THE
MORTGAGE & PROPERTY
MAGAZINE

ISSUE 7 · SUMMER 2022

TIME IS MONEY

How quickly can you sell a property?

MORTGAGE AFFORDABILITY

Bank of England rips up rules despite rate rises

HOW TO INCREASE YOUR RENTAL YIELDS

What are the most effective strategies landlords need to consider?

BOOST YOUR HOME'S SALEABILITY THIS SUMMER

Tips to make your outside space sell your home

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tfa mortgages

Summer 2022

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Selling property

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Time is money – how quickly can you sell a property?

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Welcome

WELCOME TO the Summer 2022 quarterly issue of *The Mortgage & Property Magazine* from TFA Mortgages.

How quickly can you sell a property? Selling your home is often considered one of life's most stressful events. There is no denying that it can be a frustratingly lengthy process. If you are keen to sell your property, you will understandably want to know how long it could take for your property sale to go through. It's important to keep in mind that the length of time it takes to sell your home depends on many different factors, not least of which is how 'hot' or 'cold' the property market might be in the area where you are selling your property. Turn to page 40 to see the average time it typically takes to sell a property in both a 'hot' market and a 'cold' market.

Following its latest review of the mortgage market, the Bank of England (BoE) Financial Policy Committee has confirmed that it will withdraw its affordability test Recommendation. This will come into effect from 1 August 2022. Introduced in 2014, the test specifies a stress interest rate for lenders when assessing prospective borrowers' ability to repay a mortgage. The stress test means borrowers have had to prove they could still afford their mortgage repayments if their mortgage rate were to increase to 3% above their lender's standard variable rate. Turn to page 19 to read the full article.

Are you looking to boost your home's saleability this summer? If you're selling your home during the summer months, outside space will undoubtedly be an attraction for many buyers. It's also no secret that first impressions count. So if you want to get the best possible price for your property, then make sure that the outside is looking its best. One of the most important aspects of kerb appeal is your garden. When a prospective buyer is visiting tens of different properties, you need to make your property stand out. On page 42 we provide tips to make your outside space sell your home.

What are the most effective strategies landlords need to consider? Whether you are thinking about making your first buy-to-let investment, or you are an experienced portfolio landlord, there is lot that you need to consider when you let out a property. As with any investment, on page 86 we look at why it's important to understand how to maximise your returns and the rental yield is one of the key metrics that landlords should focus on.

We hope you enjoy our selection of articles in this summer issue. A complete list appears on pages 03 to 05. We always welcome your feedback and if you would like to discuss how we could help you with your mortgage requirements, please contact us. ◆

Charly Higman, *Mortgage & Protection Director*

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MAGAZINE

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The Mortgage & Property Magazine is published quarterly for TFA Mortgages by Goldmine Media Limited. All enquiries should be addressed to The Editor, The Mortgage & Property Magazine, c/o Goldmine Media Limited, Floor 2, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1BP.

First-time home buyer guide

Step-by-step guide to buying your first home

"Saving for a deposit is one of the most important things you can do to increase your chances of being approved for a mortgage."

THE PURCHASE OF your first property is an exciting time, whether you're looking to buy a new property or a 'fixer upper' to put your stamp on. But it's important to understand the mortgage process. The mortgage approval can seem somewhat overwhelming and confusing, so understanding the ins and outs can help increase your chances and elevate what can be a stressful time.

It's no secret that the mortgage approval process can be challenging. But there are things you can do to give yourself the best chance of success.

REVIEW YOUR BUDGET AND CUT BACK ON SPENDING

When you apply for a mortgage, it's important to review your budget and make sure you're not overspending. Cutting back on your spending can help you qualify for a lower interest rate and save money in the long run.

If you're not sure where to start, try looking at your monthly expenses and see where you can cut back. You may be surprised how much money you can save by making small changes to your budget. So, before you apply for a mortgage, make sure you review your budget and cut back on your spending.

CHECK YOUR CREDIT REPORT

Your credit report is one of the most important factors that lenders will consider when you apply for a mortgage. It's a good idea to check your credit report before you apply, so you can be aware of any potential problems that could arise. This will give you an idea of your creditworthiness and help you avoid any potential problems with your application.

There are a few things to look for when checking your credit report, such as:

- Any missed or late payments on previous loans or credit cards
- Any County Court Judgments (CCJs) against you
- Any bankruptcy or insolvency proceedings against you

If you have any negative items on your credit report, it's important to try and improve your credit score before applying for a mortgage. You can do this by making sure you make all future payments on time and by clearing any outstanding debts.

If you have a good credit score, you're more likely to be offered a competitive mortgage deal. So it's worth checking your credit report before you apply.

SAVE DILIGENTLY FOR A DEPOSIT

Saving for a deposit is one of the most important things you can do to increase your chances of being approved for a mortgage. Most mortgage lenders will typically require a minimum deposit of at least 5% of the property's purchase price, so it's important to start saving as soon as possible.

Mortgages are offered with a maximum loan-to-value (LTV) ratio – the percentage of the property price that you need to borrow. For example, if you save a 10% deposit and apply to borrow the remaining 90% of the purchase price as a mortgage, your LTV will be 90%.

In simple terms, the bigger your deposit, the lower your mortgage amount will be, as well as your LTV. Additionally, the lower your LTV is, the lower the interest rates lenders may offer. So the sooner you have your deposit saved, the sooner you can start shopping for your dream home.

Here are a few tips to help you save for a property deposit:

- Start with a realistic goal in mind. Determine how much you'll need to save based on the purchase price of the type of property you're interested in.
- Make a budget and stick to it. Cut back on unnecessary expenses and put any extra money towards your savings goal.
- Consider opening a separate savings account specifically for your deposit. This will help you keep track of your progress and make it less tempting to spend the money on other things.
- Automate your savings. Set up automatic transfers from your checking account to your savings account so that you're automatically saving every month.
- Stay disciplined. It can be tempting to dip into your savings for other purposes, but try to resist the urge. Remember, the sooner you have your deposit saved, the sooner you can start shopping for your dream home.

Saving for a property deposit takes time and discipline, but it's worth it if it means achieving your homeownership goals. By following these tips, you can make the process a little easier and increase your chances of being approved for a mortgage.

ASSISTANCE WITH DEPOSITS

The mortgage guarantee scheme, which launched on 19 April 2021, has helped to increase the supply of 5% deposit mortgages by supporting lenders to offer these products through a government-backed guarantee on new 95% mortgages.

This is set to run until 31 December 2022 and applies to first-time buyers and people looking to move to a new home – as long as they have a deposit of between 5% and 9.99%. This essentially means that you may be able to buy a property with just 5% saved as a deposit, although your mortgage may be subject to other fees or higher interest rates.

Alternatively, the 'Bank of Mum and Dad' support can take many forms, such as helping to fund a deposit or acting as a guarantor on a mortgage. The most common form is for parents to simply give their children money to help them buy a property.

FIND OUT HOW MUCH YOU COULD BORROW

Lenders will typically use an income multiple of 4 to 4.5 times salary per person.

For example, if you earn £30,000 a year, you may be able to borrow anywhere between £120,000 and £135,000. However, some lenders may offer a mortgage that is 5 times your salary.

SEEK TO OBTAIN AN AGREEMENT IN PRINCIPLE (AIP)

There are a number of benefits to seeking an Agreement in Principle (AiP) from a lender before you start looking for a property to buy. An AiP is a statement from the lender that, based on the information you have provided, they are likely to lend you a certain amount of money.

This amount is not guaranteed, and is subject to further assessment once you have found a property, but it does give you an indication of how much you could potentially borrow. It can also speed up the mortgage application process once you have found a property, as the lender will already have some of your information on file. And, in some cases, having an AiP can make you more attractive to sellers as it shows you are serious about buying and have the finances in place to do so.

CONSIDER WHICH MORTGAGE TYPE WOULD SUIT YOU BEST

If you're considering taking out a mortgage, it's important to understand the different types of mortgages available and which one would suit you best. Here's a quick guide to the different types of UK mortgages:

- **Fixed rate:** An initial interest rate is fixed for an agreed period of time (usually two, five or ten years), after which it reverts to a variable rate loan, but can be fixed again based on the current interest rates
- **Variable rate:** These loans have an interest rate that can go up or down in accordance with the lender's base rate
- **Interest only:** This loan structure allows you to only repay the interest charged each month until the end of the loan term, upon which the remaining principal balance is due

4. Contractors will also need to provide evidence of any future secured contracts

HOW LONG DOES IT TAKE TO GET A MORTGAGE?

It can take anywhere from a few weeks to a few months to get approved for a mortgage. The exact timeline will depend on your lender, your circumstances and the type of mortgage you're applying for.

The first step is to submit your mortgage application. Your lender will then assess your financial situation and decide whether or not you're eligible for a mortgage. If you are approved, the next step is to get a valuation of the property you're looking to buy. This can take a few weeks.

Once the valuation is complete, your lender will provide you with a loan offer. At this point, you'll need to decide whether or not to accept the loan offer. If you do accept, the next step is to sign the mortgage contract and pay the deposit.

Once the mortgage contract is signed, your lender will arrange for the money to be transferred to your solicitor. This can take a few days. Once the money has been transferred, you'll need to complete on the purchase of the property. Completion usually takes place around four to six weeks after you've accepted the loan offer. ◆

"An AiP is a statement from the lender that, based on the information you have provided, they are likely to lend you a certain amount of money."

- **Tracker:** This is a type of variate rate mortgage that tracks a specific base rate – such as the Bank of England's base rate

You will also need to consider what mortgage term will work best for you. The term of a mortgage relates to how long it will run. Standard mortgage terms typically run between 25 to 30 years. The longer your term, the more spread out your repayments will be and this may make your repayments lower, but it may also cost you more in interest in the long run.

PREPARE YOUR PAPERWORK

When you apply for a mortgage, your lender will require a variety of documents, so it's best to have these organised in advance.

The documents required will include:

1. Photo ID (driver's licence or passport)
2. Utility bills addressed to your current residence
3. Up to six months' bank statements
4. A P60 and/or three months' payslipss

Self-employed applicants will also be required to supply:

1. Two years' self-assessment tax returns
2. HMRC tax year overviews
3. A minimum of two years' certified accounts

Mortgage underwriting

What actually happens?

"As part of their affordability checks, they'll also want to know about any debts you have – as paying these back may impact your ability to make mortgage repayments."

THE MORTGAGE underwriting process is a key part of the mortgage application process. It is when the lender assesses the applicant's ability to repay the loan, and decides whether or not to approve the loan.

It can also vary depending on the lender. However, there are some general steps that are typically involved.

AFFORDABILITY ASSESSMENT

The first step is for the applicant to submit their mortgage application, including supporting documentation. The lender will then review the application and supporting documentation to assess the applicant's financial situation.

Next, the lender will carry out an affordability assessment. This assesses whether or not the applicant can afford to make the monthly repayments on the loan. The assessment will take into account the applicant's income, outgoings and other financial commitments.

APPLICANT'S CREDITWORTHINESS

Once the affordability assessment has been carried out, the lender will assess the applicant's creditworthiness. This is done by looking at the applicant's credit history and any previous experiences with borrowing money.

Finally, the lender will make a decision on whether or not to approve the loan. If the loan is approved, the applicant will be asked to sign a mortgage offer document. This document sets out the terms and conditions of the loan agreement.

WHAT DO MORTGAGE UNDERWRITERS CHECK?

There are many things the mortgage underwriter will be looking at and these will vary from lender to lender.

Guide to the most obvious things they'll consider:

YOUR INCOME AND EXPENSES

The lender will want to know you can afford the repayments on the mortgage, so they'll do thorough checks on what money is regularly coming in (like your salary) and going out (fixed and discretionary).

YOUR LIABILITIES

As part of their affordability checks, they'll also want to know about any debts you have – as paying these back may impact your ability to make mortgage repayments.

YOUR AGE

With mortgage terms typically spanning over more than two decades, the underwriter will consider your age to check whether the term runs past your expected retirement age and that repayments will remain affordable well into the future.

YOUR CREDIT REPORT

In addition to affordability checks and any debts, your credit report will also show the lender if you've ever missed payments or defaulted on debts in the past. Having a good credit report is likely to make you appear less risky and more attractive to the mortgage lender.

YOUR PERSONAL CIRCUMSTANCES

They may also consider personal circumstances that could impact your financial situation. For example, dependent children, your job stability and even future earning potential could all play a part.

THE PROPERTY YOU'RE BUYING

The underwriter will also want to know about the home you're looking to buy. While the property valuation report is separate to the underwriting itself, a review of it will form part of the underwriter's decision-making process. ◆

Starting the mortgage journey

Research highlights the average first-time buyer starts saving at the age of 24

"Many first-time buyers are reliant on other methods of financial support in order to raise the required deposit for their starter home."

THANKS TO THE housing market rebound during 2021, the number of first-time buyers nearly doubled compared to the previous year with volumes up 98% on 2020, according to new data released[1] and combined consumer research[2]. This is great news for the economy, as first-time buyers are a crucial part of the housing market.

First-time buyers who got on the property ladder in 2021 paid an average £281,900, which represented a drop from the average price paid in 2020 (£294,500) but a rise from pre-pandemic levels recorded in 2019 (£249,700).

BIGGEST OBSTACLE

The data also shows that the average income of a first-time buyer (buying solo) has risen from £45,900 in 2019 to £50,300 in 2020, and to £50,800 in 2021. The average total income of joint first-time buyers has risen from £63,800 in 2019 to £72,200 in 2020, and to £70,500 in 2021.

Additionally, over half of those surveyed (56%) said they wouldn't have been able to get on the property ladder without family support. The survey respondents cited the struggle to save for a deposit as the single biggest obstacle to homeownership (35%).

DELAYED SAVING

The average deposit paid by a sole first-time buyer in 2021 was £61,100, a figure which fell significantly from £71,400 in 2020. For joint buyers, the average deposit was £61,000 in 2021, which decreased slightly from £63,800 in 2020.

According to the research, the average first-time buyer starts saving at the age of 24, with the data revealing that the average age at completion is 32, which has remained static for the past three years. Almost three quarters (73%) of those surveyed said that they wish they had started saving for their deposit even earlier.

FINANCIAL SUPPORT

Many first-time buyers are reliant on other methods of financial support in order to raise the required deposit for their starter home. While personal savings remains the primary method of raising funds (62%), over half of those surveyed (56%) said they wouldn't have been able to get on the property ladder without family support.

Over half (55%) of prospective or existing first-time buyers confess they don't know how to go about the process of buying their first property. When asked about their level of awareness around additional costs, 39% said they didn't know they would need to factor in solicitors' fees, while over half (54%) were unaware that they might need to pay stamp duty, if not otherwise exempt.

FIRST HOMES SCHEME

The stark reality of the time, effort and finances involved in purchasing a property has caused high levels of despondency amongst potential first-time buyers. Almost two-thirds (64%) of those looking to buy their first home believe they will never get on the property ladder.

The cost of living crisis for some first-time buyers will mean they now find it more difficult to be able to afford a property. If you're a first-time buyer, you may be able buy a home for 30% to 50% less than its market value, under the government's First Homes scheme. The property can be a new home built by a developer, or a property you buy from someone else who originally bought it as part of the scheme. The First Homes scheme is only available in England. ◆

>> WANT HELP WITH YOUR JOURNEY TOWARDS YOUR FIRST HOME? <<
We're here to help you find a mortgage that is suitable for your needs and ensure that everything goes through as quickly and with as little fuss as possible. To make an informed decision about the right mortgage for you or to discuss your situation, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] Barclays own data based on first-time buyer completions in 2021
[2] Research conducted by Censuswide in February 2022, polling 2,011 first-time buyers (defined as those who are looking to buy their first property and those who have bought their first property within the last five years)

"The global rise in the cost of living is only making life harder for savers."

Mortgage market review

Supporting more people to get onto the property ladder

THE UK GOVERNMENT has announced new measures aimed at supporting more people to get onto the property ladder.

Prime Minister Boris Johnson announced on 9 June new measures aimed at supporting more people to get onto the property ladder, including a comprehensive review of the mortgage market. He set out the government's commitment to reversing declining homeownership rates.

HOMEOWNERSHIP

In his speech, the Prime Minister said: 'The global rise in the cost of living is only making life harder for savers. So we want it to be easier to get a mortgage.' He also confirmed his ambition to 'unlock the opportunity of homeownership' for more people through Right to Buy.

Mr Johnson also announced he was committed to helping those in a position to buy to access the mortgage finance they need, ensuring people are incentivised to save for a deposit no matter their financial situation, and improving the supply of housing across the country.

MORTGAGE MARKET

'So today I can announce a comprehensive review of the mortgage market. Reporting back this autumn, it will look at how we can give our nation of aspiring homeowners better access to low-deposit mortgages, and what our own mortgage industry can learn from counterparts around the world who have all kinds of alternative ways of offering finance, managing risk and unbolting the door to ownership,' said the Prime Minister.

'I want us to deliver on the long-standing commitment, made by several governments, to extend the right to buy to housing associations.'

SPENDING PLANS

'Over the coming months, we will work with the sector to bring forward a new Right to Buy scheme. It will work for tenants, giving millions more the chance to own their home. It will work for taxpayers, responsibly capped at a level that is fully paid for, affordable within our existing spending plans and with one-for-one replacement of each social housing property sold.

'Even as we deliver this homeownership revolution, we will continue with our revolution in renters' rights,' Mr Johnson added.

HOUSING SHORTAGES

These measures are designed to help more people onto the property ladder and to address the issue of housing shortages in the UK. This comes after the proportion of 25 to 34-year-olds who own their own homes fell from 55% to 34% between 1996 and 2016[1].

The government is confident that these measures will make a significant difference to those looking to get on the property ladder for the first time, and will help to address the issue of housing affordability in the UK. ◆

>> READY TO DISCUSS YOUR MORTGAGE OPTIONS <<
Excited about starting the next big chapter in your life? If you are ready to discuss your mortgage options, we're here to help – to find out more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] https://ifs.org.uk/uploads/publications/bns/BN224.pdf

Mortgage affordability

Bank of England rips up rules despite rate rises

FOLLOWING ITS LATEST review of the mortgage market, the Bank of England (BoE) Financial Policy Committee has confirmed that it will withdraw its affordability test Recommendation. This will come into effect from 1 August 2022.

Introduced in 2014, the test specifies a stress interest rate for lenders when assessing prospective borrowers' ability to repay a mortgage. The stress test means borrowers have had to prove they could still afford their mortgage repayments if their mortgage rate were to increase to 3% above their lender's standard variable rate.

MORTGAGE UNDERWRITING STANDARDS

The other Recommendation, the loan to income (LTI) 'flow limit', which will not be withdrawn, limits the number of mortgages that can be extended to borrowers at LTI ratios at or greater than 4.5.

The Recommendations were introduced to guard against a loosening in mortgage underwriting standards and a material increase in household indebtedness that could in turn amplify an economic downturn and so increase financial stability risks.

LEVEL OF RESILIENCE

The BoE is now ending these rules, announcing that an existing limit on mortgages with a high loan-to-income ratio and the Financial Conduct Authority's other required affordability checks 'ought to deliver the appropriate level of resilience to the UK financial system, but in a simpler, more predictable and more proportionate way.'

