THE
MORTGAGE & PROPERTY
MAGAZINE

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FOUND YOUR PERFECT HOME?

What to consider when negotiating and making an offer

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Should I stay, or should I go now?

WHAT SHOULD I DO IF I'M STRUGGLING TO PAY MY MORTGAGE?

Rising interest rates are bringing mortgage worries to the fore

TFA Mortgages

Prudence House,
Langage Business Park,
Plymouth, PL7 5JX

T: 0800 3899 708
W: www.tfagroup.co.uk
E: enquiries@tfagroup.co.uk

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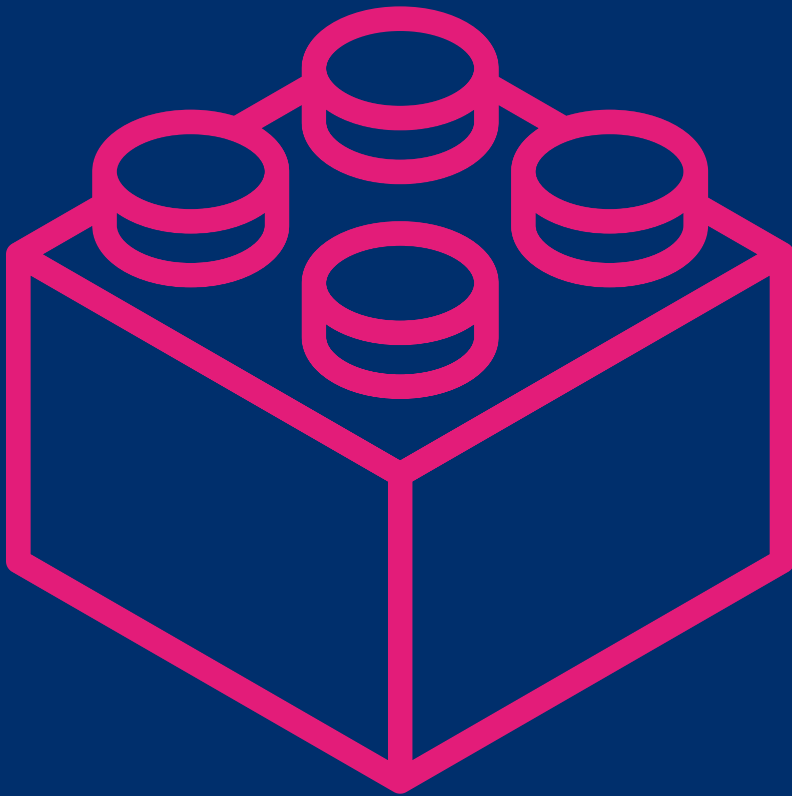

Welcome

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

The new Chancellor of the Exchequer, Kwasi Kwarteng, delivered his Mini-Budget Growth Plan 2022 statement on Friday 23 September 2022, and although mortgage rates have been going up for months, there was a sharp increase in response to the fall-out from this fiscal event.

A series of unfunded tax cuts announced by the Chancellor forced the Bank of England to issue an emergency statement pledging to lift rates 'as much as needed' to control inflation, following major volatility caused to the pound and UK gilts.

As a result of the uncertainty over future interest rates, many lenders within days of the Mini-Budget pulled nearly a thousand mortgage deals from the market. First-time buyers and those looking to remortgage are likely to be most affected. Subsequently, there have been reports of some property sales falling through as lenders backed out of previously agreed mortgage deals due to market uncertainty.

During her speech at the Conservative Party conference on Wednesday 5 October, Prime Minister Liz Truss said that the government 'will do what we can' to support homeowners. However, she said that the benchmark interest rate was set independently by the Bank of England. Turn to page 31.

During the Mini-Budget, changes to the Stamp Duty Land Tax in England and Northern Ireland were announced as part of the statement. On page 58 we look at the government's reform of Stamp Duty Land Tax by doubling the level at which people begin paying and also the level at which first-time buyers start paying stamp duty, which has been increased. At the time of writing, following the Chancellor's statement, some mortgage deals have been withdrawn by banks and building societies after a fall in the pound fuelled forecasts of a sharp rise in interest rates.

