a 'rental' property represents to the lender. For example, how will the mortgage be paid if you struggle to find people who want to stay in your property? Will you accept all male or all female parties to book the property (together with the attendant risk of raucous hen nights and stag dos threatening to upset not only the neighbours but the local council too).

If you intend to use an existing second home as a holiday let then don't be tempted to simply not tell your lender about the change in use. Mortgage companies are completely within their rights to demand full repayment of your residential mortgage when they find out you've been renting the property out to holidaymakers.

ARE YOU CONSIDERING A HOLIDAY LET?

The decision to buy a holiday let requires thorough research into popular locations, weighing up tax benefits, reading up on rules regarding residency periods and other potential expenses outside of the cost of buying the property itself, which can feel daunting.

As holiday home mortgages are rather specialised, your choice may be a little limited in terms of lenders, but the good news is that there is still a reasonable selection of mortgage types for you to choose from, including fixed rate, discounted variable and variable. However, it's likely that holiday home mortgages carry a slightly higher interest rate than a normal residential product. ◆

Source data:

[1] https://moneyfacts.co.uk/news/mortgages/rise-in-mortgage-deals-for-holiday-let-investors/

How secure is the future of your family home?

Cover to continue paying your mortgage and other bills if your income stopped

THERE ARE MANY insurance products, each designed for different people in different circumstances. It's important to work out what kind of protection cover is most suitable for you, what to consider as you weigh up the options and what affects the cost of your insurance.

If you are worried illness or injury could leave you without enough to pay your mortgage and bills, there are solutions to help protect your income. While some people could rely on state benefits as a safety net if they experienced a sudden loss of income, for many the drop in income would be too severe to maintain their standard of living.

BEING ABLE TO KEEP PAYING THE BILLS

In many situations, families rely on both partners' income to pay the monthly bills and don't think about the impact losing one income could have on their standard of living. Even though people recognise the need to take out life insurance to pay off their mortgage if they die, some may not think about how their family could continue to pay their outgoings if they became ill or were injured and unable to work for a long period of time.

If something were to happen to you, would you and your family be able to keep paying your mortgage and other bills? The coronavirus (COVID-19) outbreak has made many of us think more carefully about protecting ourselves and our family from financial difficulties.

SUFFICIENT SAVINGS TO MANAGE FINANCIALLY

Have you calculated how much you and your family would need if you found yourself unable to work? This should also take account of your savings and any other income you might have. Using a Budget Planner will enable you to work out what you're spending each month, from household bills to general living costs. Having a good idea of your overall budget will make it easier to make changes.

Not everyone will have sufficient savings to manage financially for long periods of illness – particularly if this money is earmarked for other plans like retirement or helping children with their education. That's where insurance protection comes in, and there are a variety of options that could help to cover specific costs, or replace income, should you find yourself unable to work.

MORTGAGE PAYMENT PROTECTION INSURANCE

Mortgage protection insurance is a type of term life insurance. If you've heard of decreasing life cover, you've probably heard of mortgage protection insurance – it's another name for the same product. With this sort of policy, you pay the same premiums for the policy term, and the value of your policy gradually reduces until it reaches £0 once the policy expires – and decreases in line with your mortgage (or other repayment loan).

Payment Protection Insurance is optional. There are other providers of Payment Protection Insurance and other products designed to protect you against loss of income.

INCOME PROTECTION

Income Protection insurance can provide a regular replacement income if someone is unable to work because of an illness or injury. Typically, a policy pays out after they've been off work for six months (often called a 'deferred' or 'waiting period') and can pay a percentage of their salary until either they return to work, reach State Pension Age or die while claiming.

CRITICAL ILLNESS COVER

Critical Illness Cover is a type of insurance that pays out a tax-free lump sum if someone is diagnosed with, or undergoes surgery for, a critical illness that meets the policy definition during the policy term and they survive a specified number of days. It's designed to help support you and your family financially while you deal with your diagnosis – so you can focus on your recovery without worrying about how the bills will be paid.