The move is likely to fuel competition among lenders and removing the restriction may soften any price slump for homeowners. The change could also lessen the impact of lenders' own decisions to approve mortgages more cautiously, giving support to the market as it enters a more challenging phase. ◆

>> WANT TO FIND OUT HOW MUCH YOU COULD BORROW? <<
Whether you want to buy a first or new home, or remortgage your current property, we'll help you find the right mortgage for your needs. To find out more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] https://www.bankofengland.co.uk/news/2022/june/financial-policy-committee-confirms-withdrawal-of-mortgage-market-affordability-test

Turning more of ‘Generation Rent’ into ‘Generation Buy’

Right to buy extension to make homeownership possible for millions more people

"More than two million people have purchased their council home through Right to Buy since it was first launched in the 1980s."

MORE THAN 2.5 MILLION people are set to benefit from government plans to extend the Right to Buy scheme to housing association homes. The announcement was part of a package of measures announced on 9 June to make it easier for first-time buyers to step onto the housing ladder.

Other changes include allowing people to put housing benefit towards mortgage repayments, while money saved in a Lifetime Individual Savings Account (LISA) for a housing deposit will be excluded from benefits calculations.

Prime Minister Boris Johnson also announced plans for an independent review of the mortgage market to improve access to low-cost mortgages for first-time buyers with 5% deposits.

FIRST-TIME BUYER MORTGAGE

Mr Johnson pointed out that more than 50% of people who currently rent could afford to make monthly mortgage repayments, but strict mortgage lending restrictions and high deposit requirements meant only 6% could access a typical first-time buyer mortgage.

He said, 'We have a ludicrous situation whereby plenty of younger people could afford to make monthly mortgage payments – they're earning enough to cover astronomical rent bills – but the ever-spiralling price of a house or flat has so inflated deposit requirements that saving even just 10% is a wholly unrealistic proposition for them. We want it to be easier to get a mortgage.'

WHY IS THIS HAPPENING?

Under current rules, people who live in council houses are able to buy their home at a discount of up to 70% of its market value, depending on how long they have lived there.

But the scheme is less generous for those who rent from a housing association. The government now wants to change this.

It is also looking to remove some of the barriers that prevent people who could afford a mortgage from taking one out, as well as addressing issues in the benefits system that prevent people from becoming homeowners.

WHAT YOU NEED TO KNOW

- More than 2.5 million people are set to benefit from government plans to extend the Right to Buy scheme to housing association homes.
- People will also be able to put housing benefit towards a mortgage, while money saved in a Lifetime ISA towards a housing deposit will be excluded from benefits calculations.
- Furthermore, a review of the mortgage market will be carried out to improve access to low-cost mortgages for first-time buyers with small deposits.

WHO DOES IT AFFECT?

The measures are good news for aspiring first-time buyers as they increase their chances of becoming homeowners.

More than two million people have purchased their council home through Right to Buy since it was first launched in the 1980s.

Meanwhile, it has long been a complaint of first-time buyers that mortgage repayments are considered to be unaffordable for them by lenders, even though they currently pay more each month in rent.

WHAT ARE THE DETAILS?

Full details on how Right to Buy will operate for housing association renters are not yet available, with the government saying it will work closely with the sector on the design of the scheme. But it has committed to building new social housing homes to replace each one that is sold, to ensure the number of homes available to rent does not reduce.

"The government also hopes to help more people to become homeowners by letting them use housing benefit towards mortgage repayments."

The government also hopes to help more people to become homeowners by letting them use housing benefit towards mortgage repayments. Around 1.5 million people who are in work receive housing benefit but at present it can only be used to pay rent to housing associations or private landlords.

It also plans to amend the rules for Universal Credit to enable people claiming the benefit to save for a housing deposit. Under the existing rules the amount of money people receive is reduced if they have savings of more than £6,000, while they receive nothing if they have more than £16,000 in the bank.

The government plans to exempt money saved in Lifetime ISAs from this assessment, enabling recipients to save for a deposit without losing any benefits. People can save up to £4,000 a year in a Lifetime ISA, to which the government then adds a 25% bonus – up to a maximum of £1,000 annually – for free. The money must be used either to purchase a first home or for retirement. ◆

>> LOOKING TO GET A MORTGAGE FOR YOUR FIRST HOME? <<
Taking your first step on the property ladder is an exciting experience. However, we understand it can also be overwhelming. To discuss your mortgage options and for more information contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] https://www.gov.uk/government/news/right-to-buy-extension-to-make-home-ownership-possible-for-millions-more-people

MORTGAGE MATTERS

Different types of mortgages explained

THERE ARE MANY factors to consider when choosing a mortgage, and the type of mortgage you choose will depend on your individual circumstances. In essence, all mortgages work in the same basic way – you pay back what you borrow, plus interest.

The reason there are different mortgages on the market comes down to two main things: How interest is paid back and how interest is calculated.

Mortgages are made up of two parts:

- Capital (the money you borrow to purchase the property)
- Interest (the interest due to the lender on the amount you owe)

Repayment mortgage: This is the most common type of mortgage in the UK. With a repayment mortgage, you pay back both the capital (the amount you borrowed) and the interest on the loan each month. The amount of capital and interest you pay each month is usually fixed for an initial period, typically between two to five years. After this, your payments may increase or decrease depending on the terms of your mortgage.

The main advantage of a repayment mortgage is that it will eventually enable you to own your property outright, provided you keep up with the monthly repayments.

Interest-only mortgage: You only pay back the interest on the loan each month and not the capital. With an interest-only mortgage, you will need to find another way to repay the capital at the end of the mortgage term, typically through the sale of the property. At the end of the interest-only term, the borrower must repay the entire principal (the original loan amount) in one lump sum.

Interest-only mortgages were originally introduced for homebuyers who expected their incomes to increase significantly over time and who planned to sell their home before the end of the interest-only term. However, many borrowers found themselves unable to sell their home or refinance into a traditional mortgage when the time came to repay the principal. As a result, interest-only mortgages have become much less common in recent years.

HERE, WE TAKE A LOOK AT SOME OF THE MOST POPULAR TYPES OF MORTGAGES

Different mortgages suit different people for different reasons. There are many different types of mortgages available, and each one is suited to a different type of borrower.

Fixed rate mortgages: As the name suggests, a fixed rate mortgage has an interest rate that is set for a specific period of time, usually between two and five years. This means that your monthly repayments will stay the same during this time, even if interest rates rise. This can give borrowers peace of mind, as they know exactly how much they need to budget for each month. However, it is worth noting that once the fixed rate period comes to an end, the interest rate will usually revert to the lender's standard variable rate, which could be a higher rate.

Tracker mortgages: A tracker mortgage is where the interest rate is set at a certain percentage above the Bank of England (BoE) base rate. For example, if the base rate is 1.5%, and your tracker mortgage has an interest rate of 3.5%, then your actual interest rate would be 5.0%. The big advantage of tracker mortgages is that they usually start off with a lower interest rate than fixed rate mortgages, so your monthly repayments could be lower. However, as with fixed rate mortgages, once the initial period ends (usually after two or five years), the interest rate will usually revert to the lender's standard variable rate.

Discount rate mortgages: A discount rate mortgage is where the interest rate is discounted for an initial period, usually between two and five years. For example, if the lender's standard variable rate is 4%, a borrower with a discount rate mortgage might only pay 3% interest for the first two years. After the initial period ends, the interest rate will usually revert to the standard variable rate.

Capped rate mortgages: A capped rate mortgage is similar to a tracker mortgage, in that the interest rate is set at a certain percentage above the BoE base rate. However, with a capped rate mortgage, there is a limit (or 'cap') on how high the interest rate can go, even if the base rate rises. For example: You take out a mortgage with a 1% discount and a cap at 4.5%. The standard variable rate is 5% at first, so you pay 4%. After a year, the lender raises its standard variable rate to 6%, so your new interest rate would change to 5%. However, the cap means you only pay 4.5%.

Offset mortgages: An offset mortgage is where your savings are offset against your mortgage balance, so you only pay interest on the difference. For example, if you have a mortgage of £100,000 and savings of £20,000, you would only pay interest on £80,000. Offset mortgages can be a great way to reduce the amount of interest you pay over the life of your mortgage, as well as helping you to clear your debt more quickly. ◆

When should you remortgage?

Start exploring your remortgaging options

THERE ARE A number of reasons why you might want to remortgage your home. Perhaps you're looking to save money on your monthly payments, or you need to raise some extra cash for home improvements. Whatever your reason, it's important to know when the best time to remortgage is.

In general, the best time to remortgage is when interest rates are low. This means that you'll be able to get a better deal on your new mortgage, and you'll end up saving money in the long run. However, it's also important to consider other factors, such as how much equity you have in your home.

INTEREST RATES ARE RISING

In light of the recent announcement that interest rates are rising, and with further increases to the cost of borrowing expected later this year, now might be the right time to consider switching to a cheaper deal while mortgage rates are still relatively low.

If you have a variable rate mortgage, the Bank of England's (BoE) base rate changes will directly affect your repayments. This is particularly the case for tracker mortgages, as they're based on the BoE's base rate. In contrast, fixed rate mortgages won't feel the effects of any base rate changes until they're moved to the lender's Standard Variable Rate (SVR).

SWITCH TO A NEW DEAL

Maybe you're contemplating a remortgage if you have six months or less remaining on the introductory rates period of a fixed rate mortgage. Remortgaging could save you hundreds a month, so switch and fix if you find a better rate.

When your mortgage deal comes to an end, you will be automatically moved to your lender's basic deal – an SVR, which will probably mean you'll end up paying a higher rate than you're used to. In most cases, you could save the most money by switching to a new deal rather than moving onto your lender's SVR.

NEED TO UNLOCK EQUITY

Therefore, remortgaging can be a useful option when your deal is coming to an end because you'll likely find a more favourable interest rate. What's more, if there's a better deal to be had elsewhere, you can change lenders.

You might also choose to remortgage when you've built up a certain amount of equity in your home or if you need to unlock equity and release it from the property. If your home has increased in value since you took your mortgage out, this means you'll end up in a lower loan-to-value bracket (LTV).

LOWER MORTGAGE RATES

Typically, the lower the LTV, the more equity you own and subsequently, you're far more likely to be eligible for lower mortgage rates when you come to remortgage.

When changing mortgage lenders, you'll need to consider all the associated costs that might come with switching, from arrangement fees to legal fees. ◆

>> LOOKING TO REDUCE YOUR PAYMENTS, CHANGE YOUR TERM OR BORROW MORE MONEY? <<

If you want to look at your options for switching your current mortgage rate to a new deal, to discuss your requirements, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Student homeownership

Buying a property could be more attainable than you first thought

"In the right circumstances, buying a property as a student could be more attainable than you first thought."

AS RENTS IN student cities rise and the quality of accommodation decreases, purchasing a property has become increasingly popular for some students in recent years. Instead of handing their student loan over to landlords, many students have decided to buy for themselves.

In the right circumstances, buying a property as a student could be more attainable than you first thought. There are a few different ways students can purchase a property. But most lenders will require that a buyer has at least two years' consecutive employment and a regular income to buy a property.

FUTURE LOAN

There are four main routes to homeownership for students. Three options involve a parent or family member acting as a guarantor by supporting your mortgage application or supporting the purchase outright, and one relies on a student having sufficient income to buy alone – likely through a stipend.

First of all, it's important to note that if you have a student loan this can be accepted by lenders as income to support your mortgage repayments. However, if you choose to purchase as a student with a standard mortgage, the lender may take future loan repayments into account in your affordability assessment, which could reduce the amount you could borrow.

ADDITIONAL INCOME

If you are a PhD student who receives a stipend income, for example, a nominal sum of money paid to cover your basic costs, there are other options although lenders are more limited. If you are applying for a mortgage with a stipend, you can also put down a secondary job to increase the amount you could borrow.

If your secondary job requires you to work more than a 40-hour week, this may not be accepted by some lenders. However, some lenders will only accept a stipend as income, if it is supplemented by the additional income.

EXPENSIVE MORTGAGE

As students generally won't have sufficient income for a standard mortgage to be viable, one popular route is to use an Income Boost mortgage (otherwise known as a 'joint borrower sole proprietor mortgage').

An Income Boost is a way of extending your affordability by adding the income of a Booster (most likely a family member) to your mortgage application. This increases the amount that you can borrow, meaning you may be able to afford a more expensive mortgage.

AFFORDABILITY CHECKS

The Booster is not added to the property deeds, so you remain the sole owner. This means that you will still benefit from stamp duty relief as a first-time buyer. However, both you and the Booster are responsible

for making the monthly repayments and repaying the mortgage in full.

You will have to have at least a 5% deposit and must be aged 18 or over to apply. Both you and the Booster will have to pass affordability checks to make sure the mortgage is affordable.

MORTGAGE APPLICATION

This means that, whilst the Booster can add their salary to the mortgage application, the lender will take into account any major outgoings or credit commitments to calculate the maximum loan they can offer you. Any money the student makes from part-time jobs alongside student maintenance can be accepted as income for the buyer.

A buy-for-uni mortgage (basically a student mortgage) means that you can rent out the spare rooms in the property to contribute towards the monthly mortgage repayment. In these cases, you have to live in the property too.

LEGAL CHARGE

You can borrow the full amount of the purchase price, so you don't need to put down a deposit. This can be useful if you don't have the opportunity to save. However, if you do need to borrow 100% of the property price, your family members must either provide a cash deposit of at least 20% or let the lender put a legal charge on their property for a fixed sum.

A legal charge allows a lender to secure the money that they have lent, so if either of you were unable to pay the mortgage, the lender can force the family member to sell their property to cover this.

GUARANTOR'S PROPERTY

The cash deposit will be held in an interest-bearing account, and it cannot be withdrawn until either the value of the mortgage falls below 80% or when the mortgage is paid back. When you leave university, the property can be converted into a standard residential or buy-to-let. This also applies to the legal charge on the guarantor's property.

If your parents want to help you to get on the property ladder by any means, they could simply buy you a home using a traditional residential mortgage or buy-to-let. If your parents buy you a property whilst you are at university, they can choose to transfer the property to your name when you can afford to support it yourself.

TAX IMPLICATIONS

However, your parent may also be liable for Capital Gains Tax (CGT), so it's important you both receive professional financial advice first. Buying a second home can also have expensive tax implications for your parents. They will have to pay an additional 3% stamp duty on top of the standard rate if they already own a home.

Whilst you are still living at university, you can pay your parent rent, and then take over the mortgage when you are ready. ◆

‘Mortgage ready!’

Get your finances fit to purchase your first home

"In order to buy your first home, you need to save a deposit. Your mortgage deposit will normally need to be for at least 5% of the value of the property you want to buy."

DETERMINING HOW much money you need to buy a property may seem daunting for first-time homebuyers. To work that out, you need to consider how much of a deposit you will need, as well as considering other costs involved in buying your first home and moving.

It's a good idea to consider just how much you really need to save as early as possible, so you can budget properly and avoid overstretching yourself financially. Let's face it, it can be hard to save to buy a property, but not impossible.

START BUILDING A DEPOSIT

In order to buy your first home, you need to save a deposit. Your mortgage deposit will normally need to be for at least 5% of the value of the property you want to buy. So if you want to buy a home costing £250,000, you'll need to save up a deposit of at least £12,500. Ideally, though, you would save more than 5%. The larger the deposit, the wider range of mortgages you'll be able to access and at more competitive rates. This is because with a larger deposit you're perceived as lower risk by mortgage lenders.

SAVING A DEPOSIT WITH A LIFETIME ISA

Lifetime ISAs can give your property savings a big boost. With a Lifetime ISA, you can save up to £4,000 annually (tax year 2022/23) with the government adding a 25% bonus annually. If you want to use a Lifetime ISA to buy a home, there are a few considerations you need to keep in mind. Only first-time buyers can use Lifetime ISAs to buy a home. That means you can't own, or have owned, a home in the UK or anywhere in the world.

You'll also need to be buying a home for no more than £450,000. You must be buying a home you plan to live in. The scheme isn't for buying a home you want to rent out, or a holiday home, and you must use a traditional repayment mortgage.

CHECK YOUR CREDIT SCORE

You'll need to consider your credit score. This is because your credit score will impact your ability to obtain a mortgage. If you have a good credit score, you'll likely be able to get a more competitive rate. However, if your credit score is poor, it could make it more difficult to obtain a mortgage or make it more expensive. Lenders want to see you are a reliable borrower when they are assessing your mortgage application.

That's why it's important to check your credit score before you start looking for a property. Once you know your credit score, you can start searching for properties that are within your budget. And, if you have a good credit score, you may be able to negotiate a better mortgage rate.

CLEAN UP YOUR CURRENT ACCOUNT

Now it's time to get your finances looking in good shape in preparation for when a lender starts looking. One of the most important things to think about are your monthly outgoings. You need to make sure that you have an accurate figure of your monthly outgoings so that you can budget correctly for your new home.

To get an accurate figure of your monthly outgoings, take a look at your bank statements and work out all of your regular expenses. This includes things like rent payments, utility bills, council tax, gym memberships, subscriptions, credit agreements and any other regular outgoing payments. Once you have an accurate figure of your monthly outgoings, you can stop making any unnecessary payments and make sure that you showcase your finances in the best light.

UNDERSTAND THE COSTS OF BUYING AND OWNING A HOME

There are a number of costs that you need to be aware of when buying and owning your first property. Some of the main costs involved start with saving for a deposit and Stamp Duty Land Tax (SDLT). However, as a first-time buyer if you are paying £300,000 or less for a residential property you will currently pay no SDLT. Between £300,000 and £500,000 you will pay SDLT at 5% on the amount of the purchase price in excess of £300,000.

There will also be legal fees and mortgage costs (valuation fees and arrangement fees), moving costs, contents insurance and home insurance. And once you finally own your first home, you'll discover there are also a lot of other costs involved in running it that you may never have had to deal with before. This includes ground rent, service charges, ongoing maintenance costs and utilities. ◆

>> LOOKING FOR HELP TO GET STARTED ON YOUR HOME OWNERSHIP JOURNEY? <<

Get your foot on the property ladder. We're here to help you open the door to a place of your own. Talk to us about your mortgage options – contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Move on up

What documents do you need when selling a property?

"Land Registry Title documents are the official records of who owns a property. They show information about the property, such as its address, size and value."

SELLING A HOME can be a big undertaking and the process is often unfamiliar as, on average, Britons move once every 23 years, which is a statistic that will no doubt be quite surprising to many[1].

It is really important you are able to get advice from the right people at the right time. So if you're planning to sell your property, making sure that you have the correct documentation all in order is crucial to ensuring that the sale of a property goes smoothly, and avoids further problems down the line.

There are a few key documents that you'll need to have in order to complete the sale.

Here's a brief overview of what you'll need:

YOUR ENERGY PERFORMANCE CERTIFICATE (EPC)

An Energy Performance Certificate (EPC) is a document that contains information about the energy efficiency of a property. The certificate is required by law when a property is built, sold or leased, and must be made available to potential buyers or tenants.

The certificate provides an energy efficiency rating on a scale of A to G, with A being the most efficient and G being the least efficient. The rating is based on factors such as the type of heating and insulation in the property, as well as the number of lights and appliances. The certificate also includes recommendations for improving the energy efficiency of the property.

EPCs are valid for ten years and can be renewed if there have been significant improvements made to the energy efficiency of the property.

THE TA6 FORM

One of the first things your solicitor will ask you to do is complete a Property Information Form, also known as a TA6 form, and a TA7 form if you are selling a leasehold property. The TA6 form is produced by the Law Society and covers 14 separate subjects, including questions about boundaries, any disputes with neighbours, what utility companies you use and so on.

THE LAND REGISTRY TITLE DOCUMENTS

Land Registry Title documents are the official records of who owns a property. They show information about the property, such as its address, size and value. They also show any restrictions or conditions on the property, such as whether it can be used for business purposes.