As the cost-of-living crisis continues to bite, household finances are being stretched with many struggling to meet the increased costs of essentials and having little or no savings to fall back on. This can lead to some families having problems making monthly mortgage repayments. It is essential for households that find themselves in this situation to have access to the right advice and information. Read the full article on page 16.

We hope you enjoy our autumn issue. A complete list of the articles 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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EDITOR-IN-CHIEF
Rachel Garrahan

DEPUTY EDITOR Claudia Lysander **ASSOCIATE EDITOR** Harrison Gordon

EDITORIAL
LIFESTYLE EDITOR Mollie Hammond

EDITORIAL CONTRIBUTORS
Charlotte Roberts, Toby Hickman, Trixie D'Arcy, Leonardo Harris, Matt Woolf, Ella Crosbie, Jack Reid, Matt Willis, Josh Hartwell, Charles Magnus, Lucy Bowen, Felix Wong, Edwin Clement, Emily Hall, Claudia Lysander, Jan Conrad and Tobias Spencer.

ART
CREATIVE OPERATIONS DIRECTOR Angelica Howard **SENIOR ART EDITOR** Jim Kirk
ASSISTANT ART EDITOR Ryan Curran **PICTURE EDITOR** Oscar Bailey

STRATEGY AND PLANNING
CONTENT PLANNING EDITOR Poppy Willis **CONTENT EDITOR** Fergus Ivo

PRODUCTION
PRODUCTION DIRECTOR Janet Noone **PRODUCTION CONTROLLER** Kathryn Chen **DIGITAL PROJECT MANAGER** Tim Shelton

PUBLISHING
SENIOR ACCOUNT DIRECTOR Francis Clarence **ACCOUNT MANAGER** Amelia Eldon

GOLDMINE MEDIA LIMITED
Floor 2, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1BP

T: 0845 686 0055
E: info@goldminemedia.co.uk

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Does working from home affect your mortgage?

Number of Britons working from home more than doubled to 9.9 million

A SIGNIFICANT number of people who took up home working because of the pandemic plan to continue hybrid working in the future, working from home and in the workplace, according to data from the Opinions and Lifestyle Survey (OPN)[1].

The Office for National Statistics (ONS) 'Regional patterns in homeworking' report found that between October to December 2019 and January to March 2022 the number of Britons working from home more than doubled from 4.7 million to 9.9 million.

PROPORTION OF WORKERS HYBRID WORKING

Before the outbreak of the coronavirus pandemic, one in eight working adults reported working from home (12%). However, during 2022, the proportion of workers hybrid working has been rising, while the proportion of those working from home exclusively has fallen.

Around one in seven working adults (14%) worked from home exclusively between 27 April and 8 May 2022, while nearly a quarter (24%) both worked from home and travelled to work. But while working from home comes with a host of handy benefits, the effects it could have on your mortgage aren't often talked about.

BREACHING THE TERMS OF YOUR MORTGAGE

If you're running a business from the comfort of your own home, you need to notify your mortgage lender. If not, you risk breaching the terms of your mortgage contract, with some lenders prohibiting business use as part of the terms and conditions. In the worst case scenario, this could result in you having to repay the whole mortgage immediately.

However, in most cases homeowners are simply doing their regular job from home. If that's the case, and you're just at a computer, then it's unlikely this will cause a problem and your lender will probably allow you to continue with your residential mortgage.

MORE THAN 40% OF PROPERTY USED FOR WORK

You're much more likely to need to make a change if a significant portion of your property is being used for business purposes. This could be the case if you sell products and have stock on the premises, or run a photography studio from your residence, among other things.

Generally speaking, if more than 40% of the property is used for work purposes, whether that's for storage, staff or something else, then most mortgage lenders will look to implement a commercial mortgage rate. Commercial mortgage rates are more costly than residential ones as the lender is deemed to be taking on a greater risk, with the possibility of the business owner going bankrupt, for example.

SEMI-COMMERCIAL MORTGAGE RATE

Another option that's applicable to some is a semi-commercial mortgage rate. These are used for properties that include commercial and residential characteristics. Examples include shops with a property on top or pubs that have a living space attached.

In order to get a semi-commercial mortgage rate, you'll need to contact a commercial mortgage lender rather than a residential provider.