LIFE INSURANCE COVER

Life Insurance Cover pays out a lump sum if someone passes away during the policy term.

If you're diagnosed with a terminal illness and are not expected to live longer than 12 months, some policies will provide the sum prior to death. It's there to provide financial support for your loved ones after you're gone, whether that means helping to pay off the mortgage or maintaining their standard of living.

PRIVATE MEDICAL INSURANCE COVER

Private Medical Insurance Cover is a type of cover that pays your private healthcare costs if someone has a treatable condition. Whether it's overnight care, outpatient treatment, diagnostic tests, scans or aftercare, you receive the specialist private treatment you need, in comfortable surroundings, when you need it. The cover is available at a range of different levels of cover at various premiums designed to meet your specific needs. ◆

>> CALL US FOR STRESS-FREE MORTGAGE ADVICE <<

Secure your dream home with stress-free mortgage advice. We'll help you compare the different mortgage rates and deals available for your particular situation. To find out more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

PROPERTY JARGON BUSTER

Getting confused by waffly terms and property speak?

THOUGH THE WORLD of mortgages and property is filled with unfamiliar vocabulary, there is no need to be intimidated. Our jargon buster will help you navigate the terms you're likely to encounter.

ACCEPTANCE
A document indicating acceptance of a mortgage provider's offer.

AFFORDABILITY ASSESSMENT
The process which lenders complete to establish if someone can afford to repay the loan repayments over the term of the loan.

AGREEMENT IN PRINCIPLE (AIP)
A statement from a mortgage lender confirming they'll lend a certain amount before the purchase of your property is finalised.

ANNUAL PERCENTAGE RATE (APR)
A numerical value that represents the true cost of a loan or mortgage, taking into account not just the interest rate, but also the other costs, such as arrangement fees and charges.

ARRANGEMENT FEE
A fee paid to your mortgage provider at the start of your mortgage.

ASSIGN
To hand over the rights to a property from one individual to another.

ASSURED SHORTHOLD TENANCY (AST)
A common type of rental agreement in the UK, between a private landlord (or letting agent) and tenant. ASTs are periodic or fixed-term contracts that can be terminated by the landlord without stating a reason.

BASE RATE
An interest rate set by the Bank of England. Mortgage interest rates are often linked to the base rate.

BREAK CLAUSE
A contractual clause in a tenancy agreement that allows

either party to terminate the arrangement after a fixed term, for example, six months into a 12-month contract.

BRIDGING LOAN
A short-term loan designed to help the borrower to buy property for a short period, for example, before they have arranged a mortgage, or if they intend to sell the property soon afterwards.

BUILDING INSPECTION
See 'Survey'.

BUY-TO-LET
A property bought with the sole intention of letting it to tenants.

CHAIN
A string of property sales dependent on one another to progress.

COMPLETION
The final stage of a property sale and the point at which a buyer receives the keys and becomes the legal owner.

COMPLETION STATEMENT
A solicitor's record of the transfers and transactions conducted as part of the completion.

CONDITIONS OF SALE
Items in a contract relating to the responsibilities of the various parties involved.

CONTRACT
An agreement and accompanying legal document between two parties. In a property context, these are usually the buyer and seller of a specific property.

CONVEYANCER/ CONVEYANCING
The individual who undertakes the legal procedures involved in property sales on behalf of the buyer and seller, and the work they undertake.

CREDIT SEARCH REFERENCES
Third-party checks on a tenant's credit history to establish their suitability to rent a particular property.

DECISION IN PRINCIPLE (DIP)
See 'Agreement in Principle (AIP)'.

DEEDS
The legal documents establishing the ownership of a property.

DEPOSIT
A lump sum of money a buyer (mortgage deposit) or renter (tenancy deposit) pays to a property owner to secure the right to own or rent their property.

DEPOSIT PROTECTION SCHEME (DPS)
An authorised scheme to hold and protect a rental tenancy deposit.

DILAPIDATIONS
Items requiring repair or replacement at the end of a tenancy due to damage by the tenant.