Title documents are an important part of buying or selling a property. They can help to prove ownership of the property and can be used to resolve any disputes that may arise. It is therefore important to make sure that they are accurate and up-to-date. You can also check on the Land Registry website.

LEGAL DOCUMENTS RELATED TO THE TENURE OF YOUR HOME

Do you own the freehold of your home or are you selling a leasehold flat? Or perhaps you're selling a shared ownership property? Where relevant, you'll need to provide a copy of the lease and any documents setting out your share of the freehold, for example, a Shares Certificate if there has been a company set up to manage the freehold.

TA10 FORM FOR FITTINGS AND CONTENTS

The TA10 form enables you and the buyers to reach an agreement regarding what will be included in the sale of your property. For example, inclusions may cover items such as white goods and window dressings. The document sets out the agreed inclusions room-by-room to ensure that all aspects are covered and no ambiguity remains regarding what you will and won't be leaving behind for the new owners. Any items in the garden and outdoor areas can also be covered in the TA10 form.

PERMISSIONS

Whether you've added an extension or made other significant improvements to the building, you'll need to demonstrate that any alterations have been carried out in compliance with safety regulations. Of course, not all home improvements require legal permissions, but any works that need planning permission building regulation approval must be backed up by documentation. It can unnecessarily hold up the sale of a house if you subsequently have to search or apply for copies of such permissions, so be sure to have them ready in advance.

PROOF OF IDENTITY

Estate agents, legal representatives and mortgage lenders are required by law to check your identity in order to protect against money laundering. You will need to provide them with proof of identity (including photographic ID) and proof of address. To prove your address you can use either a bank statement or utility bill addressed to your name at the property. A driving licence or copy of your passport will be needed for photo identification.

MANAGEMENT INFORMATION PACK (MIP)

In almost all leasehold and occasionally certain freehold transactions, there will be a management company involved. This company will manage the freehold and any shared facilities. When selling a property, they are responsible for providing a management pack to your purchaser's conveyancer in return for a fee payable by the seller.

MIPs are a collection of varying documents that contain vital information that may affect your purchaser's decision to proceed with their transaction. It is produced and distributed to the purchaser's conveyancer so that they can make them aware of any important factors such as future maintenance on the building. ◆

Source data:

[1] https://www.openaccessgovernment.org/how-often-do-brits-move/60841/

How to make your home look its best

Top tips to boost the value of your home

BEFORE YOU INSTRUCT an estate agent and begin viewings, make sure your home is looking its best.

Making changes to your home to add value can be costly. However, the end result can be well worth it. Making renovations and improvements is a great way to add value and make your property much more attractive to prospective buyers.

It's useful to know how much your property is worth as a starting point. You can find out the price of your home by getting a valuation. Local experts and estate agents can help you with this. They will visit your property and value it based on its unique features, the local area and the current market conditions.

APPEALING TO BUYERS

Big projects like a loft conversion, adding a conservatory or converting a garage produce potentially big rewards, increasing a property's value and making it more appealing to buyers.

If you can't afford an extension or conversion, it might be worth obtaining planning permission to do so at a later date. You would have to spend money on drawing up the designs and getting a survey, but it would remove a big element of doubt from a potential buyer's mind if they know the council has already approved an extension.

CONVERTING YOUR LOFT INTO A BEDROOM

Adding another bedroom could add to the value of your home. One of the most common ways to do this is by converting a loft into a bedroom. Most types of loft extension also need planning permission due to the level of structural change that will be needed.

DORMER LOFT CONVERSION

This is the most popular type of loft conversion. It involves adding a boxed extension that protrudes from an existing sloping roof to create more space. These extensions are cost-effective, can add value to your home and require less strict planning permission than other types of conversion. However, the cost will depend on your loft size, and construction can often take quite a while due to the need to alter your home's roof.

MANSARD LOFT CONVERSION

A Mansford loft conversion is built to the rear of a property and changes the structure of a sloped roof so that it becomes nearly straight. These conversions create enough added space to support multiple rooms, often two bedrooms and a bathroom. Mansard loft conversions can maximise your loft space and don't require much structural reinforcement. These extensions feel more like an added storey than a converted loft. However, due to all the roof modifications, they can be very expensive.

HIP-TO-GABLE LOFT CONVERSION

Many properties have a roof with sloping sides at the front and back, known as a 'hipped roof'. This means limited loft space, which leaves the only way to convert your roof being an expansion to your property. A hip-to-gable conversion does this by replacing your sloped roof with a vertical wall, known as a gable. From there, you're free to convert your new loft as you see fit. You can even do this to both sloped sides to create a double hip-to-gable conversion. A hip-to-gable conversion will not usually require full planning permission, as most of these conversions fall under the permitted development rules.

ROOF LIGHT LOFT CONVERSION

With a roof light conversion, you're building into the existing roofline of your home, meaning you won't be extending the space externally at all. This can be up to 25% cheaper than any of the previous options since you're only adding windows. However, you won't be getting any additional space for your money. You'll simply be making the best use of the space you already have.

One big con of this is finding the space for stairs. Thanks to head height stipulations in the building regulations, stairs often need to come up in the centre of the loft because it's the highest point, meaning the ways to use existing space can be limited. You'll also need planning permission for front windows and sufficient existing height to satisfy building regulations for a bedroom.

ADDING AN EXTENSION

Adding an extension to your home can add a lot of value. Before going ahead with an extension, consider the following factors. When you're building an extension, you'll need to bear in mind the cost of building versus your potential value gained. Costs will be charged per square metre and will increase incrementally as you begin to add extra stories and rooms. Don't forget to add on the cost of windows and floors as well as fixtures and fittings.

DIFFERENT TYPES OF EXTENSION OR CONVERSION

There are different types of extension or conversion that you may want to consider, such as a conservatory or a garage conversion.

CONSERVATORY

Most standard-sized conservatories will qualify as permitted development, so it's

“Most standard-sized conservatories will qualify as permitted development, so it’s easier to get planning permission for them.”

easier to get planning permission for them. A conservatory can be expensive – but skimping on the costs can actually decrease your home’s value if it’s not built to a high standard, as will a conservatory that doesn’t blend in with the rest of the property, so bear that in mind.

GARAGE CONVERSION

The main benefit of a garage conversion is that you won’t have to sacrifice any garden area to add the extra space, meaning you get the best of both worlds. You’ll have to sacrifice parking, though, so be aware that you’ll need extra parking space, like a driveway.

REDECORATING AND MAKING HOME IMPROVEMENTS

Not all improvements that’ll add value to your home require a full-scale redesign. Redecorating your house and making small changes to refresh the interior prior to selling will also help add value to the property.

UPDATING THE BATHROOM

Try adding some underfloor heating in the bathroom. Heat rises, so having your source of heat at the lowest possible point saves space and is more efficient. Besides, who wouldn’t love stepping out of a bath or shower onto a lovely warm floor? Also, consider matching the floorboards, tiling and fixtures to those around the house for a cohesive feel.

ADDING NEW FLOORS

Refreshing your floors gives a modern and fresh feel. Be sure to pick the right type and aesthetic to fit in with the rest of the home’s décor. Also, make sure the flooring you choose is high-quality and durable, as this will give a more polished and luxury-looking finish.

REPAINTING THE HOUSE

Clean off any dirty walls around the house and remove any peeling paint. This looks unattractive to any prospective buyers, so make sure it’s all removed before they ever see it. Repainting any walls like this doesn’t cost much but can add a lot to the overall appeal of a room.

REPLACING BROKEN FURNITURE AND APPLIANCES

Things like broken plug sockets or damaged doors are easy and inexpensive to replace, so make sure you sort them out before you show your house. It’s also worthwhile to replace any broken appliances and/or white goods, particularly if they will be included in your sale.

GENERAL WEAR AND TEAR

General wear and tear is inevitable in houses, but these repairs should be addressed before your property goes on the market. This could be anything from replacing broken light bulbs to cleaning up limescale, or resealing windows and grouting tiles. Wear and tear is typically excluded from most insurance policies, so it’s certainly worth investing a little bit of time and effort to ensure your property is properly maintained. ◆

Time is money

How quickly can you sell a property?

SELLING YOUR HOME is often considered one of life's most stressful events. There is no denying that it can be a frustratingly lengthy process. If you are keen to sell your property, you will understandably want to know how long it could take for the sale to go through.

The average time taken to sell a property is around four to six months, with it being closer to four months in a 'hot' market and over six in a 'cold' market[1].

It is important to keep in mind that the length of time it takes to sell a property depends on many different factors, not least of which being how hot or cold the property market might be in the area where you are selling your home.

SPECIFIC TYPE OF PROPERTY

The more desirable the property and the bigger the target market for that specific type of property, the easier it is to sell. This might mean that three- and four-bedroom homes sell faster in family-friendly areas, whereas one- and two-bedroom homes may be popular in yuppie-centric cities.

Those with very large houses – such as six or more bedrooms – often find that they have a smaller pool of buyers, and their homes can therefore take longer to sell. The same applies to luxury properties, notably those that have extensive grounds or are architecturally impressive. This is because they exceed the typical price cap of the area, which limits their market substantially.

LOCATION, LOCATION, LOCATION

In addition, the area of the country where you live plays a big part in how long it can take to sell your home. If you are in an area where the housing market is less fluid, properties

“The average time taken to sell a property is around four to six months, with it being closer to four months in a ‘hot’ market and over six in a ‘cold’ market[1].”

can languish on the market for much longer and, as such, the old adage applies: ‘Location, location, location’.

Most factors (such as location, the economy and size of the property) are beyond your control, but you can make your property appear more desirable to encourage a faster sale. Firstly, price is everything. The more competitively you price your property, the more likely it is to sell faster and the less likely you are to have to drop the asking price, but too low, and you may be shooting yourself in the foot.

WHAT ISSUES ARE MOST LIKELY TO IMPACT ON THE LENGTH OF TIME IT TAKES TO SELL YOUR PROPERTY?

- Price being asked for the property
- State of the market (whether it’s hot or cold)
- Quality of the solicitors being used
- Quality of the estate agents being used
- Position of your buyers at the time
- Overall length of the property chain
- Title, search or surveying problems, as well as the condition of neighbouring properties
- Time of the year it is, the condition of the property and how unique it is

MAKE YOUR PROPERTY MORE DESIRABLE

To get the best offers in the shortest amount of time, you need to make your property look desirable. Go for a neutral look throughout, eliminate any clutter and keep the garden tidy. It’s also a good idea to move rubbish bins and any other undesirable items out of sight so they aren’t the first thing buyers see when they arrive.

Ultimately, the time it takes to sell your property can vary, but you should always allow at least four months, and in slow-moving areas, allow up to six months for completion of the sale. Also remember that whilst you can make your property more desirable, there are a lot of factors you cannot control, with the all-important location being one of them. ◆

>> NEED HELP TO FIND THE RIGHT MORTGAGE? <<
With so much to think about when moving house, we’ll help remove the hassle and make finding your next mortgage easy for you. To discuss your requirements or find out more about how we could help, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] https://www.thepropertybuyingcompany.co.uk/news/post/how-long-does-it-take-sell-house-our-guide-2022#1

Boost your home's saleability this summer

Tips to make your outside space sell your home

IF YOU'RE SELLING your home, outside space will undoubtedly be high on many people's wish lists. It's no secret that first impressions count. So if you're wanting to get the best possible price for your property, then making sure that the outside space is looking its best is crucial.

One of the most important aspects of kerb appeal is your garden. When a prospective buyer is visiting tens of different properties, you need to make your property stand out.

SHOW YOU LOVE LIVING THERE

Having a well-maintained garden can really make a difference when it comes to attracting buyers, as it makes your home look cared for and inviting.

Property exteriors look much more inviting with a pop of colour and the kind of attention that shows you love living there. Place potted flowers on your front doorstep, fill front garden tubs with blooms or consider adding a hanging basket to welcome your viewers.

KEEP YOUR GARDEN LOOKING NICE

If you have a lawn, keep the grass short and be sure to feed it so it looks its best. Sweep away fallen leaves and keep trees, shrubs and other plants neat and tidy. Weeds are an absolute no-no, so keep on top of them while your home is being marketed.

Of course, not everyone has green fingers, and keeping a garden looking nice can be a lot of work. Depending on your particular situation, if you don't think you can keep up with the upkeep, then hiring a professional gardener may be a good option. This can be a great way to ensure that your garden is always looking its best, without you having to put in the work yourself.

RELAXING IN NEW OUTDOOR SPACE

If your garden is looking its best, it could be just the thing to help sell your property. Buyers will be able to imagine themselves relaxing in their new outdoor space, and may be more likely to overlook any minor imperfections inside your property itself.

If you're thinking of putting your home on the market, it's definitely worth taking some time to spruce up your garden. Even small changes can make a big difference, so don't be afraid to get stuck in and get your hands dirty!

ATTRACTING PROSPECTIVE BUYERS

If you're not sure how important a nice garden is when selling your home, then consider this: buyers will often make their decision about a property based on its kerb appeal. If your front and rear garden space is looking neat and tidy, and well designed, it can really help sell your home.

So, to get the best possible price for your home, making sure that your garden is looking its best is essential. With a little bit of effort, you can make a big difference when it comes to attracting prospective buyers. ◆

'It's a sprint, not a marathon'

31% of homeowners gazumped at least once while trying to buy their property

FOUR-FIFTHS OF homebuyers are in favour of banning gazumping in England and Wales, new research revealed[1]. It found that 31% were gazumped at least once while trying to buy their property, with the figure rising to 52% among those who bought in London.

Gazumping occurs when a property seller accepts an offer from a buyer, only to then accept a higher offer from another buyer. This can happen at any stage of the sale process, from when an offer is first made, to just before exchange of contracts.

MOVE TO EXCHANGE CONTRACTS QUICKLY

It's worth noting that gazumping isn't currently illegal in England and Wales, so if you're involved in a property sale, it's something you need to be aware of.

If you're the buyer who has had their offer accepted, then had the rug pulled out from under you by a higher offer, it can be hugely frustrating and expensive. The best way to avoid this happening is to move quickly once your offer has been accepted, and try to exchange contracts as soon as possible.

"Gazumping occurs when a property seller accepts an offer from a buyer, only to then accept a higher offer from another buyer."

IT COULD COME BACK TO BITE YOU

As a seller you can accept an offer, but it isn't legally binding and you could then subsequently accept another, higher offer from a different buyer, right up until the point of exchange. However, if you do choose to gazump a prospective buyer in this way, it's worth bearing in mind that it could come back to bite you – if they eventually decide to pull out of the sale.

While 79% are in favour of the government introducing laws to ban gazumping in England and Wales, 47% admitted they would consider gazumping a rival buyer themselves in the future if it meant getting the property they wanted.

HIGH DEMAND AND LIMITED SUPPLY

The research found that 68% of homeowners feel the property market is too competitive, with 79% believing that gazumping and gazundering have become more common in recent years due to high demand and limited supply.

Of those who have been gazumped, 17% said they ended up buying a property they liked less.

Elsewhere, the study found that a quarter (25%) of homebuyers were gazumped because they were stuck in a long property chain and took too long to complete the purchase.

PROPERTY PURCHASE FALLS THROUGH

Another 20% admitted that they were gazumped due to delays and long waiting times in getting a mortgage. Almost a quarter (23%) said that they lost money in intermediary fees as a result of being gazumped. This is noteworthy, given it is estimated that homebuyers lose an average of £2,700 when a purchase falls through.

The research shows that long property chains and time-consuming mortgage applications often leave homebuyers open to gazumping. So, preparation is key – sourcing the right lender and product ahead of time, and working with service providers who can act quickly, could prove crucial in ensuring a deal is completed with no complications. ◆

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

We want to help get any generation on the property ladder, from the first-time buyer to the last-time buyer. We'll help you to speed up the process to find a mortgage that's right for your specific needs. To discuss your options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Market Financial Solutions survey of more than 500 people who have bought a home in England or Wales since 2012.

IT'S GOOD TO TALK

Be prepared to negotiate on the price of your property sale

"When considering an offer, make sure you take time to think it through, especially if it is lower than you were expecting, and do not feel under pressure to give an immediate response."

SELLING YOUR HOME is likely one of the biggest financial transactions you'll ever undertake in your lifetime. When an offer to purchase your property is presented to you, you have three choices. You can accept it exactly as it is. You can reject it. Or, you can reject it and then counter with an offer of your own.

Offers are one of the exciting parts of the home selling 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. Your estate agent is legally obliged to pass on all offers to you and send a written confirmation.

DO NOT FEEL UNDER PRESSURE TO RESPOND

When considering an offer, make sure you take time to think it through, especially if it is lower than you were expecting, and do not feel under pressure to give an immediate response. You are under no obligation to accept any offer. For example, someone may offer the asking price for your property but may not be in a position to proceed. In this case, it may be better to keep marketing to find a buyer that can proceed.

When you put your home on the market, you should ideally have had at least three different estate agents visit and provide you with a valuation. They will know the local area and the recent sale prices of comparable properties in the area. Therefore, they should all come up with a similar figure, that's probably not too far from a realistic sale price.

REJECT OFFERS BELOW A CERTAIN PRICE

If you have very specific criteria for an acceptable offer, you may choose to instruct the estate agent to reject all offers below a certain price. However, if your home has been on the market a long time, or you are not sure they have valued your property correctly, you can always bring in a chartered surveyor to give you a valuation via a HomeBuyer Report.

Where you are in the fortunate position of receiving multiple offers, your estate agent may suggest a sealed bids scenario. Here, each buyer will be given a deadline by which to submit their best and final offer for the property and then you would be able to decide which best suits you.

QUALITY OF THE OFFER IS IMPORTANT

There are a number of reasons why it is important to be prepared to negotiate on the price of your property sale. It is important to remember that the value of your home is not set in stone and is open to negotiation.

By being prepared to negotiate on the price of your property sale, you will be in a much better position to secure a sale at a price that is acceptable to you. When you receive an offer, the quality of that offer is important.

PROCEED TO A SUCCESSFUL SALE

At this point you need to consider: Is the buyer ready to proceed? Have they secured an 'Agreement in Principle' (AiP) for the mortgage if they need one? What is their financial situation? Do they have another property to sell or are they a chain-free buyer? How does the offer price relate to the marketing price and the minimum price your agent expected to achieve?

By being prepared to negotiate on the price of your property sale, you will be able to avoid any potential pitfalls that could occur during the negotiation process and then proceed to a successful property sale. ◆

NEW RESIDENTIAL PROPERTIES

Ground rents banned on new leases from 30 June

GROUND RENT IS a periodic charge paid by the leaseholder of a property to the freeholder or landlord. It gives the freeholder or landlord the right to collect a sum of money from the leaseholder on a regular basis, usually yearly. This is an additional charge payable to the freeholder that owns the land upon which your leasehold property sits.

Leasehold is a form of property ownership common in the UK but rare elsewhere. A leasehold home is not owned outright, even if you have a mortgage. Instead, it is leased from a third party – the freeholder.

SIMPLY A PART OF OWNING A LEASEHOLD PROPERTY

Although ground rent is charged by the freeholder, a property management services business may collect it. The amount of ground rent payable is typically agreed upon when the lease is signed and can either remain fixed for the duration of the lease or increase at predetermined intervals. For many leaseholders, paying ground rent is simply a part of owning their property.