When it comes to your mortgage and running a business from your own home, you need to keep in mind these 5 points

1. Make sure you let your mortgage lender know. They may have some restrictions on what types of business can be run from the property, so it's important to check with them first.

2. Your business activities could affect your insurance coverage. If you have a home-based business, be sure to let your insurance agent know so that they can adjust your coverage accordingly.

3. Keep in mind that your business activity may increase the wear and tear on your home, which could impact your mortgage payments.

4. If you're planning on making any major changes to your home to accommodate your business (such as adding an office), be sure to get approval from your mortgage lender first.

5. Remember that running a business from home can also have tax implications. Be sure to speak with a tax professional to ensure that you're taking advantage of all the deductions and credits you're entitled to.

If you are running or planning to set up a business from your home, by following these tips, you can ensure that your home-based business doesn't impact your mortgage negatively. ◆

Source data:

[1] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/2022-05-23

First-time buyers

Important questions to ask when buying your first property

ARE YOU READY to become a first-time buyer? Taking the plunge to making your first step on the property ladder and buying a first home is unfamiliar territory and, for many, a daunting experience.

In a world of credit scores, LTV and mortgages, we have listed the most pressing questions we get asked by first-time buyers.

12 QUESTIONS COMMONLY ASKED BY FIRST-TIME BUYERS

1. LET'S START SIMPLE! WHAT IS A MORTGAGE?

A mortgage is a loan that is secured against your home. This means that if you default on the mortgage, your home could be repossessed by the lender. The amount of money you can borrow with a mortgage will depend on your income and outgoings, as well as the value of your property. The interest rate you pay on your mortgage will also affect how much you end up paying back in total. Mortgages typically last for 25 years.

2. WHAT IS AN AGREEMENT IN PRINCIPLE?

An Agreement in Principle (sometimes called an AIP, Mortgage in Principle or Decision in Principle) is an estimate from a mortgage provider of how much they would be willing to lend you. An Agreement in Principle gives you a good basis to understand what kind of property you might be able to afford to purchase.

The document outlines the main terms and conditions of a proposed mortgage. It's issued by a lender after they've carried out an initial assessment of your finances and affordability. However, it's important to remember that an AIP is not a formal offer of credit and should not be treated as such.

But if you're looking to buy a property, getting an AIP from a lender could be a good first step in your journey. It could give you some peace of mind knowing that you're on the right track when it comes to your finances and borrowing power.

3. WHAT IS STAMP DUTY LAND TAX (SDLT)?

When you buy a property in England and Northern Ireland, you may need to pay Stamp Duty Land Tax (SDLT). This is a tax that is levied on the purchase price of the property. The amount of tax that you may need to pay depends on the value of the property and the type of property that you are purchasing. The tax is different if the property or land is in Scotland where you pay Land and Buildings Transaction Tax, and in Wales you pay Land Transaction Tax if the sale was completed on or after 1 April 2018.

4. HOW DO I CHOOSE A SOLICITOR?

A solicitor will handle all the legal elements of your purchase like completing searches, creating contracts and transferring money. The choice of solicitor is yours, but it's an important one, so make sure you do your research. There are a few things to consider when choosing a solicitor when buying a property.

You'll want to make sure that the solicitor is experienced in conveyancing, as this is the legal process associated with transferring ownership of a property. You'll also want to ensure that the solicitor is accredited by the Law Society, which is the professional body for solicitors in England and Wales.

Your solicitor should also offer a competitive fee structure. By doing your research and taking all of these factors into consideration, you can be sure that you're choosing the best possible solicitor for your needs.

5. WHAT PAPERWORK WILL I NEED WHEN I APPLY FOR A MORTGAGE?

There are a few key pieces of paperwork that you will need when applying for a mortgage. You'll need to provide proof of your income and employment history and provide your last three months of bank statements.

6. WHAT DOES LTV MEAN?

Loan-to-value, or LTV, is the ratio of how much you borrow against a property compared to its value. It's usually expressed as a percentage. For example, if you're buying a property worth £200,000 and you have a mortgage for £150,000, your LTV would be 75%. That means that you would have a 25% deposit.