DISBURSEMENTS
Costs and expenses incurred and paid during the conveyancing process, such as search fees and stamp duty.

DISCOUNTED-RATE MORTGAGE
A mortgage deal where the interest rate is a set amount less than the mortgage lender's standard variable rate (SVR).

DRAFT CONTRACT
An early version of a contract that may be updated before the contracts are exchanged.

EARLY REPAYMENT CHARGES (ERCS)
Penalty fees charged when someone leaves a mortgage during a specified period, usually the period of the initial deal.

EASEMENT
A right to cross or use an area of land, that may affect a property owned.

ENDOWMENT MORTGAGE
You pay money into a type of investment called an 'endowment' to pay off an interest-only mortgage at the end of the term.

ENERGY PERFORMANCE CERTIFICATE (EPC)
A document that displays a property's energy efficiency rating and environmental impact. Legally required for the sales and lettings process.

EQUITY
The value of a property owned by an individual (versus the value they are still required to make mortgage repayments on).

EXCHANGE OF CONTRACTS
The moment at which a property sale is final, and the buyer and seller have both signed the contract of sale, which can no longer be amended.

FITTINGS
Items current within a property that do not constitute part of the property and are not included in the sale, such as furniture.

FIXED-RATE MORTGAGE
The mortgage interest rate stays the same for the initial period of the deal.

FIXTURES
Items attached to the land or property that are included in its sale.

FREEHOLD
A type of property ownership (see also 'Leasehold') that indicates that the land and building is within the ownership of an individual indefinitely.

GAS SAFETY RECORD
A document legally required of all landlords to demonstrate that all gas appliances have been checked by a qualified engineer and declared safe.

GAZUMPING
An alternative buyer makes a higher offer to buy a property that is already under offer.

GAZUNDERING
When the buyer lowers their offer to buy a property at the last minute, just before contracts are exchanged.

GROUND RENT
A charge paid by a leasehold owner to a freehold owner of a property, usually on an annual basis.

HOMEBUYER REPORT
See 'Survey'.

INTEREST-ONLY MORTGAGE
Interest is paid on the mortgage each month, without repaying any of the capital loan itself.

INVENTORY
A document stating the contents and condition of a property at the start and end of a tenancy period, to record any loss or damage.

LAND REGISTRY
The registry of ownership of land and property in the UK, to which a fee is paid when ownership changes hands.

LEASEHOLD
A type of property ownership (see also 'Freehold') that indicates that an individual has purchased the right to live in a property for a fixed period, although the land and building belong to a freehold owner.

LISTED BUILDING
A property or structure that appears on a register due to its special historic or architectural interest.

LOAN-TO-VALUE (LTV)
The size of the mortgage as a percentage of the property's value.

MARKET VALUE
The estimated value that a property would sell for at the current time on the open market.

MORTGAGE VALUATION
A report on the value of a property by an independent surveyor on behalf of the mortgage provider.

NEGATIVE EQUITY
A state in which the owner of a property owes more to their mortgage provider than the total value of the property.

OFFSET MORTGAGE
Mortgage linked with a savings and, sometimes, current account. Credit balances are offset against the mortgage debt so interest is only paid on the difference, while also paying off the capital.

REMORTGAGE
Changing a mortgage without moving property to save money, change to a different type of mortgage or to release equity from the property.

REPAYMENT MORTGAGE
Paying off the mortgage interest and part of the capital of the loan each month. Unless any repayments are missed, the mortgage is guaranteed to be paid by the end of the term.

SEARCHES
Checks conducted as part of the conveyancing process

before a property sale is made final.

SHARE OF FREEHOLD
A form of property ownership (see also 'Freehold' and 'Leasehold') where several individuals own a portion of the property through a limited company.

SOLE AGENT INSTRUCTION
A sale or tenancy managed by a single estate or letting agent.