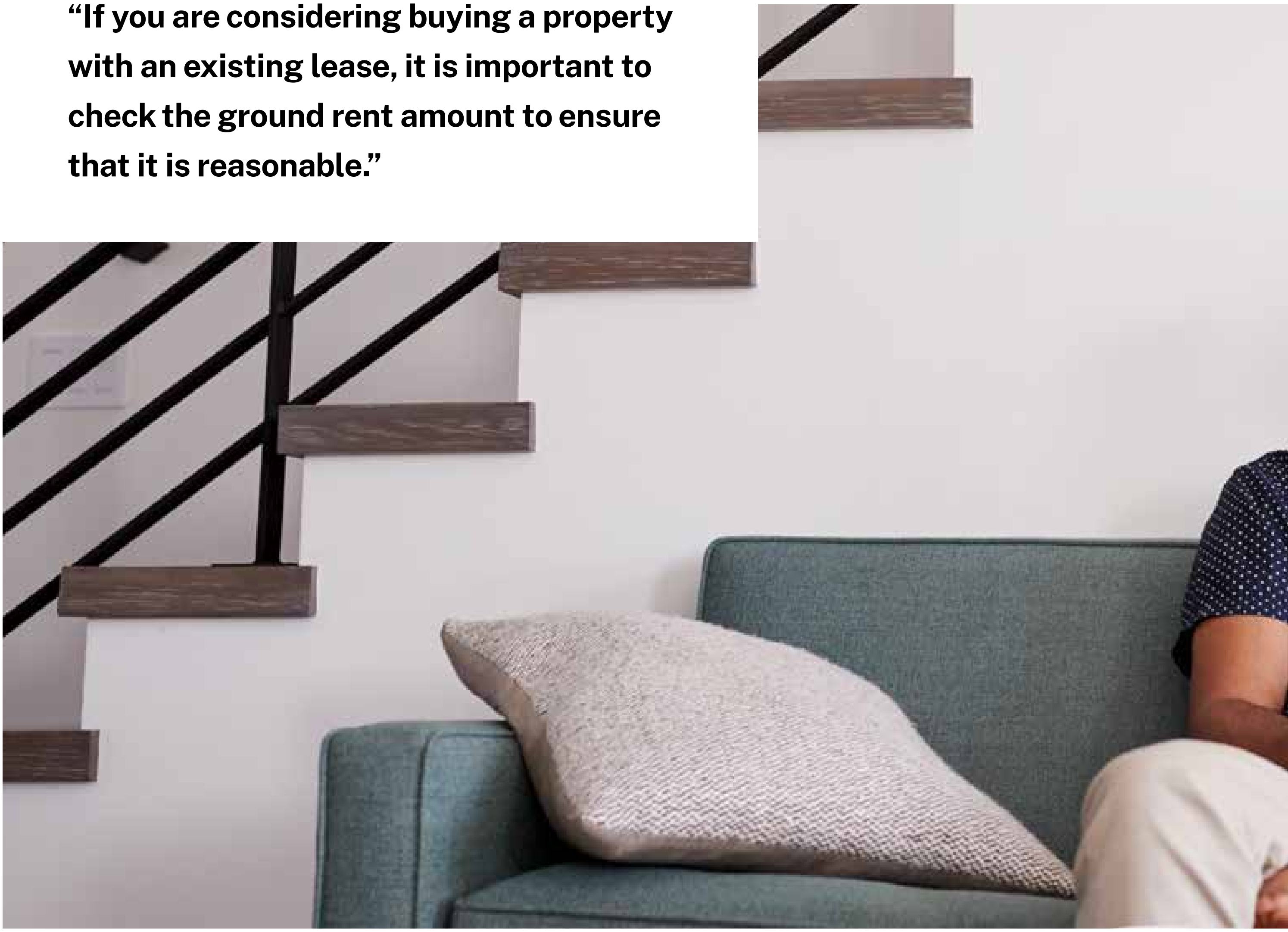
The amount of ground rent will be stipulated in the lease agreement. In some cases, the ground rent may be variable and could increase over time. It is important to check the terms of your lease agreement to see how often and by how much the ground rent can increase.

RENTING THE LAND FROM THE PROPERTY FREEHOLDER

Ground rent only covers the cost of renting the land from the property freeholder, and does not include any other services. For example, it does not include service charges, which you as the leaseholder will typically pay annually to cover things like garden maintenance, communal area cleaning or other irregular property expenses.

Peppercorn rents are often used in place of ground rent, whereby the lease is essentially rent-free, but a nominal amount is retained

“If you are considering buying a property with an existing lease, it is important to check the ground rent amount to ensure that it is reasonable.”



for the purpose of maintaining a legal agreement. The term ‘peppercorn rent’ refers to a nominal or token amount (such as a peppercorn, or £1) of rent paid for leasehold properties.

SIMILAR CHARGES MAY BE SIGNIFICANTLY HIGHER

Ground rent is generally considered to be a reasonable charge, particularly when compared with other countries where similar charges may be significantly higher. However, there have been some recent cases of landlords charging excessive ground rents which has caused concern for many leaseholders.

From 30 June 2022, legislation that effectively bans ground rent on new residential properties in England and Wales came into force. The new law, the Leasehold Reform (Ground Rent) Act, ensures that any purchase of a leasehold property with a new lease will not include any payable ground rent whatsoever.

SECOND LAW PROMISED TO HELP PEOPLE

The ground rent ban will also extend to future retirement homes. However, this won’t come into force until on or after April 2023, as it takes longer for retirement facility developers to adjust their systems.

The government has promised a second law to help people with leasehold properties now. However, that law is still being drawn up in government and help might be years away. Existing leaseholders can reduce their ground rents to zero by extending their leases, though this can be a costly and lengthy process.

PROPERTY WITH AN EXISTING LEASE

The government's planned new law promises to make this process easier. Some current leaseholders have been voluntarily released from their contracts by their freeholders.

If you are considering buying a property with an existing lease, it is important to check the ground rent amount to ensure that it is reasonable. If you are signing a new lease, you should negotiate a reasonable ground rent with the landlord before agreeing to anything. ◆

>> NEED HELP TO CHOOSE THE RIGHT MORTGAGE SOLUTION? <<

We make it our goal to provide new and existing clients with professional mortgage advice. Let us help you to find the right mortgage solution. To discuss your options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

CHANGING ROOMS!

How the nation's room requirements have shifted due to the pandemic

MORE THAN FOUR in ten British homeowners (41%) adapted their home to suit their changing needs during the COVID-19 pandemic, costing the nation a huge £36.5 billion, according to new research[1]. Homeowners were surveyed across the UK to understand how the nation's room requirements have shifted due to the pandemic and how our homes have changed as a result.

Amongst those who said they had to make changes, more than half (53%) say they have entirely repurposed at least one bedroom whilst one in five households (22%) have lost multiple bedrooms. Nationally, this equates to a whopping 8,856,000 bedrooms that have been 'lost' amongst the UK's 24 million privately owned homes during the pandemic.

HYBRID WORKING SET TO BE A MAINSTAY

With remote and hybrid working now set to be a mainstay for many, almost half (46%) of those who have made changes have created a home office – which equates to over 4.5 million new home offices emerging across the UK. Of these, over half (58%) say that they plan to permanently keep it.

Alongside home offices, there are plenty of other ways in which Britons have reincarnated rooms in their home since March 2020. Nearly 1.3 million home gyms have been created, alongside 984,000 home bars, nearly 900,000 home cinemas or music rooms and 688,800 dedicated classrooms.

MORE CONTENTIOUS ROOM CHANGES

Repurposing entire rooms doesn't come cheap. The research shows that UK homeowners who adapted their homes spent an average of £3,714, with home offices costing on average £1,735, gyms £1,568 and home cinemas £3,841. Nationally, this is a total of £36.5 billion.

Home offices, in particular, have been one of the more contentious room changes, with many being forced to

give up living space in order to simply carry out their job. In fact, 16% of homeowners who created one say they resent giving up space in their home for the benefit of their employer.

COMPENSATION FOR THE SPACE LOST

Nearly seven in ten (67%) believe that employers should pay all or some of the cost of setting up a home office, with 12% thinking that they should even offer compensation for the space lost. However, the reality is that just 2% of those who set up home offices say that their employer offered compensation, and only 30% say they made any contributions towards costs at all. Just 10% covered the full costs.

For those who have had to repurpose rooms, more than half (55%) say this has meant they have had to compromise on their space at home, leaving homeowners less happy with the space they have. Amongst those who have, 28% say they now have less space for guests to stay, 21% say they have less or no privacy and 11% state that their children now have to share a bedroom.

COMPROMISE WITH LIVING SPACES

However, this feeling of not being completely happy with your home rises significantly amongst younger homeowners who likely have smaller properties. More than eight in ten (83%) homeowners under 25, 78% aged 25-34 and 65% aged 35-44 say they are currently having to compromise with their living spaces.

For many, having to change their home setup during the pandemic has highlighted the need to find somewhere new and better suited to their changed needs. Of homeowners who have made changes, nearly a third (32%) say that this has made them consider moving home. ◆

Source data:

[1] https://www.zoopla.co.uk/press/releases/changing-rooms-nearly-9-million-bedrooms-lost-in-the-uk-after-homeowners-repurposed-their-homes-during-the-pandemic/

RISING HOMEBUYER DEMAND

4.3 million homes pushed into a higher Stamp Duty Land Tax bracket

THANKS TO RISING house prices, 4.3 million UK homes have been pushed into a higher Stamp Duty Land Tax (SDLT) bracket since March 2020, meaning any prospective buyers face paying increased taxes, according to new data[1].

Of the 4.3 million homes that have now been pushed into a higher SDLT bracket, over a quarter (28%), or 1.2 million properties, have now moved above the initial £125,000 stamp duty threshold in England and Northern Ireland. In Wales and Scotland rising house prices also mean that a further 360,000 homes have been pushed across the initial threshold at which SDLT becomes payable (£145k in Scotland, £180k in Wales).

INCREASED LIVING COSTS

This is due to an increase in average UK house prices, which have risen £29,000, or 13%, since the beginning of the pandemic in March 2020 – including a rise of 8.3% in the last year alone. The increase in house prices is almost equal to the current national average annual salary of £31,096, as prospective buyers continue to simultaneously grapple with increased living costs around the country.

But despite a tumultuous economic backdrop thanks to the pandemic, there have been consistently high levels of buyer demand over the last two years, set against constricted supply, which has contributed to the overall increase in UK house prices. This demand has been reflected by HM Revenue & Customs who revealed that, despite the SDLT holiday in 2020, SDLT receipts in England and Northern Ireland reached £18.6 billion in the year to March 2022, an increase of £6.1 billion on the previous year.

"Rising house prices are also having a huge effect on those keen to get their foot on the property ladder."

FOOT ON THE PROPERTY LADDER

Rising house prices are also having a huge effect on those keen to get their foot on the property ladder. First-time buyers are now spending an average of £225,000 to buy their first home[2] – an increase of £27,000 compared to just two years ago.

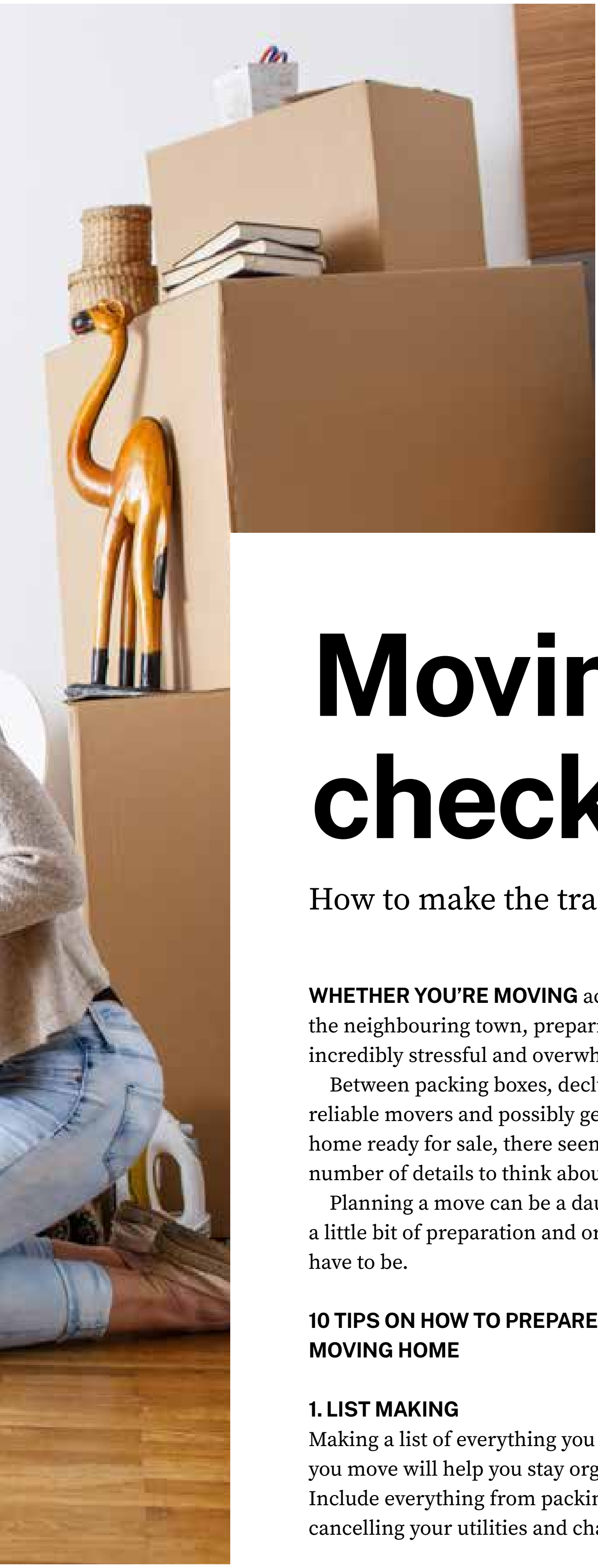
This means that this group of prospective buyers now require an additional £4,000 for a deposit[3], despite average annual earnings increasing by only £2,704 over the last two years. They also need an additional £5,000 in annual household earnings[4] or income in order to secure a mortgage, which equates to £417 per month.

DRIVING PROPERTY DEMAND

The demand for homes remains high at 58% above the five-year average, in part due to ongoing pandemic-related factors including the option of flexible and hybrid working for office workers. This is causing some buyers to reassess their home needs and, in turn, is driving property demand. However, there are increasing signs that the supply of homes for sale is starting to rise, with the flow of new supply up 3% on the five-year average.

While homeowners who make a move will see the benefit from increased property values when they sell, some new entrants to the market may have to find additional finance to fund a move. This could mean the reliance on the 'Bank of Mum and Dad' is likely to increase among first-time buyers. It also highlights the importance of first-time buyers having access to mortgage deals with smaller deposit requirements if they can meet the criteria for all other aspects of a mortgage loan. ◆

Source data:
[1] https://www.zoopla.co.uk/press/releases/43-million-homes-pushed-in-to-a-higher-stamp-duty-bracket-as-house-prices-rise-29000-in-two-years/
[2] Based on most popular property types for first-time buyers.
[3] Based on a 15% deposit (£33,750)
[4] Based on loan at 4.5x income



Moving home checklist

How to make the transition to your new home much easier

WHETHER YOU'RE MOVING across the country or to the neighbouring town, preparing for a move can be incredibly stressful and overwhelming.

Between packing boxes, decluttering, finding reliable movers and possibly getting your current home ready for sale, there seem to be an endless number of details to think about.

Planning a move can be a daunting task, but with a little bit of preparation and organisation, it doesn't have to be.

10 TIPS ON HOW TO PREPARE FOR MOVING HOME

1. LIST MAKING
Making a list of everything you need to do before you move will help you stay organised and on track. Include everything from packing your belongings to cancelling your utilities and changing your address.

2. START PACKING EARLY
Don't leave packing until the last minute! Start packing up your belongings well in advance of the big day so that you're not rushed and stressed on moving day.

3. PURGE YOUR BELONGINGS
One of the best things about moving is that it's the perfect opportunity to get rid of any unwanted belongings. Before you start packing, go through your belongings and purge anything that you don't need or want. This will make packing and unpacking much easier.

4. LABEL YOUR BOXES
Labelling your boxes will save you a lot of time and hassle when it comes to unpacking at your new home. Be sure to label each box with its contents and the room it needs to go in.

5. HIRE PROFESSIONAL MOVERS
Hiring professional movers can make your life a whole lot easier on moving day. They can take care of all the heavy lifting for you and will make sure your belongings are transported safely to your new home.

6. CHANGE YOUR ADDRESS
Don't forget to change your address! You'll need to notify Royal Mail, as well as update your address with any organisations or businesses you're associated with, for example, contact DVLA and remember to change your TV Licence address.

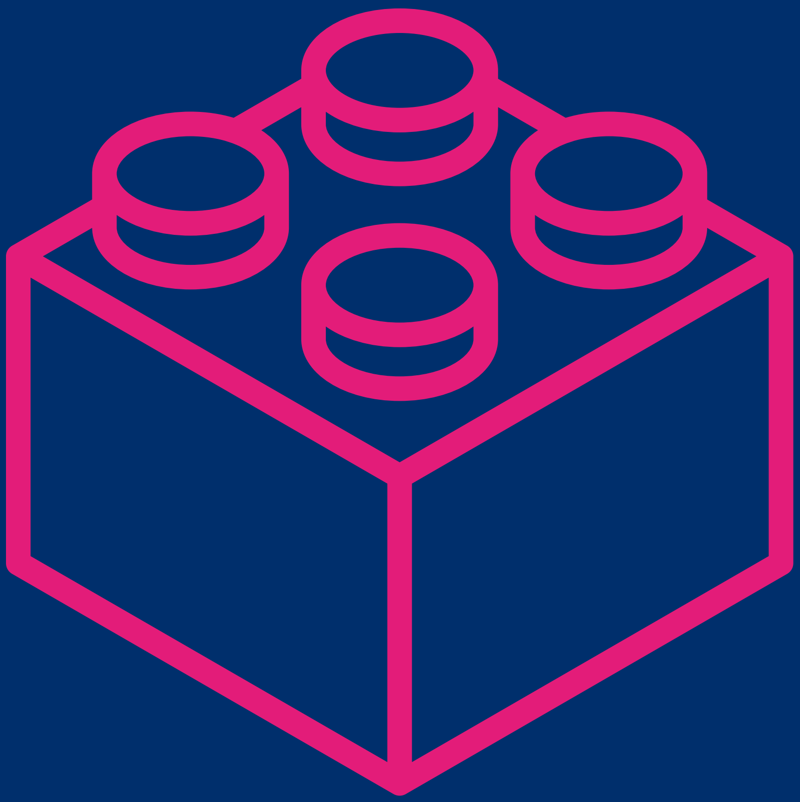
7. REEVALUATE INSURANCE POLICIES
You may consider switching home insurance providers or taking out life insurance. And if this is your first home buy, then ensure that you are covered from day one.

8. CANCEL YOUR UTILITIES
Arrange final meter readings and bills. Be sure to cancel all utilities and set up new ones at your new address. This includes electricity, gas and water suppliers, and rubbish collection services.

9. CONTACT LIST
Make a list of the contact names and numbers of people and services you'll be needing to sort out in the first few days of moving to your new home.

10. PACK AN ESSENTIALS BOX
On moving day, you'll likely be too busy to unpack all of your belongings right away. Pack an essentials box with everything you'll need in the first few days after the move, such as toiletries, clothes and bedding.