The higher your LTV ratio, the riskier it is for the lender because there's a greater chance that they could end up losing money if you default on your loan and they have to sell the property. That's why loans with high LTV ratios often have higher interest rates.

7. WHAT DIFFERENT TYPES OF MORTGAGES ARE AVAILABLE TO ME?

There are a number of different types of mortgages which vary from lender to lender and depend on your needs and circumstances. For example, if appropriate, you could choose from a fixed rate, variable rate, tracker rate and discount rate mortgage.

It's also a good idea to familiarise yourself with different interest rate options and how these could affect your monthly payments. First-time buyers typically start off on a fixed term deal (meaning that the interest rate is fixed for a set term), but there are also other interest rates that might work for you such as variable, discounted and tracker.

8. IS THERE ANY HELP OUT THERE FOR FIRST-TIME BUYERS?

There are a variety of schemes that you might be eligible for, such as Help to Buy and Shared Ownership, which you can read about on the government's Own Your Home website. First-time buyers have very little time to use the Help to Buy equity loan scheme before it closes to new applicants. The flagship initiative to help people get onto the property ladder will stop accepting new applications at 6pm on 31 October, before closing completely on 31 March 2023.

The government First Homes scheme was announced in June 2021 and aims to help first-time buyers in England purchase their first home. The scheme will see a number of new-build homes go on the market and be sold at a discount to eligible first-time buyers.

9. WHAT IS A GUARANTOR?

A mortgage guarantor is a third-party, usually a parent or guardian, who agrees to cover the repayments on a mortgage in the event that the borrower is unable to make them. This arrangement can be useful for people who might struggle to get a mortgage approval due to their financial situation.

The guarantor will need to be able to prove that they are able and willing to make the mortgage repayments if required. This usually means having a good credit history and sufficient income. The guarantor may also be asked to provide security, such as a property or savings, to cover the loan.

10. WHAT HAPPENS IF I'M SELF-EMPLOYED?

If you're self-employed and looking to get a mortgage, there are a few things you'll need to take into account. Lenders will typically require proof of income and tax returns for the past three years in order to assess your affordability. They will also ask for additional information such as bank statements and invoices.

It's important to remember that self-employed applicants may be considered higher risk by lenders, so it's worth shopping around to find a deal that's right for you. We can assist you to navigate the mortgage process.

11. WHAT OTHER COSTS ARE INVOLVED IN GETTING A MORTGAGE?

Aside from the deposit, there are other costs that you need to be aware of when taking out a mortgage. If applicable, in England and Northern Ireland there is the issue of Stamp Duty Land Tax (SDLT). In Scotland there is a Land and Buildings Transaction Tax and in Wales a Land Transaction Tax. The amount you pay will depend on the purchase price of the property.

You will also need to pay for a valuation of the property. This is so that the lender can assess how much the property is worth

"There are a variety of schemes that you might be eligible for, such as Help to Buy and Shared Ownership, which you can read about on the government's Own Your Home website."

and whether it is worth lending against. And typically you'll pay an application fee, and a booking or reservation fee. You'll also want to set some money aside for buildings insurance.

12. MY DEPOSIT IS A GIFT, IS THIS OKAY?

The answer is yes, gifts are perfectly acceptable as deposits for mortgages, as long as they meet certain criteria. Your lender may also require you to fill in and sign a gifted deposit letter or declaration as proof.

The gift must come from a close relative – typically a parent, grandparent or spouse. The lender will want to see evidence of this relationship, so it's important to have documentation ready.

The gift must also be unconditional – that is, there can be no strings attached. The lender needs to be confident that the money is truly a gift and not a loan that needs to be repaid and the gift is typically large enough to cover the deposit amount. ◆

>> READY TO GET YOUR MORTGAGE MOVING? <<
When you're buying your first home, we could help you get to where you want to be. To discuss your requirements, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

WHAT SHOULD I DO IF I'M STRUGGLING TO PAY MY MORTGAGE?

Rising interest rates are bringing mortgage worries to the fore

AS THE cost-of-living crisis continues to bite, household finances are being stretched with many struggling to meet the increased costs of essentials and having little or no savings to fall back on. This can lead to some families having problems making monthly mortgage repayments.