STAMP DUTY/LAND AND BUILDINGS TRANSACTION TAX/LAND TRANSACTION TAX
A tax paid when buying a property over a certain value. If you're buying a home in England or Northern Ireland from 1 October 2021, you will pay Stamp Duty on residential properties costing more than £125,000, unless you qualify for first-time buyer's relief. If you're buying a second home, you'll still pay an extra 3% Stamp Duty on properties costing more than £40,000 at the relevant rates at that time.

If you're buying a home in Scotland you will pay Land and Buildings Transaction Tax (LBTT) on properties costing more than £145,000. If you're buying an additional property, you might need to pay an extra 4% on the total purchase price of the property, as well as the standard rates of LBTT that may apply.

If you're buying a home in Wales you will pay Land Transaction Tax (LTT) if the property costs more than £180,000. If you're buying your main home, you will pay no LTT on purchases under £250,000. If you're buying an additional property, you will need to pay the higher residential rates for each band.

STANDARD VARIABLE RATE (SVR)
The default mortgage interest rate a lender will charge after the initial mortgage deal period ends.

SUBJECT TO CONTRACT
A phase of a property sale after an offer has been made and accepted but before contracts have been signed and exchanged.

SURVEY
A property inspection and report conducted by a qualified surveyor to identify issues or faults with the property that may affect its safety or value.

TENANCY/TENANT
A period in which an individual is granted the right to live in a specified property, subject to a tenancy agreement, and the individual involved.

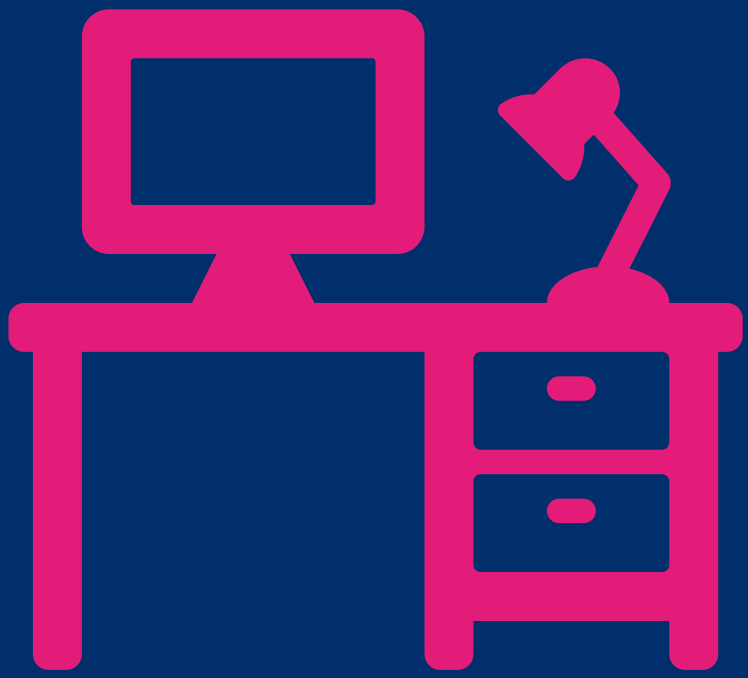
TRACKER MORTGAGE
The interest rate on the mortgage tracks the Bank of England base rate at a set margin above or below it.

TRANSFER DOCUMENT
The document that legally transfers the rights to a property from one party to another.

UNDER OFFER
A phase of a property sale after an offer has been made.

VALUATION
An appraisal of a property to establish its market value.

VARIABLE RATE MORTGAGE
Interest rate on the mortgage can go up or down according to the lender's standard variable rate. ◆



READY TO START EXPLORING YOUR MORTGAGES OPTIONS?

You could buy your new home with just a 5% deposit

It can be daunting when you are looking to buy a new home. There are lots of things to think about and consider. Speak to a dedicated mortgage adviser who will help you get on the path to buying your own home.

To find out what you could borrow and what your payments may be, contact us today.

Contact: TFA Mortgages
– telephone 0800 3899 708
– email enquiries@tfagroup.co.uk

Prudence House, Langage Business Park,
Plymouth, PL7 5JX
– website www.tfagroup.co.uk

tfa mortgages

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

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

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