This is not a definitive list but these 10 tips will certainly make the transition to your new home much easier. ◆



LIGHTS, CAMERA, ACTION

Using your home as a way to earn some extra money

DOES YOUR HUMBLE abode have star potential? Well, if you're looking for a way to make some additional money, renting your property out for filming and photography shoots is a good way to go about it.

Renting your home out as a photo or film location requires minimal effort from you and can provide you with a supplementary income, and it can also be quite cool to see your home in a film, photography spread or on TV.

SHOW ME THE MONEY

Every type of property could be a film location. Just think of a typical evening in front of the television and the number of different houses and properties you see. Unless they are standalone sets (like Coronation Street), the likelihood is that they are someone's home.

Location agencies are always on the look-out for every type of property, especially locations that represent how people live today or how they lived in the past. If you have the right property a location agency is looking for, you could earn anywhere from a few hundred pounds a month for magazine photoshoots to thousands for a film.

HOUSE UNTOUCHED BY TIME

As a guide, the type of location that does well is typical of a period in time. Period dramas will want genuine Georgian and Victorian houses, say, with untouched interiors. A film set in the 70s or 80s will want as many features of that period as possible, including the avocado bathroom suite! If your house is untouched by time, then you may find it is in demand as a film location.

Properties which have a feel of foreign climes are also popular, especially if they are close to London. Limited production budgets often mean that they can't jet everyone off to Miami or the Mediterranean. If your house could pass for a Miami mansion or a villa, or any other type of foreign location, then it could have a future as a film location.

EVERY TYPE OF LOCATION

Having said that location agencies look for every type of location, not every property will work for filming, just because the logistics can be so demanding. If you've ever seen a film being shot you'll know that filming comes with a lot of crew and equipment, and if they are not on set they all need somewhere to park and somewhere to go. Film production teams will get around anything for a truly unique and perfect location.

Filming is expensive and moving crews around can

increase costs significantly. The closer you are to the production centre the better. In most cases, this means London or the major studios like Pinewood or Elstree, but increasingly more films are being made in Manchester or Bristol, so being close by can boost your chances of getting selected.

REGISTER WITH A LOCATION AGENCY

You may have the perfect location, but if there's no room for the crew or even enough space to film, then sadly it just won't work. You need to have big enough rooms for the crew and their equipment, and other rooms available to use for hair, make-up and green rooms.

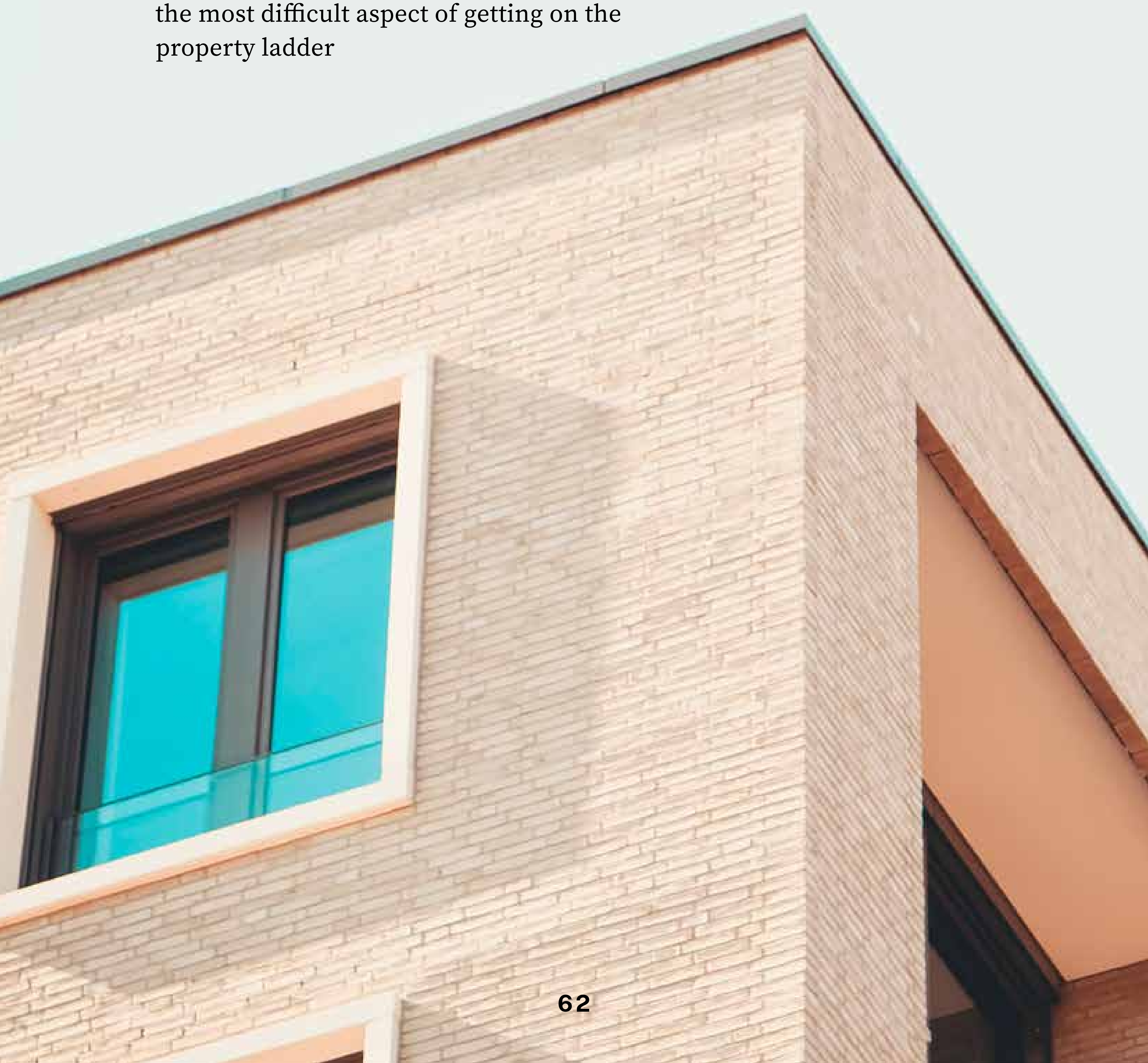
To hire out your property for filming and photoshoots you will need to register with a location agency. The location agency will need to ascertain whether your property is suitable for location work and they will need you to send in some images of the property and details of the property. ◆

>> WANT TO DISCUSS FINDING THE MORTGAGE THAT'S RIGHT FOR YOU? <<

Obtaining a mortgage is an exciting time for most people, whether you are getting the keys to your first home or improving your existing home. Whatever the reason, we are here to help you. To discuss your mortgage options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

INTERGENERATIONAL SUPPORT

First-time buyers find raising a deposit the most difficult aspect of getting on the property ladder



WITH HOUSE PRICES rising considerably more than inflation and wage growth, it's not surprising that first-time buyers find raising a deposit the most difficult aspect of getting on the property ladder and something it is hard to keep pace with.

But it's clear that many families are more willing to share their wealth and give financial help than the younger generation appreciate.

FINANCIAL HELP TO THE YOUNGER GENERATION

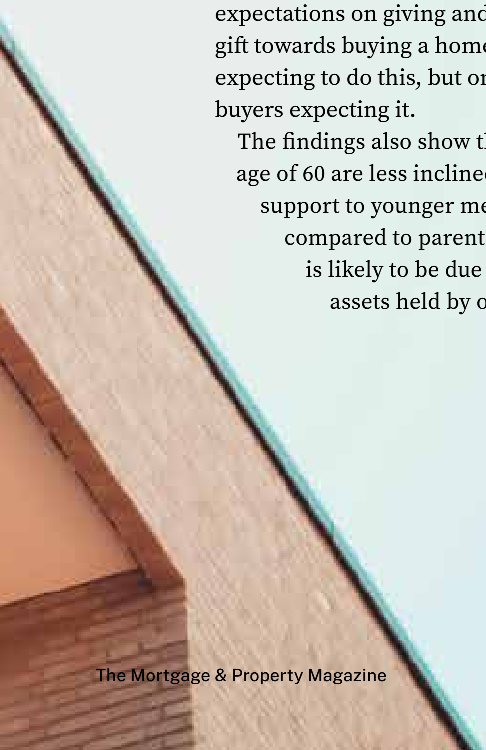
The majority of people (53%) think older family members should offer financial assistance to help their children or grandchildren buy their first home if they can, compared to just 28% who don't think they should, according to new research[1].

The research shows that the biggest barrier to homeownership is getting enough money together for the deposit. 58% of would-be first-time buyers do not expect any financial assistance from their older relatives, whilst 71% of parents expect to provide some financial help to the younger generation.

RECEIVING A MONETARY GIFT TOWARDS BUYING A HOME

49% of parents said they expect to leave a bequest when they die to the younger family members, but less than one in three first-time buyers (29%) are expecting it. There's also a mis-match in expectations on giving and receiving a monetary gift towards buying a home, with 41% of parents expecting to do this, but only 24% of first-time buyers expecting it.

The findings also show that parents under the age of 60 are less inclined to provide financial support to younger members of their family compared to parents aged over 60. This is likely to be due to the higher value of assets held by older generations.



SUPPORT ON OFFER FROM OLDER FAMILY MEMBERS

Whilst the high level of support on offer from older members of the family will be welcome news for first-time buyers, it cannot necessarily be relied on. The older generation have more cash savings, investments and property equity than the younger generations, but much of this is likely to be left as inheritance, only accessible at a future date. It may also be the case that some of their wealth will be spent on social care, reducing the value of the legacy they eventually pass on.

It is not surprising, therefore, that 68% of first-time buyers say they will be using their own accumulated savings to fund their deposit. ◆

GOVERNMENT MORTGAGE HELP AVAILABLE

There are a range of mortgage schemes available that can help you to buy a home. Each scheme is designed to suit different needs and situations. **These schemes include:**

- **Help to Buy:** The mortgage guarantee scheme
- **Help to Buy:** Equity Loan
- **Shared Ownership**
- **First Homes**
- **Right to Buy**
- **Forces Help to Buy**

>> NEED HELP TO FIND THE RIGHT MORTGAGE BASED ON WHAT'S IMPORTANT TO YOU? <<

When it comes to choosing the right first-time mortgage, we understand that everyone's circumstances are different. That's why we have made it easy to find the right mortgage based on what's important to you. To discuss your options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] https://www.bsa.org.uk/media-centre/press-releases/first-time-buyers-underestimate-the-intergeneratio

Property viewings

Essential questions to ask when looking for a new property

WHETHER YOU'RE LOOKING to buy your first home, moving home into something bigger or planning to downsize, buying a property is a major financial and emotional decision to make. And, as they say, knowledge is power. So, you'll want to make sure you're asking the right questions.

HOME VIEWING QUESTIONS CHECKLIST

It's easy to get swept up in the rush and excitement of looking for a new home. When you've found a place you like, it can be easy to get carried away. But knowing what to ask could save you from heartache later.

That's why we've pulled together this helpful checklist of essential questions to ask when viewing a property.

IS THE PROPERTY LEASEHOLD OR FREEHOLD?

Did you know there are two main types of property in the UK? They're called 'freehold' and 'leasehold', and the difference between them determines how much of the house you actually own and how much it'll cost. When you buy a freehold property, you own the property and the land it sits on. When you buy a leasehold property, you own the property but not the land.

WHAT IS INCLUDED IN THE SALE?

You'll want to know what you're getting for your money. The sale may include extras such as garden sheds and other fittings and fixtures. Are white goods or furniture included in the sale? Is the washing machine included in the sale? Are the carpets staying? You don't want to turn up on moving day to discover the previous owner has taken everything, including the light bulbs.

HOW LONG HAS THE HOME BEEN ON THE MARKET?

If the house has been up for sale for a long time, this could mean the owner is having trouble selling it. Has the property been up for sale for a while? It's worth finding out why. You might even be able to get a lower price if it hasn't managed to sell for a few months. Anything over three months could mean that the owner might accept a lower price. It's worth asking.

WHY IS THE OWNER SELLING?

It's always good to understand why the current owners are looking to sell. If they're in a rush to move on, you may even be able to haggle a lower price.

HAVE ANY OTHER OFFERS BEEN MADE OR EVEN ACCEPTED?

If someone else has made an offer, this could make things more competitive for you. Are you going to be getting into a bidding war with someone else? Knowing this can help you decide whether this house is the one for you. Your estate

"You don't want to turn up on moving day to discover the previous owner has taken everything, including the light bulbs."

agent should be able to advise on a counter-offer if you really want to buy the home.

WHEN DO THE SELLERS HAVE TO MOVE OUT?
Do they need to move out quickly? The sellers may be open to lower offers if so.

WHAT IS THE MINIMUM PRICE THE SELLER WOULD ACCEPT?
Sometimes the price you see online or in the brochure can be negotiated. Do you know if the seller is willing to think about a lower offer? If they're in a hurry to sell this could actually be a good deal for them. It's good to know from the outset whether there's any wiggle room on the price. It could end up saving you thousands in the long run.

WHAT ARE THE BILLS AND COUNCIL TAX BAND LIKE?
It's important to take your monthly expenses into account when buying a house. You'll want to know the tax band and utility bills so you can make sure you can afford the monthly costs. Water, council tax, electricity and gas are all important monthly costs on top of paying back your mortgage, so you could get a feel for how much these are by asking the seller. You can also check the home's Energy Performance Certificate (EPC). If the score is low, it means the property could cost more to heat and run. Double glazing or loft insulation could improve the rating, but these can be expensive improvements.

WHAT ARE THE NEIGHBOURS LIKE?
Noisy neighbours can spoil a perfectly good house. Are they loud, do they have a lot of parties or do they have a dog that barks a lot? This could be a bit of a nightmare if you enjoy your beauty sleep or have children, so it's one to consider. Find out as much as you can about the people who'll be living around you.

WHAT IS THE NEIGHBOURHOOD LIKE?
It's not just about the home you are looking to buy. As the cliché goes, it's also: location, location, location. What are the crime levels? What are the local schools like? If you have children or are planning on starting a family in your new home, you could ask to see if there are any suitable nurseries or schools nearby. Is there public transport close by? Are there any building developments you should know about? Is a new school, bypass or airport being built nearby? All of this plays a part in the bigger picture beyond the house itself.

HOW LONG HAVE THE OWNERS LIVED THERE?
If they've only been there for a year or two, they should be able to tell you why they want to move so soon. It could be a simple change in lifestyle,

or their family has outgrown the house. You can always ask, but it's up to them if they want to tell you. A house that changes hands constantly may suggest an underlying problem. It's good to find out how long the owners have lived in the house.

WHEN IS THE SELLER LOOKING TO MOVE?
If you're in a hurry to move home, it might not be ideal if the seller can't move out for another four months. On the other hand they may be looking to move out quickly. Do the timings work with your plans?

HOW OLD IS THE PROPERTY?
Is the property listed? Listed properties may restrict how many changes you can make to the house. It's also worth knowing that not all home insurance providers will insure listed properties. So, find this out early on.

WILL YOU NEED A PARKING PERMIT?
On-street parking can be pricey and mount up over time, so if the area has free off-street parking that can be a nice bonus, and help keep your regular costs down.

HAS ANY PLANNING PERMISSION BEEN PASSED OR APPLIED FOR?
A two-bedroom house might suit you right now, but what if you decide to extend your new home in the future? The owners will know if any planning permission has been previously refused, and why.

HOW OLD ARE THE DRAINS AND GUTTERING AND ARE THERE ANY PROBLEMS WITH DAMP?
If you are not buying a new property repair work to these kinds of issues aren't cheap. So, it's good to know about any potential issues that could arise further down the line.

HOW OLD ARE THE BOILER AND ELECTRICS?
Replacing an old boiler or electrical circuit could cost thousands, so this could impact your budget down the line. Could the property's age end up costing you more down the line? It could be worth thinking about. ◆

>> WANT TO TALK TO US ABOUT COMPARING MORTGAGE DEALS? <<
Are you looking to open the door to your new home? We'll help you find a mortgage that's right for you and guide you through the process. To discuss your options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Green home movement

New-build buyers saving up to 52% on energy costs

CLIMATE CHANGE AND the cost of living are making energy efficiency a priority for many new-build buyers, but some people underestimate how much money they could save with a greener home. The new homes market and the private rented sector are the big focus areas for policymakers at present.

Rising energy costs and greater awareness of climate change are starting to have greater influence on home-buying decisions. The energy efficiency and lower running costs of new homes are recognised attractions for would-be buyers compared to those looking for a home in the resale market.

PRIORITISING ENERGY EFFICIENCY

New research shows that the cost of living and climate change are creating new priorities for home buyers[1]. This is particularly the case for new-build buyers, who are prioritising energy efficiency in their buying decision.

“Rising energy costs and greater awareness of climate change are starting to have greater influence on home-buying decisions.”

And while new-build buyers are driving the green home movement, almost half of buyers of older homes still see energy efficiency as important.

ATTRACTION FOR BUYERS

Energy efficiency is now a high priority for those who bought or intend to buy a new-build home. More than two-thirds of new-build buyers (69%) said EPC ratings were either extremely or very important to them.

The energy efficiency of new-builds is a growing attraction for buyers. More than 80% of new-builds have an energy efficiency rating of A or B, compared to just 3% of older homes.

LOWER RUNNING COSTS

The research showed, using the government’s EPC data, a significant amount could be saved by moving to a home with a higher EPC rating. New-builds offer up to 52% lower running costs over a year compared to a similar-sized older property.

The average carbon output of a new home also comes in at under a third of that from an older home (1.4 tonnes vs 3.8 tonnes per year).

NEW-BUILD HOME

Other research has found similar energy savings for new-build owners. New-build owners save an average of £629 a year on energy bills, according to the Home Builders Federation.

But lots of people don’t realise how much they could save by moving to a new-build home. When asked to estimate how much money a new-build could save them on energy bills over a year, six in ten respondents thought it would be less than 52%.

ENVIRONMENTAL IMPACT

And a third of people thought you’d only save 20% on energy bills in a new-build compared to a similar older home.

New-build buyers are also conscious of the environmental impact of building a new home. Three quarters (74%) of new home buyers said it was important that their home is built with minimal impact on the environment.

REDUCING EMISSIONS

This is just the start of decarbonising the housing market and reducing emissions from UK homes. The introduction of new government regulations has seen an increase in the energy efficiency requirements of new homes.

The Future Homes and Buildings Standard ensures that new homes built from 2025 will produce between 75% to 80% less carbon emissions than those delivered under current regulations. This will mean considerable energy savings for homeowners.

RUNNING COSTS

While buyers of older homes are less concerned about the energy efficiency of their home at the moment, two in five (41%) still said it's important to them. Rising energy costs will only serve to increase the importance of energy efficiency and running costs of homes as part of home moving decisions.

The research highlights the crucial role that residential developers play in not only making UK housing more sustainable and energy efficient overall, but also meeting the demand of an increasingly eco-savvy public who want to cut down their energy bills and live in more sustainable homes. ◆

Source data:

[1] Zoopla surveyed 2,615 people between 28 February 2022 and 10 March 2022. Respondents had either bought a home in the last 18 months or intend to buy one over the next 18 months.

ROGUE TRADERS

Keeping you and your home safe

IF YOU'RE PLANNING on having any work done around your home, it's important to be aware of the risks of rogue traders. These are people who cold call householders, offering their services at a discount, but who often do a poor job or overcharge for their work.

There are a few simple things you can do to protect yourself from rogue traders:

WHAT ARE ROGUE TRADER OR DOORSTEP SCAMS?

You're at home one day when you hear a knock at the door. A supposed tradesperson, often a roofer, driveway builder or gardener, is there. They say they're working in your area.

“You shouldn’t feel rushed into having work done on your home by someone on your doorstep.”

They’ve noticed some urgent work that needs to be done on your home and they’ve kindly come round to offer their services. For a cash fee. Or perhaps there’s a small job they wouldn’t mind patching up for you for a surprisingly low cash-in-hand price.

You don’t want to let this opportunity pass. And you’re worried about the damage to your property if you let this issue continue. So, you agree to their price given the urgency of the situation.

The scammer may trick you into paying in full upfront, before they've even started work. They may find 'additional problems' after starting work, which need extra cash immediately. Or they may get you to pay some of the quote but then never return to finish the job or make good.

WARNING SIGNS OF A ROGUE TRADER

THEY REFUSE TO GIVE YOU A WRITTEN QUOTE
Without a paper trail or written quote, it's hard for you to look into their company, compare prices or contact them if things start to go wrong. Always aim to get at least three itemised quotes for any work you need doing, and make sure you understand exactly what is included in each quote.

THEY PRESSURE YOU INTO AN URGENT DECISION
You shouldn't feel rushed into having work done on your home by someone on your doorstep. Calmly explain that you cannot commit or pay now and want to get other quotes. A reputable trader will understand. If the work is needed, take the time to ask different tradespeople questions about why it's needed and why they're recommending particular materials. Ask friends, family and neighbours for advice too. They may have had similar work done or know a good tradesperson.

THEY DON'T HAVE A WEBSITE OR ANY ONLINE PRESENCE
Not all tradespeople will be on social media or independent comparison websites. But these are good places to check for reviews and examples of their work. It's always worth doing a quick search for them online to read other people's experiences.

THEY SAY THEY'RE DOING SOME WORK LOCALLY, BUT YOU CANNOT GO ROUND AND SEE THEIR WORK
With home improvements, it can be useful to see a tradesperson's previous work and speak to their past customers. What were they like to work with? Were they respectful of the property? Was the quote accurate? This won't always be possible.

But if they're doing work locally and happened to notice something on your home, it's a warning sign if you cannot go to their other, local site.

THEY TELL YOU TO GO TO YOUR BRANCH AND TAKE OUT CASH WHILE THEY SET UP
You should never pay upfront for work on your property. A small, nominal deposit following an exchange of a written quote or other paperwork can be okay. But the full price should only be paid on completion. ◆

>> LOOKING FOR A HOME IMPROVEMENT REMORTGAGE? <<
From raising the value of your property to giving your family more space, there are lots of reasons to renovate. You could have a new bathroom in your plans, or may want to create the kitchen of your dreams. To discuss your home improvement remortgage options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

DECOMPRESS AND RECALIBRATE

New garden trends to modernise our outdoor space this summer

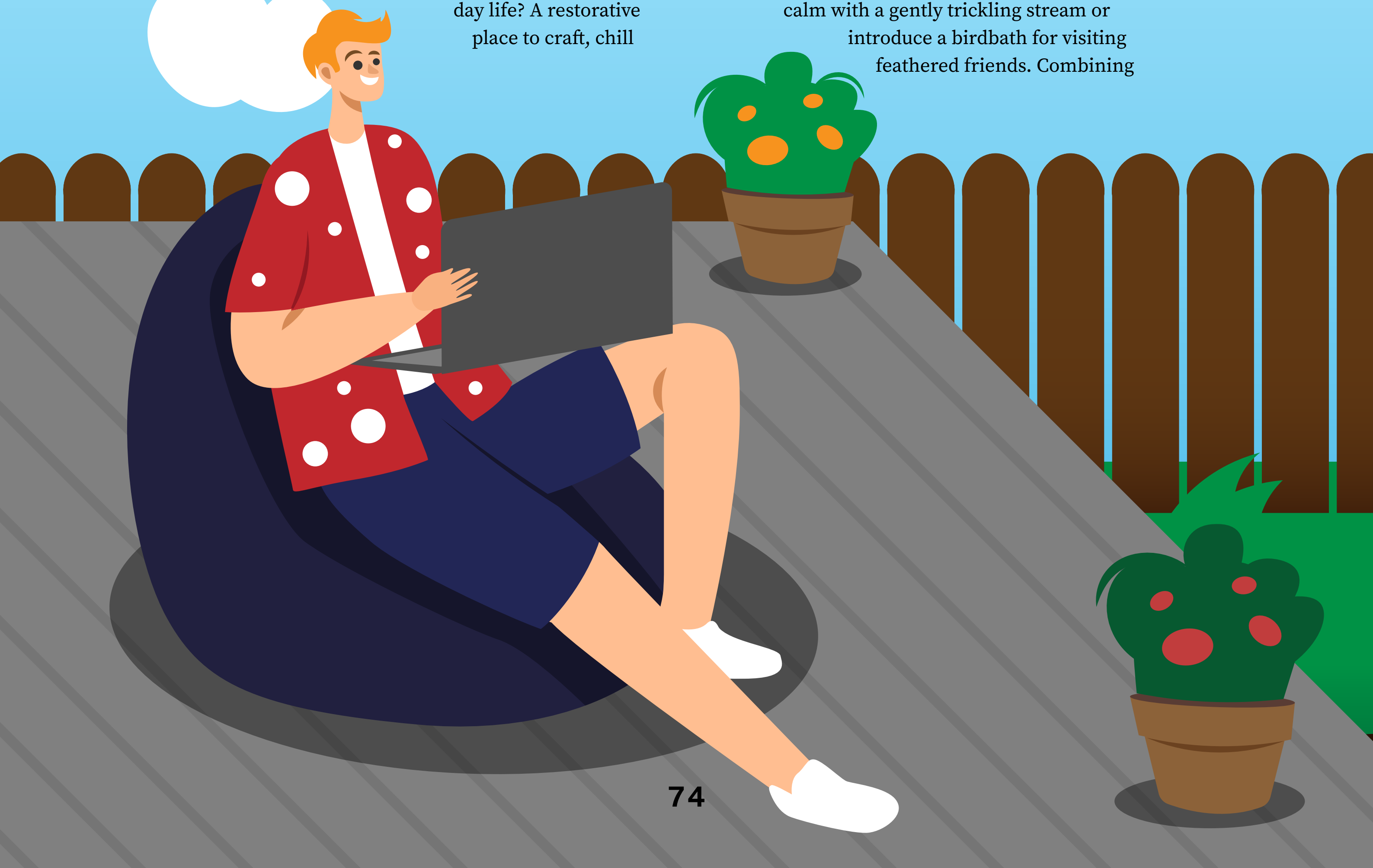
OUTDOOR GARDEN SPACES are a great way to enjoy the summer weather, the season of outdoor living and al fresco dining. Each summer season brings the promise of exciting new garden trends to modernise our outdoor space and there are big predictions for how we're going to style, design and use our gardens.

Emotions for many are still continuing to run high in 2022. So it doesn't take a genius to predict we all need a place to decompress and recalibrate. How about a purpose-built garden room designed specifically and exclusively for recovering from day-to-day life? A restorative place to craft, chill or even rage when adulting gets too much – sounds good, eh?

WELLBEING FOCUS

Create an at-home wellness sanctuary for meditation. Soft cream meditation cushions and mats will instantly instil calm. Bean bags make a great alternative to mats and cushions while keeping the chilled vibe. You can also add a sound bath and lots of natural light to create a sun-filled safe space for your mind to de-stress and your soul to sing, 'Om!'

Continuing the wellbeing focus for gardens, water features are making a comeback. Create an oasis of calm with a gently trickling stream or introduce a birdbath for visiting feathered friends. Combining



the water trend with the interior look for 2022 being dubbed 'Greek Chic' will create a Mediterranean garden getaway with a nod to ancient aesthetics.

LIVING SPACE

With the rise of UK staycations, the focus has turned to luxuries you would usually go away on holiday to enjoy being brought into gardens at home. Pools, and more particularly natural swimming ponds, are top of the list of these luxuries.

Interior elements are getting more and more popular in gardens from TVs and sound systems to built-in outdoor kitchens and fireplaces. Setting up a garden room to extend your living space provides a place to get cosy while enjoying the fresh air.

CURVACEOUS GARDEN

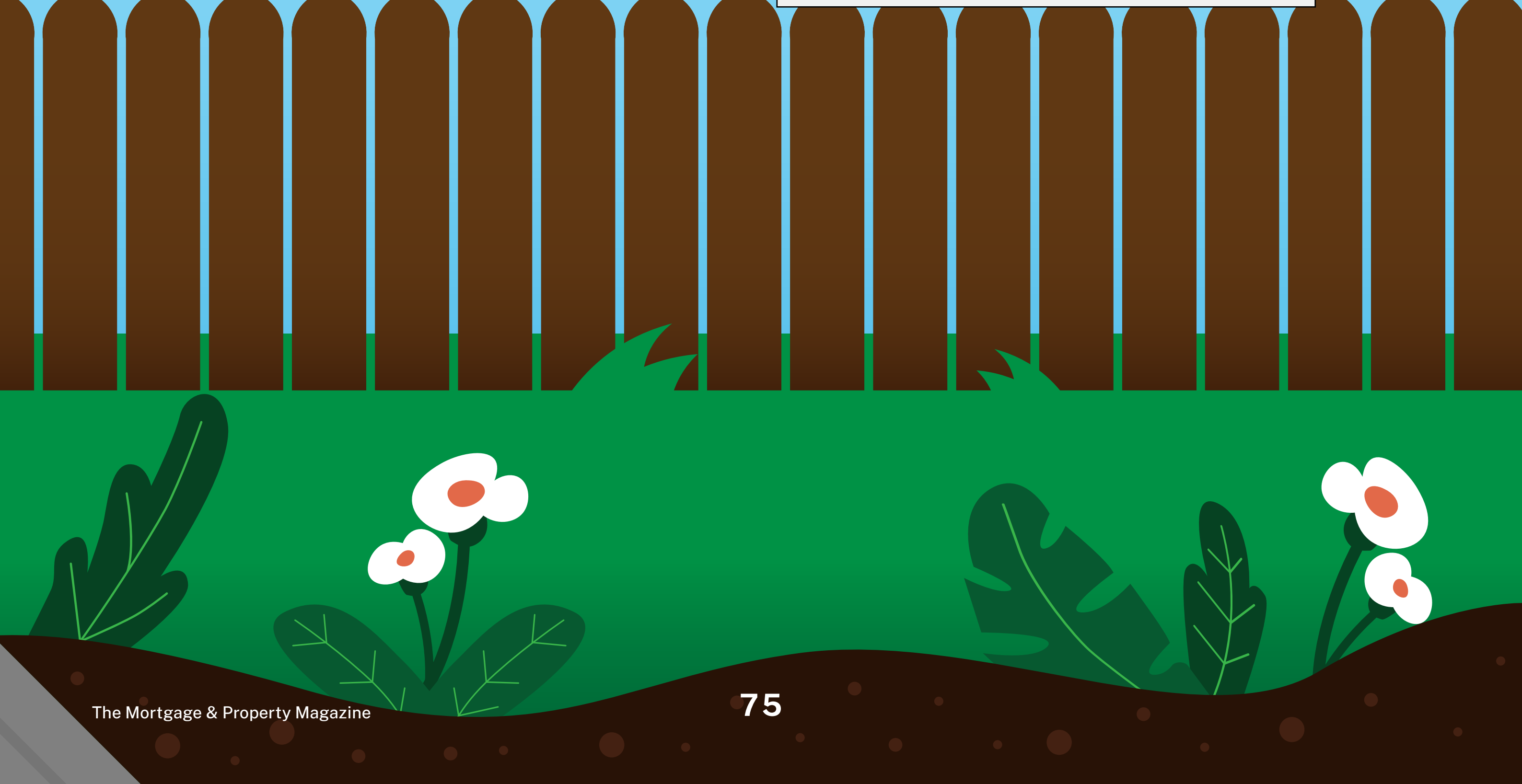
Curves are having a moment in 2022 and garden design is already waking up to their appeal. Hard landscaping is becoming softer around the edges to create greater flow and harmony. Erecting a garden arch or painting an arch on a wall are easy ways to jump on this trend. Curvaceous garden furniture and structure also instil calm and comfily cocoon to make a space feel more hospitable.

Also, why not start to see your garden in a different light! Gardens after dark certainly capture the imagination. Many summer gardens this season are going to be filled with celestial celebrations. Could your outdoor space hold host to full moon parties or twilight gatherings?

STAR-LIT SOIREES

Outdoor cinema and DIY bars help create a great atmosphere for friends and family to gather in the open air. Transform a garden building into a night-time venue with a few decorations and cosy accessories. Depending on how committed you are to starlit soirees, you could ramp up the drama by planting dark foliage as a backdrop.

Finally, with travel still somewhat curtailed and office time being cut for many, as we're spending more time in our gardens this summer season people are also investing in smart outdoor kitchens and top-notch garden furniture, as well as hot tubs and garden buildings to entertain family and friends in. Nothing beats a warm summer evening and a refreshing drink, plus a good BBQ too. Enjoy. ◆



Finding the perfect family home

Separate what you can't live without from what is a 'nice to have'

“Location is important, as you will want to be close to schools, parks and other amenities that your family may need or want. A home’s location can impact everything from its resale value to your quality of life.”

WHEN YOU ARE looking to buy a family home, it can be tricky because you may not know exactly what to consider when viewing properties for sale. And although finding the perfect family home can be a challenge, there are some considerations that can help make the process a little easier.

But before you spend hours looking at properties, separate what you can’t live without from what is a ‘nice to have’. Not only will this save you time but will ensure you are not ruling out too many properties by being too selective.

LOCATION, LOCATION

First, it is important to have a realistic budget in mind and be aware of the different types of homes available and to consider what type of home would best suit your family’s needs.

Location is important, as you will want to be close to schools, parks and other amenities that your family may need or want. A home’s location can impact everything from its resale value to your quality of life.

PROXIMITY TO SCHOOLS

The proximity to schools will be important if you have school-aged children, so make sure to consider the proximity of the home to their school. A long commute can be stressful and time-consuming, so ideally it is worth considering homes that are located close to schools.

Another important consideration is the proximity of the home to amenities like shops, restaurants and parks. Having these amenities nearby can make your day-to-day life more convenient and enjoyable.

SIZE MATTERS

If you are looking for a quiet and peaceful home, don’t forget to consider the noise levels in the area. Things like traffic, construction and loud neighbours can all make it difficult to get a good night’s sleep or enjoy some peace and quiet.

The size of the home is also important, as you will want to make sure that there is enough space for your family to comfortably live and grow. You should take into consideration the number of bedrooms and bathrooms, as well as the square footage of the overall property. It is important to be realistic about your needs, so that you can find a home that will work for you both now and in the future.

SPACE INVADERS

Think about how your family will use the space. If you have young children, you may want to choose a home with a garden so they can play safely outside. If you entertain often, you may want a larger living room or kitchen.

If you have a lot of hobbies, you may need extra storage space. Keep in mind that your needs may change over time, so it is important to choose a home that can accommodate these changes. Ultimately, the decision comes down to your personal preferences and needs.

HOME CONDITION

Additionally, the condition of the home is important, as you will want to make sure that any repairs or updates that need to be made are within your budget. If there are significant problems with the property, you may want to consider negotiating the price down or walking away from the deal altogether.

It’s also important to keep in mind that even if a home is in good condition, there may still be some necessary repairs or updates that need to be made. Before making an offer on a home, be sure to have a realistic idea of what those costs could be so that you don’t end up overpaying. This will help you avoid any unexpected costs down the road.

CRIME RATES

Finally, you will also want to make sure that the home is in a good neighbourhood so that you can feel safe and secure living there. Research the crime rates in the area before making an offer on a property.

One of the most obvious ways is to simply ask the local police force for their most recent crime statistics. This will give you a good overview of what kinds of crimes have been reported in the area recently, and how often they occur. Visit the Crime Map website to view the latest reported crimes: https://www.ourwatch.org.uk/crime-prevention/crime-prevention/crime-map. No one wants to live in a neighbourhood that is unsafe, so this is an important factor to consider. ◆

BUYING A NEW-BUILD HOME

Flexible and adaptable spaces to accommodate the demands of everyday life

WHETHER YOU ARE a first-time buyer, or looking to upsize or downsize, there are a number of reasons to consider buying a new-build home. As the need for flexible and adaptable spaces that can accommodate the demands of everyday life continues, new-build properties have a number of attractions.

From the ability to put your own stamp on the property with your bespoke design choices, to greater energy efficiency and carefully selected locations, there is a wide range of reasons to consider buying a new-build property.

Here are some of the main reasons to consider buying a new-build home:

EVERYTHING IS NEW

A new-build house is exactly that, brand new – it's a blank canvas ready for you to make your mark. No one has lived there previously so there's no wear and tear to deal with when you move in. Also, no one has put their stamp on it. A drawback of buying a second-hand home is the fact that many people may have lived in it over the years.

Each will have changed it slightly to suit them, as well as making improvements and repairs. In some cases, people won't have maintained the property correctly, meaning you can inherit some nasty surprises in the form of costly renovation. The real benefit of a new-build house is that you aren't having to undo someone else's work or living style.

DESIGNS AND STYLES

New-build homes come in all shapes and sizes, from small studio flats to grand five-bedroom houses and there are countless designs and styles to choose from – something for everyone. Subject to the stage of construction, some builders offer a bespoke service enabling you to choose fixtures and fittings, or a higher specification from the builder's range at an additional cost.

In some cases this will include flooring, soft furnishings, interior design or even a garden landscaping service. From the onset, you can enjoy living in a low-maintenance new home without the need to spend time and money on decorating.

PROPERTY SPECIFICATIONS

A new-build home is built to modern standards and specifications, meaning that you can enjoy all the latest features and amenities. It means you are buying a property that is built to a much higher specification than many older properties. The amount of 'as standard' features included in new-build homes has also greatly increased.

New-build homes come with fitted kitchens, including a cooker and hob, fridge/freezer, washing machine and dishwasher, plus many have a fitted en-suite bathroom or shower room. Designed to comply with the very latest building regulations set by the government, new homes are also kitted out with the latest heating systems, excellent wall and loft insulation, and double-glazed windows and doors.

ENJOY PEACE OF MIND

Buying a new-build home eliminates the need to do any renovations, repairs or DIY, meaning you can spend more time with family and friends, doing all the things you really enjoy. Buying a house is probably the largest investment you'll ever make, so choosing a new home built by a registered builder is a wise decision.

The majority of new homes come with an insurance-backed ten-year NHBC or Zurich warranty, providing peace of mind which those buying a secondhand property are unlikely to have if it's over ten years old.

BETTER FOR THE ENVIRONMENT

Rising gas and electricity prices, and concerns about the environment, have prompted many house buyers to take more interest in the energy efficiency of their prospective new homes. A new-build property is built to be more energy efficient and can help you save money on energy bills as well as helping the environment.

House builders are incorporating environmental features and energy-efficient technologies to ensure they conform to at least Level 3 of the Code for Sustainable Homes.This is an environmental assessment method for rating and certifying the performance of new homes. It is a government-owned national standard intended to encourage continuous improvement in sustainable home building.

LESS STRESS AND HASSLE

Buying a new-build can be easier in that you can view the property without any sellers. You can move into your new home as soon as it is complete – there is no need to wait for existing residents to vacate. This reduces the chain, which can be one of the most stressful parts of the process associated with buying a secondhand property.

When you've put in an offer, you also don't have the risk of being gazumped or a seller pulling out. Having no chain gives you more ability to negotiate on moving in when you want to without the pressure of having to tie in with the people selling. ◆

>> WHAT TYPE OF MORTGAGE ARE YOU LOOKING FOR? <<

If you are looking to purchase a new home, whether as a first-time buyer, needing a larger home for a growing family or downsizing, a new-build home could be just what you are looking for. To find out more about your mortgage options, please speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

LANDLORDS BACK BUY-TO-LET FOR RETIREMENT INCOME

Investing in UK property with the intention of it forming part of your pension pot

STRONG HOUSE PRICE growth in recent years has led many people to declare their property is their pension and this can be shown in the huge number of landlords who are looking to use their property portfolio as their retirement income.

Some may find pensions to be inflexible – money invested cannot be touched until at least the age of 55 (57 in 2028), but it is also important to remember that contributions benefit from tax relief and investment strategies are well diversified over geographies and sectors.

POPULAR ASSET CLASS

A new government report[1] has revealed that the majority of the UK's landlords choose to invest in UK property with the intention of it forming part of their pension pot. Ongoing price rises, even during slower times, have made it a popular asset class among investors who want to cash in on capital gains later in life.

This is alongside the money earned through rental income if an owner decides to invest in UK property in order to let it out to tenants, or as a short-term or holiday let.

LONG-TERM INVESTMENT

The latest English Private Landlord Survey, commissioned by the Department for Levelling Up, Housing and Communities, has found that this trend is still dominant among investors. More than half (54%) see their properties as 'a long-term investment to contribute to their pension'.

When looking specifically at buy-to-let landlords who invest in UK property, this rises to 58% who intend to keep their property or properties until retirement age. Bricks and mortar in the UK has performed well as an asset class across almost every area of the UK in recent years, even throughout the COVID-19 pandemic.

"While 'flipping' property – where you buy at a discount, potentially refurbish and then resell shortly afterwards – can often turn a profit, this method of investment is much higher risk."

ACCIDENTAL LANDLORDS

The largest proportion of individual landlords (43%) own just one rental property, says the report. Many of these could be made up of 'accidental landlords' – those who inherit a property, or are in a position to keep one when they move house and end up renting it out. This represents around 20% of tenancies.

Almost a fifth (18%) of landlords own five or more properties, which makes up 48% of tenancies. It is likely these landlords invest in UK property to make up all or most of their income.

CAPITAL APPRECIATION

While 'flipping' property – where you buy at a discount, potentially refurbish and then resell shortly afterwards – can often turn a profit, this method of investment is much higher risk. It often also doesn't benefit from the natural capital appreciation that takes place over time.

Those who invest in UK property for a long-term investment often see the greatest gains over time. There are also a number of costs involved when buying and selling, such as stamp duty and legal fees, that cut into the profit with each transaction

POSITIVE STRATEGY

Some investors plan to keep their buy-to-lets to provide an ongoing income from the rent during retirement which can be a positive strategy for many, but there are things to bear in mind.

If you plan to be a landlord into your retirement, then you will need to factor in the work being a landlord entails and if you aren't able to do it then you will need to pay someone who can. It is important to take a long-term view of these costs when deciding to take the leap into becoming a landlord. ◆

>> LOOKING FOR A BUY-TO-LET? OR ARE YOU AN EXISTING CLIENT AND WANT TO SWITCH TO A NEW DEAL OR BORROW MORE? <<

Whether you're thinking about buying to let or expanding your property portfolio, to discuss your options contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1078643/EPLS_Headline_Report_2021.pdf

Generation Rent

Tension and disagreements between tenants and landlords

AS THE RISE OF 'Generation Rent' occurs across the UK, the Private Rented Sector (PRS) has experienced incredible growth, thanks primarily to more young people choosing rented accommodation over home ownership. PRS developments have also increased in popularity, as investors look to benefit from rising popularity values and rental yields.

For landlords, renting out a property can be a lucrative way to earn extra income. But due to common landlord/tenant disputes, tension can also be created and issues arise. There are a number of key issues that often lead to tension and disagreements between tenants and landlords and the main causes have been uncovered in new research[1].

LIVING SITUATION

The findings identified six in ten tenants feel that renting a property negatively impacts their mental health, with 62% saying they feel either stressed or anxious because of their living situation.

The top issue facing renters that contributes to stress and anxiety is repairs to a property not being carried out, with a third (33%) citing this as a reason for their worries. Renters' stress could be justified, as only a quarter of renters say requested repairs have been carried out to their satisfaction, while almost one in ten (9%) say repairs haven't been made at all.

INCREASING RENT

Other worries raised by renters include concerns over their landlord increasing rent during the tenancy (27%) and feeling worried about receiving notice to end a tenancy or facing eviction (19%).

However, the research suggests renters aren't the only side feeling the strain. Almost half (45%) of landlords surveyed have had rent payment issues, while nearly a fifth (18%) have experienced aggression from tenants.

Along with issues experienced during tenancies, the research suggests the tension doesn't stop when the tenancy ends, with 42% of renters revealing they have experienced a dispute with their landlord or agent about their deposit when they moved out of the rental property.

PREVIOUS TENANTS

On the other side, one in three (30%) landlords reported having to redecorate a property when tenants have moved out, with 28% saying they have been left with damage to the property. Perhaps unsurprisingly, 21% of landlords say they were not in a position to return all the deposit.

On average, landlords reported spending £1,770 in addition to the rental deposit on reasonable repairs to damage caused by previous tenants, with almost a quarter (23%) of landlords needing to withhold all the deposit for the same reason. A fifth of landlords (17%) were faced with the stress of tenants refusing to leave when the rental contract ended. ◆

Source data:
[1] Research carried out by Atomik Research on behalf of Admiral Insurance April 2022

"The top issue facing renters that contributes to stress and anxiety is repairs to a property not being carried out, with a third (33%) citing this as a reason for their worries."

>> LOOKING FOR A BUY-TO-LET MORTGAGE THAT WORKS FOR YOU? <<
Whether you're starting out or expanding your property portfolio, we can explain your mortgage options to suit your requirements. For more information, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Long-term rental sector

Landlords still positive following recent and proposed legislative and tax changes

THE GOVERNMENT PUBLISHED its long-awaited rental reform white paper on 16 June 2022, which included measures to encourage pet ownership and scrap Section 21 evictions.

Buy-to-let landlords across the country are getting their heads around recent and proposed legislative and tax changes, but many are still positive about finding attractive returns in the long-term rental sector. However, the picture is still somewhat mixed over whether buy-to-let landlords are staying or leaving the sector right now.

PROPERTY INVESTMENT

Research looking at the mortgage market has revealed that the number of buy-to-let mortgages issued in the year to February reached 275,600 – the highest figure since 2016[1].

New mortgages taken out by buy-to-let landlords – either those new to the property investment world or those buying additional properties – was up to 110,000. This compares to just 75,800 taken out in the 12 months to February 2020, according to the research.

RAISED RENTS

But more than a third of landlords have considered selling rental properties due to the loss of the buy-to-let mortgage interest tax relief, while one in four have raised rents[2].

Landlords could previously deduct mortgage expenses from their rental income in order to help reduce their tax bill. However, this started to be phased out in 2017 before being stopped in April 2020.

RENTAL PROPERTIES

Now landlords receive a tax credit, based on 20% of their mortgage interest payments, which is less generous for higher rate taxpayers, who previously received 40% tax relief on mortgage payments.

The findings reveal that 37% of landlords have considered selling rental properties as a result of the recent changes. Nearly eight in ten landlords (77%) feel the changes unfairly punish them, with the same percentage (77%) saying there should

be more support for landlords, especially post-pandemic, leading to many considering selling their properties.

LEGISLATIVE CHANGES

More than a quarter (26%) of landlords with larger portfolios (20 plus properties) have reduced their portfolios to reduce the tax impact, compared to 13% of those with between two to five properties.

Over half (55%) of those landlords planning to sell up identified recent legislative changes, followed by forthcoming legislative alterations, such as the scrapping of Section 21 (the first step a landlord currently has to take to make a tenant leave their property).

TAX CHANGES

The changes, however, may also be forcing up costs for some tenants, with one in four landlords (25%) having raised rents to cover the increased tax burden. This figure jumps considerably to 58% for landlords with 20 or more properties on their books.

In recent years, there have been numerous regulatory and tax changes for landlords to deal with. The loss of the mortgage interest tax relief and other legislative changes are causing some to question whether to leave the sector altogether by selling some or even all of their properties in order to help reduce their tax burden. Rental increases are also a reality, with one in four landlords recouping losses from tenants, many of whom will be struggling with the rising cost of living.

RENTAL INCOME

The survey also reveals that the average total gross rental income is £17,200, which is up on the £15,000 calculated in 2018. More than half (56%) of landlords have a rental income of less than £20,000 and 29% bring in between £20,000 and £49,999. Landlords earning more than £50,000 from their portfolio account for 15% of the survey participants.

The government estimates that, on average, landlords earn 47% of their total income from property – an increase on the 42% recorded in 2018. ◆

>> GETTING READY TO MAKE YOUR NEXT BUY-TO-LET MOVE? <<
It's a complex time to be a landlord. We can help you get your head around the rules when investing in buy-to-let property, managing your portfolio and looking to raise mortgage finance. For more information, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] https://www.knightfrank.com/wealthreport/
[2] Research conducted by BVA BDRC with 796 UK landlords between 5–21 December 2021

How to increase your rental yields

What are the most effective strategies landlords need to consider?

WHETHER YOU ARE thinking about making your first buy-to-let investment, or you are an experienced portfolio landlord, there is lot that you need to consider when you let out a property.

As with any investment, it's important to understand how to maximise your returns and the rental yield is one of the key metrics that landlords should focus on.

WHAT IS RENTAL YIELD?

Rental yield is a measure of the annual return on investment from renting out a property. It's calculated by taking the annual rental income and dividing it by the purchase price (or value) of the property.

For example, if you bought a property for £100,000 and it achieved rental income of £5,000 per year, the gross rental yield would be 5%.

WHY IS RENTAL YIELD IMPORTANT?

Rental yield is an important metric for landlords as it allows you to compare the return on investment from different properties. A higher yielding property will generate more income relative to its purchase price and, therefore, may be a better investment.

HOW TO CALCULATE RENTAL YIELD

There are two main types of rental yield: gross yield and net yield.

Gross yield is the simplest way of calculating rental yield. It's simply the annual rental income divided by the purchase price (or value) of the property.

As we saw in the example above, if you bought a property for £100,000 and it achieved rental income of £5,000 per year, the gross rental yield would be 5%.

Net rental yield is calculated using the price of the property, the income generated by the property and the associated costs and fees of owning a property.

To calculate net yield, you simply deduct all of these costs from the annual rental income and then divide by the purchase price (or value) of the property.

For example, if your annual rental income was £5,000 and your total annual costs were £1,500, the net rental yield would be 3%.

HERE ARE OUR TOP 5 TIPS FOR BOOSTING YOUR RENTAL YIELD

There are a number of things that you can do as a landlord to boost your rental yields. Here are some of the most effective strategies:

1. REVIEW YOUR MORTGAGE DEAL

It's important to make sure that you're on the best possible mortgage deal. Even a small difference in the interest rate can make a big difference to your bottom line, save you money on monthly repayments and free-up equity for further investments.

2. INCREASE RENT GRADUALLY

Another effective way to boost your rental yields is to increase rent gradually over time. By doing this, you can keep your property competitively priced relative to other properties in the market, while still achieving healthy rental growth.

3. ADD VALUE TO YOUR PROPERTY

Investing in improvements and upgrades to your property can also help to boost your rental yields. By adding value to your property, you'll be able to charge more rent and achieve a higher return on investment.

Some simple and cost-effective ways to add value to your property include:

Decorating and redecorating – A fresh coat of paint can make a big difference to the appearance of a property and it's relatively inexpensive to do.

Upgrading fixtures and fittings – Replacing old and outdated fixtures and fittings can also help to improve the appearance of a property.

Adding storage – Adding additional storage space, such as built-in wardrobes or loft conversions, can be a big selling point for tenants and can help to increase rental values.

> “Gross yield is the simplest way of calculating rental yield. It’s simply the annual rental income divided by the purchase price (or value) of the property.”

4. REVIEW YOUR INSURANCE POLICY

Another cost that can eat into your rental income is insurance. It’s important to make sure that you’re adequately covered against risks, such as fire, theft and damage from tenants, but you don’t want to overspend on unnecessary cover.

Review your current policy and make sure that you’re getting the best possible deal. You may also want to consider taking out landlord insurance, which can offer additional protection.

5. BE EFFICIENT WITH YOUR COSTS

There are a number of other costs associated with being a landlord, such as maintenance and repair costs, marketing expenses, etc. It’s important to be as efficient as possible with these costs in order to maximise your rental income.

For example, rather than carrying out all repairs and maintenance yourself, you may want to consider using a property management company. This can help to save you time and money in the long run.

By following our tips, you could boost your rental yields and achieve a higher return on investment from your buy-to-let property portfolio. ◆

>> WANT TO FIND A BUY-TO-LET MORTGAGE THAT SUITS YOU? <<
From securing your first tenant to growing your property portfolio, we can support you through the process. To find out more about your buy-to-let mortgage options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

RISING COST OF LIVING

New research highlights landlords' dilemma

"Regionally, landlords in East Midlands (74%), Wales (70%) and Yorkshire and The Humber (62%) appear to be most concerned about the ability of their tenants to pay the monthly rent."

SOME LANDLORDS ARE facing a real dilemma at the moment in dealing with the continued rising cost of living. There is a need to ensure they can cover the increasing costs associated with their properties and ensure they are following the market.

New research has highlighted rising cost of living costs and interest rates are causing concern among landlords, as they face a decision: do they raise rents or support their tenants, which would have a financial impact on their own rental incomes?[1].

UNDER PRESSURE

Around three quarters (74%) of landlords say they feel a responsibility to support their tenants during times of financial hardship and, with the cost of living continuing to rise, more than four in ten (44%) have financially supported their tenants during the last 12 months, such as reducing or pausing rent.

The research shows that landlords could cope with reducing their rents by an average of 7.6% before coming under pressure – equating to around £50 per property a month based on a typical landlord's rental income[2].

FINANCIAL CHALLENGES

While many are able to reduce rent, close to half (45%) of all landlords say any reduction would harm them financially. Around four in ten (38%) said they intend to keep rents the same for the next year despite the financial challenges, while more than half (55%) say they need to increase rents over the next 12 months. One in four (25%) plan to raise the rent on all their properties.

Landlords with larger portfolios are more likely to increase rent on at least some of their properties, the poll highlights. Three quarters (75%) of those who own more than ten properties aim to increase their rents over the next 12 months, compared to just 44% of landlords owning between one and three properties.

RENTAL PROPERTIES

In fact, 46% of those landlords with a small portfolio plan to keep rents the same. Across the regions, landlords in Yorkshire and The Humber (68%), Outer London (65%), the North West (63%) and Wales (63%) are most likely to increase rents on some or all of their properties over the next 12 months.

Those landlords using their rental properties to offset their mortgages are also more likely to raise rents, with nearly two-thirds (63%) planning an increase compared to just 44% of unleveraged landlords.

RETIRED PEOPLE

Despite the plan to increase rents, well over half (57%) of landlords are concerned about whether their tenants can maintain their rental payments, with more than one in ten (13%) admitting they are very concerned. This increases to nearly three quarters (74%) of landlords who let to claimants of Local Housing Allowance and 71% of landlords who let to retired people.

Regionally, landlords in East Midlands (74%), Wales (70%) and Yorkshire and The Humber (62%) appear to be most concerned about the ability of their tenants to pay the monthly rent. However, perhaps unsurprisingly, only around a third (32%) of landlords in Central London are worried about receiving their rent.

REDUCE RENTS

In terms of the support offered to tenants by 44% of landlords, temporary rent reductions and rental payment holidays are the most common options. Support provided includes: temporary rent reduction (22%), rental payment holiday (15%) and permanent rent reduction (4%).

Landlords with smaller portfolios are able to reduce rents by a slightly higher amount. Compared to the average of 7.6% for all landlord types, those with one property can reduce by an average of 8.7%, while those with two or three properties are able to reduce rents by 9.3%.

LETTINGS ACTIVITY

Of those who could reduce rents, nearly half (47%) of them say they could sustain it for six months or more, while 42% say they could keep the reduction going for between three and six months.

Those landlords making a full-time living from their lettings activity (60%) and those who are retired (51%) are significantly more likely to say they could sustain the rent reduction for more than six months. ◆

Source data:
[1] Research conducted by BVA Group/BDRC with 729 UK landlords between January and March 2022.
[2] Source: BVA BDRC's Core Landlords Panel tracker. Mean annual per property gross rental income: £7,625.

FIRST IMPRESSIONS COUNT

How to attract the most desirable tenants

"To take advantage of the financial opportunities that the renting generation brings, landlords are now realising the importance of marketing their rental properties in the right way to attract the most desirable tenants."

WHEN IT COMES to renting a property, there are certain things that tenants will always look for. As the rental market continues to grow in the UK, landlords are now facing increasing amounts of competition as they try to rent out their properties in a saturated market.

To take advantage of the financial opportunities that the renting generation brings, landlords are now realising the importance of marketing their rental properties in the right way to attract the most desirable tenants.

GO A LITTLE BIT FURTHER TO MAKE THE RIGHT IMPRESSION

You need to consider what type of tenant you want to attract and go a little bit further to make the right impression.

Whilst priorities might change dependant on whether you're renting to long or short term tenants, these are some important factors that tenants consider when searching for rental properties.

5 TOP TIPS FOR ATTRACTING TENANTS

1. LOCATION, LOCATION, LOCATION

It's one of the most important things for any tenant. After all, nobody wants to live in an inconvenient or dangerous neighbourhood. If you're looking to start or add to your existing property portfolio, ask yourself whether you'd be happy to live in your rental property? Don't forget tenants will be looking for a property that is conveniently located near amenities like shops, gyms, restaurants and public transport.

Commuter-belt locations tend to attract professional tenants and they could be put off if they need to travel for hours throughout their week just to go to work, keep fit and stock up on groceries. For drivers, having a parking space may be important. Giving tenants access to a parking space or garage will be a bonus.

2. GOOD MAINTENANCE CONDITION

Make sure your property is in good condition. This means repairing any damage and keeping the property clean and tidy. Tenants will be put off by a property that is in disrepair or dirty. This may seem like an obvious one, but making sure your property is clean and well-maintained will go a long way in making it more appealing to tenants. If there is any damage in your property, make sure to repair it before putting it on the market.

A fresh coat of paint can do wonders for making a property more inviting. Choose neutral colours that will appeal to a wide range of tenants. If your property is starting to look dated, consider updating some of the fixtures and fittings. This could include things like replacing old light fixtures or installing new appliances. Staging your property can make it more appealing to potential tenants. This involves arranging furniture in a way that makes the space seem more inviting and welcoming.

3. LOW MAINTENANCE GARDEN

Many tenants enjoy having their own outdoor space, whether that be a garden, patio or balcony. Updating and improving this space can attract more prospective tenants. This shows tenants that the landlord cares about the property and is willing to make changes. A low-maintenance garden can be achieved by having minimal plants and grass, and instead opting for hardscaping features such as concrete or stone paving.

If you do choose plants make sure they are easy to care for and don't require regular pruning or watering. Also, use hardwearing materials such as decking or paving for your patio or path. And, consider using artificial grass which requires no mowing and very little watering. By following these tips, you can create a low-maintenance garden that will be attractive to potential tenants and save you time and money in the long run.

4. AMPLE STORAGE SPACE

Most people need a certain amount of space to feel comfortable, so make sure the property has ample storage. Tenants appreciate being able to have a place to put their belongings and not having to live in a cluttered or cramped space. There are a few different ways you can provide storage space in your property. One option is to install shelves or cupboards in unused corners or spaces.

Another possibility is to create a loft or basement area that can be used for storage. Whatever solution you choose, make sure it is safe and secure so that tenants can feel confident their belongings are well protected. Providing adequate

storage space can be a great way to make your property more appealing to potential tenants.

5. PET-OWNING TENANTS

Some landlords are reluctant to allow pets in their properties for fear of damage or mess. However, by allowing pets, you can open up your property to a whole new group of potential tenants. Just be sure to put some basic rules in place, such as no dogs on the furniture, and be clear about any additional deposits that may be required.

Make your property pet-safe. By taking some simple steps, you can help ensure that your property is pet-friendly and welcoming to all. This could include things like checking for exposed electrical wires, poisonous plants or small spaces where a pet could get stuck. By taking some simple precautions, you can help make your property safe for both tenants and their pets. ◆

Changing behaviours of tenants

Locking into longer tenancies and seeking 'all bills included'

A SHORTAGE OF rental homes and strong demand for the properties available has led many tenants to renew their rental agreements and stay put, rather than re-enter a competitive rental market.

People who had been waiting to see what happened last year are now being faced with record rents and so are seeking out properties where they can have more certainty over their outgoings, with all bills included becoming increasingly sought after.

RECORD RENTS

The changing behaviours of tenants against the backdrop of record rents and increasing household bills has been highlighted in a new study[1] among landlords that found the most common length of tenancy is over two years, with 18% of landlords saying their average length of tenancy has increased over the past year. Only 5% of landlords have seen the average tenancy length decrease.

National rents outside London are rising at the fastest rate ever recorded, now standing at £1,088 per calendar month (pcm), up 11% on this time last year. It is a similar story in the capital where rents are up over 14% to £2,195 pcm.

LONGER TENANCIES

There are also more than triple the number of tenants enquiring as there are rental properties available, making it the most competitive ever rental market. The lack of available stock is a combination of more tenants staying put in longer tenancies, coupled with high demand from people who didn't move during the pandemic, or who moved in with friends or family temporarily.

Many landlords have recognised the challenges of rising household bills for tenants, with the majority (63%) choosing not to put up rents over the past year, while a third have increased rents.

TYPE OF PROPERTY

Some agents in bigger cities report that tenants who were able to move into a property for much lower than the average rent for an area during the pandemic have seen rents increase back up to market value again now that demand has increased.

There has been a significant increase in demand for build-to-rent listed properties with all bills included. Over the past year enquiries from tenants have jumped by 36% for this type of property, the biggest increase out of all available features. Homes with balconies, communal gardens, properties allowing pets and those offering zero deposits all came equal second, with enquiries jumping by 22%.

AFFORDABILITY CHALLENGES

Some landlords may have been tempted to put their rents up given the high demand from new tenants, but many understand the affordability challenges of rising rents and bills, with the majority charging their tenants the same as a year ago.

Many landlords have built up a relationship with their tenants over a number of years and they will want to keep a good tenant for longer if they can, rather than cash in on a rent rise in the short term. ◆

Source data:

[1] https://hub.rightmove.co.uk/rental-price-tracker/

Investment property

Pros and cons of buying a property through a limited company

IF YOU'RE PLANNING to buy an investment rental property, you may be wondering if you should do so through a limited company. In recent years, there has been a substantial move towards buying investment property through companies that are listed as limited. This has primarily been driven by changes to the mortgage tax relief rules.

Sometimes, smaller landlords such as those with just one property and those in the lowest income tax bracket, might not benefit as fully from setting up a limited company. Particularly for those who already own the property, this would involve effectively selling it to the company, which could incur stamp duty.

Running a limited company isn't for everyone and many people prefer to own investment property personally. There are pros and cons to both individual ownership and owning a rental property through a company, so it's important to weigh up your options carefully before making a decision.

PROS OF BUYING A PROPERTY THROUGH A LIMITED COMPANY AT A GLANCE

PROS

- Profits and Capital Gains taxed at 19% Corporation Tax rate
- Companies are not subject to the restrictions on relief for interest and finance costs that apply to individuals
- Companies can usually carry forward expenses and losses to a later period more flexibly than an individual
- Family members can be more involved through becoming shareholders and directors, resulting in potential Inheritance Tax and Capital Gains Tax benefits
- Potentially no extra higher rate personal tax

CONS

- Less mortgage choice and higher interest rates
- Increased compliance costs
- No Capital Gains allowance
- From 1 April 2023, there is an increase in the Corporation Tax rate to 25% in the main rate of Corporation Tax and the introduction of a 19% small profit rate of Corporation Tax for companies whose profits do not exceed £50,000
- Any personal use of properties owned by the company, by the investor or their close relatives, may have severe tax consequences

Other aspects to consider include the prevailing Stamp Duty Land Tax (or LBBT in Scotland) at the time of purchase or transfer for individuals and companies and the prevailing tax rate of the individual or individuals involved. ◆

>> LOOKING FOR YOUR FIRST INVESTMENT PROPERTY OR ADDING TO AN EXISTING PORTFOLIO? <<

As a buy-to-let landlord, finding exactly the right mortgage can be daunting, especially if you are looking to redevelop or refurbish your property or refinance your portfolio. To see how we could help, for more information, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Short-lets

Tenants renting for all sorts of reasons

IF YOU ARE a landlord, you may be considering short-letting your property for a number of reasons. Perhaps you're looking to generate additional income, or maybe you need to move temporarily for work or personal reasons.

The name may seem self-explanatory, but short-term lets usually have to fall within a certain timeframe in order to be considered as such.

RENTAL MARKET

As a general rule of thumb, a short-term tenancy is usually a rental property that is being offered to the market for six months or less. Whatever your motivation, there are a number of things to keep in mind before making the decision to short-let.

With the rise of 'the sharing economy' propelled by start-ups like Airbnb, many homeowners and second homeowners are in an easier position than ever to enter the short-term rental market.

TEMPORARY SOLUTION

By putting your otherwise vacant home up for rent, you can benefit from a new source of income and present travellers with an affordable and comfortable alternative to hotels and hostels.

Many people use short-let properties when they have had a relocation with work. Often these relocations can happen quickly and to somewhere completely new, so instead of making rushed decisions many choose to find a more temporary solution.

ADEQUATE INSURANCE

Some people also look to short-lets while their own home is undergoing construction work. They are looking to rent a comfortable place that is close to home so they can keep an eye on the progress, but then get away from all the dust and noise.

This makes short-letting a good way to generate extra income, but it's important to make sure that you understand what's involved. For example, if you're planning on letting out your property for a short period of time, you need to make sure that you have adequate insurance in place. Additionally, it's worth bearing in mind that there may be additional wear and tear on your property as a result of short-term tenants.

WELL-EQUIPPED

Another thing to consider is the type of tenant that you're looking to attract. If you're hoping to let your property to holidaymakers,

"It's also worth bearing in mind that short-letting can be a more expensive way of letting than traditional long-term renting."

for example, then you'll need to make sure that your property is in a good location and is well-equipped for their needs. On the other hand, if you're looking to let to professionals or students, then you'll need to make sure that your property meets their specific requirements.

Make sure you take any local rules relating to short-letting into account. It may be tempting to assume that what's good enough for you as the homeowner is good enough for your guests but, in terms of health and safety, that isn't necessarily so.

ADDITIONAL COSTS

It's also worth bearing in mind that short-letting can be a more expensive way of letting than traditional long-term renting. This is because you'll usually need to pay higher insurance premiums and there may be additional costs associated with marketing your property and dealing with tenants.

In terms of your relationship with HM Revenue & Customs, the same common-sense rules apply as to any other business.

POTENTIAL LANDLORDS

Overall, there are a number of things to consider before deciding whether or not to short-let your property. However, if you're looking to generate additional income or need to move temporarily for work or personal reasons, then short-letting could be the perfect solution.

It provides a guaranteed income without the need to find a series of tenants and deal with the headaches and hassles that can entail. And, typically, short-let properties come with higher rental incomes than long-term rentals, so it can be a really attractive option to many potential landlords. ◆

>> READY TO EXPAND YOUR INVESTMENT PROPERTY PORTFOLIO? <<

Whether you're looking to purchase your first property to let, or expanding your current portfolio, why not find out how we can help you. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

TAXING TIMES

Changes landlords need to know about

IF YOU'RE CONSIDERING becoming a landlord and renting a property, or if you're already in the process of doing so, it's important to be aware of your tax obligations. Rules on paying tax when renting out your property are ever-changing and can be quite complicated.

As a landlord with an investment property, you're likely to pay tax at every stage of the life of that investment – when you buy the property, when you let the property, and later when you sell or pass it on. Letting a property is like any other business – if you make a profit, it's liable to taxation.

In the current 2022/23 tax year, HM Revenue & Customs (HMRC) introduced some important changes to a number of different forms of tax that apply. The tax changes could also affect income landlords receive from other sources.

KEY TAX CHANGES INTRODUCED FOR THE 2022/23 TAX YEAR AFFECTING LANDLORDS

NATIONAL INSURANCE CONTRIBUTIONS

National Insurance contributions (NICs) increased by 1.25% from 6 April. Rental income is not subject to NICs unless you're a professional landlord running a property rental business – being a landlord is your main job, you rent out more than one property and buy new properties to rent out. If you are a professional landlord running a property rental business, currently you must pay NICs if your earnings exceed the Class 2 and Class 4 NIC thresholds.

If you're not a professional landlord but you earn income from other sources upon which you currently pay NICs, for example, if you're an employee, sole trader or member of an ordinary partnership, your NICs have increased by 1.25%. If you employ people, such an administrator or maintenance person for your property portfolio, your share of their Class 1 NICs increased, while any Class 1A and 1B payments employers pay on employee expenses and benefits have also increased.

INCOME TAX

Any rent that you receive, any non-refundable deposits or any additional payments that you receive from your tenants, such as the cleaning of communal areas, property repairs or utility bills all class as income and must be declared. The same principle applies for any money that's kept over from a returnable deposit at the end of the tenancy.

The personal allowance, the amount upon which no Income Tax is payable, is £12,570 during this tax year – this equates to £1,048 a month or £242 a week. The personal allowance limit is £100,000, so if you earn over £100,000 a year, your personal allowance will be reduced by £1 for every £2 earned over the £100,000 limit.

Beyond the personal allowance, in England, Wales and Northern Ireland, the basic rate of 20% is payable on taxable earnings between £12,571 and £50,270 a year, then 40% (the higher rate) on £50,271 to £150,000 and 45% on annual earnings over £150,000. The tax rates in Scotland are different, but the personal allowance is the same.

Tax on dividend income increased by 1.25% from 6 April this year. If you earn any income from dividend payments, after your £2,000 annual allowance, and if you're a basic rate Income Tax payer, you'll pay 8.75% tax on dividend payments (7.5% was the previous percentage). If you're a higher rate Income Tax payer, from 6 April you now pay 33.75% (up from 32.5%) and additional rate Income Tax payers will pay 39.35% (up from 38.1%) on their dividend income.

VALUE ADDED TAX

From April this year, landlords with a VAT-registered business with a taxable turnover below the VAT threshold of £85,000 will need to comply with Making Tax Digital (MTD) for VAT requirements. These mean you must maintain digital records using MTD-compatible software and report figures online to HMRC each quarter.

All current Self Assessment taxpayers, which includes private landlords, will need to comply with MTD for Income Tax requirements when they are introduced. Beginning from 6 April 2024, this affects any private landlords who currently file Self Assessment tax returns and will require you to also use MTD-compatible software to maintain digital records of your income and outgoings.

You'll need to send quarterly updates to HMRC online and submit an end-of-period statement and final declaration, so that your tax liability can be calculated. You'll no longer need to complete a Self Assessment tax return once MTD for Income Tax Self Assessment is introduced.

CAPITAL GAINS TAX

If you're looking to sell a buy-to-let residential property, you may be subject to a Capital Gains Tax bill depending on the gains you make, rather than the amount you sell the property for. Equally, if you're letting all, or part of the property, a proportion of any gain when you sell it could be taxable.

In the 2022/23 tax year, landlords and investors who sell a residential property will have 60 days (up from 30 days) to complete the Capital Gains Tax process. This was announced during the Autumn Budget in late 2021, doubling the time property investors have to report any Capital Gains Tax.

LANDLORD TAX RELIEF

Buy-to-let mortgage tax relief is now reduced to zero. During the 2022/23 tax year, landlords receive a 20% tax credit on interest payments. It is worth noting that the mortgage restrictions only apply to individuals. That is why many people have chosen to purchase buy-to-let properties through a limited company, where they are effectively taxed on profit rather than income. ◆

>> STARTING OR EXPANDING YOUR PROPERTY PORTFOLIO? <<

Whether starting or expanding your property portfolio, we're here to help. To find out more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Mortgage protection

You never know what life has in store. Is your family financially protected?

"When you're buying life insurance, there are a few things to keep in mind. Make sure you understand the policy."

IF YOU OWN A property, it's important to have sufficient life insurance in case something happens to you. If you die, your family may still need to pay off the mortgage and other expenses, and life insurance can help with that.

Should you pass away within the policy term, it lets you leave a lump sum behind to help your loved ones maintain their living standards.

THINGS TO KEEP IN MIND

When you're buying life insurance, there are a few things to keep in mind. Make sure you understand the policy. What amount do you need it to cover? Does the level of cover need to reduce as your mortgage loan is repaid over time? How much will your beneficiaries receive? Make sure you know the answers to these questions before you purchase a policy.

Consider your situation. This will depend on things like your age, health and family situation. You may want to get a policy that covers more than just your mortgage payments, in case something happens and your family needs extra financial support.

COMPARE DIFFERENT POLICIES

Obtain professional advice to compare different policies. There are many different life insurance companies and policies to choose from, so it's important to understand the coverage and costs of different policies to find the one that's right for you.

Make sure you consider the terms of the policy. What are the exclusions? What happens if you miss a payment? Make sure you know all of this before you purchase a policy.

MORTGAGE PROTECTION – DECREASING TERM LIFE INSURANCE COVER

This could help your loved ones pay off a repayment mortgage or a long-term loan if you pass away during the policy term.

HERE'S HOW IT WORKS

The cover lasts for a specific number of years – usually how long you have left to pay on a repayment mortgage – and your monthly premiums are fixed. The amount you have left to pay on a repayment mortgage gradually decreases over time, and so does the cover amount. The money could effectively be enough to pay it off at whatever point you pass away during the policy term. It usually costs less than level term life insurance cover.

FAMILY PROTECTION – LEVEL TERM LIFE INSURANCE COVER

You might choose this type of cover to help maintain the living standards of your family. So while it could be used to pay off an interest-only mortgage or keep up mortgage repayments, it could also help make up for your lost salary when it comes to general living costs and monthly outgoings.

HERE'S HOW IT WORKS

Cover lasts for a specific number of years, and the payout amount and monthly premiums are fixed, unless you choose to protect your cover amount from the effects of inflation. You can choose inflation protection, so the lump sum won't be worth less in the future because of the rise in the cost of living. It usually costs more than decreasing term life insurance cover, as it's a set lump sum that doesn't decrease over time

MAKE SURE YOU'RE PROTECTED TODAY

Remember, don't wait until it's too late. If you wait until you're sick or old to buy life insurance, it will be much more expensive, so get life insurance when you're young and healthy, so that you can get the best rates.

If you follow these tips, you'll be able to find the right life insurance policy for you, so make sure you're protected today. ◆

>> LOOKING FOR PEACE OF MIND FOR YOUR FAMILY AND YOUR HOME? <<

Whether you're a first-time buyer or only have a few years left on your mortgage, make sure your family is protected and the mortgage is covered if you die or become terminally or critically ill. To find out more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

WE'RE ALL GOING ON A SUMMER HOLIDAY

How to keep your home safe and secure while you're away

THERE'S NOTHING WORSE than coming back from a relaxing summer holiday to find that your home has been broken into. Unfortunately, burglaries do happen, and they often target homes that look empty or unoccupied.

So if you're heading off on holiday, you will want to travel with the peace of mind that your home is safe. One of the key things is to disguise the fact your property is vacant – if burglars notice signs that suggest no one is at home, they will see this as an open invitation to try and get their hands on your prized possessions.

TIPS TO SECURE YOUR HOME BEFORE YOU GO ON HOLIDAY THIS SUMMER

Once your holiday has been booked, start thinking about ways to keep your home safe while you're away. If you're flying from a local airport, get a taxi and leave the family car on the driveway. For longer trips, ask a friend or relative to move the car occasionally and re-park it facing the other way.

If you have any regular deliveries, be sure to cancel them before you go away. If you get milk or newspapers delivered, make sure you cancel them during your holiday. A build-up outside your home can be a telltale sign that no one is home, which could make your property a more attractive target for burglars. Also avoid posting comments about upcoming holidays on social media; burglars are increasingly searching social media to find empty homes during the summer holidays.

SECURE THE EXTERIOR

Walk around the outside of your home and think about possible points of entry. Is there a sash and case window beside a flat-roofed extension, or an ill-fitting side door into an integral garage? A garage or shed is often a target for thieves, as they know there may be valuable items stored inside. It may sound obvious but also double-check that all doors and windows are locked, even if you're only going away for a few days. Burglars will often target homes that look easy to break into.

In terms of motion-based technology, burglar alarms and other alarm systems offer peace of mind. Dummy boxes are available too. Motion-sensor lighting in the back garden is highly recommended, and home security cameras are a deterrent to thieves and can offer valuable clues to police should someone break in. Before you leave, make sure they're positioned correctly and are in full working order.

MAKE THE HOUSE LOOK OCCUPIED

There are various ways to make your home appear lived-in, even while it's empty. Automatic timer-switches that turn on lights when it gets dark and set at random times will make your home look occupied. An illuminated house is far less likely to be

burgled than an unlit one, and voices and music broadcast by radio stations will give the impression that people are at home. But don't leave your lights or a television on all the time.

If you have a trusted neighbour, ask them to keep an eye on your home while you're away. They can help to deter burglars by keeping an eye out for any suspicious activity and reporting it to the police. Arrange with them to collect your post while you're away. Letters sticking out of a letterbox are often a sign that no one is home.

REMOTE-CONTROLLED APPLIANCES

App-controlled home devices provide an alternative to timers. There are plenty of ways to maintain the illusion of occupancy from anywhere in the world. Don't forget closed curtains in the daytime are a giveaway. It might sound obvious, but avoid leaving valuable items lying around in plain sight when you're not at home.

Don't leave sets of car keys on a table beside the front door or jewellery displayed on a dressing table that will make smashing the bedroom window seem all the more appealing to a potential burglar. Also store anything valuable and portable out of sight, such as tablet devices and laptops. Look through the windows to see what's visible from outside and move anything that might be tempting to someone peering in. ◆

"App-controlled home devices provide an alternative to timers. There are plenty of ways to maintain the illusion of occupancy from anywhere in the world."

>> IS YOUR HOME FULLY PROTECTED? <<

Whether you're seeking a separate contents-only policy or comprehensive home insurance pack, to discuss your policy needs, please 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 as you search for your new home in 2022.

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. ◆

>> WANT TO FIND OUT HOW MUCH YOU COULD BORROW? <<
Let us help you find the right mortgage for your home. To discuss your particular situation and find out how much you could borrow, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.