It is essential for households that find themselves in this situation to have access to the right advice and information. Rising interest rates are bringing mortgage worries to the fore for many homeowners, but the key thing to remember is you are not alone.

If you find yourself in this unfortunate position and can't pay your mortgage, or think you might struggle to make your payments in the coming months, despite what some people believe, telling your lender you are having problems paying your mortgage does not mean they will start to repossess your home.

Lenders are very sensitive to the rising number of people facing a squeezed household budget, and if they know there is a problem they will do everything possible to help. The earlier your lender knows that you are facing financial difficulties, the greater the chance that you will be able to find a solution.

OPTIONS TO HELP YOU THROUGH A DIFFICULT TIME

If you're finding you can no longer afford your mortgage repayments, there are options that could help you through this difficult time. We've provided answers to some typical questions you may have.

Q: What should I do if I think I might miss a mortgage payment?

A: If you're worried about missing a mortgage payment, the first thing you should do is contact your lender as soon as possible. They will try to work with you if you are experiencing financial difficulties and offer you help and support. Remember, you're likely to have more options if you contact your lender before you've missed a payment.

"If you're finding you can no longer afford your mortgage repayments, there are options that could help you through this difficult time."

Q: Will I lose my home?
A: Repossession is always a last resort. Your lender doesn't want to evict you and will only take this step if there really is no other option – in fact, there are rules in place that mean lenders must attempt every other option available to them before they take legal action.

Instead, they will work with you to try to find a way to make your mortgage repayments affordable.

Q: What are my options if I can't pay my mortgage?
A: There are three main options if you're struggling to pay your mortgage and the best option for you will depend on your individual circumstances.

1: Extend the length of your mortgage term
If you're experiencing financial difficulties, you may be able to extend the length of your mortgage term. Doing so will lower your monthly payments and give you more time to repay your mortgage. You should speak to your lender about this option as soon as possible.

Extending your mortgage term will increase the total amount of interest you pay over the life of your loan, so you should only consider this option if you're certain you can't afford your current monthly payments.

2: Change to an interest-only mortgage
Changing to an interest-only mortgage can be another way to reduce your monthly payments and give you some breathing room financially. However, there are some things you should keep in mind if you're considering this option.

While an interest-only mortgage will lower your monthly payments, it will also mean that you'll owe more money when the loan term is up. You'll need to have a plan in place for how you intend to pay off the remaining balance.

Switching to an interest-only mortgage may impact your ability to refinance or sell your home in the future. If interest rates rise or property values fall, you could end up owing more than your home is worth.

Before making the switch to an interest-only mortgage, bear in mind that this is a big decision that shouldn't be taken lightly. But if you're confident that it's the right move for you, an interest-only mortgage may give you some much-needed financial relief in the short term.

3: Request a payment holiday
If you're experiencing financial difficulty, lenders will look to see if they are able to offer you a payment holiday, typically up to three months. This will hopefully give you some breathing space to get your finances back on track.

If you're considering taking a mortgage payment holiday, speak to your lender first. They'll be able to advise you on the best way to proceed, and will also be able to tell you if there are any fees or charges associated with taking a payment holiday.

It's also worth bearing in mind that taking a mortgage payment holiday will extend the term of your mortgage, and so you'll ultimately end up paying more interest over the life of the loan. However, if you're in a difficult financial situation, a mortgage payment holiday may be the best option for you.

Q: Will it impact my credit score?
A: Taking out a mortgage payment holiday may impact your credit score. But it will depend on a number of factors, including the lender you are with and how they report missed payments to the credit agencies.

However, in general, taking a payment holiday is not likely to have a significant impact on your credit score as long as you make up the missed payments as soon as possible. If you do not make up the missed payments, or if you miss multiple payments, then your credit score could be negatively affected.

This may make it harder to borrow money over the short term. But there are steps you can take to improve your credit score once you get your finances back on track. ◆

>> IT'S GOOD TO TALK <<
If you are struggling financially you should not bury your head in the sand, you should contact your lender as soon as possible to discuss the options available to you. For further assistance, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Mortgage payment protection insurance

An important safety net for people who have a mortgage

YOU'LL ALREADY know how important it is to protect your home and its contents, but it's also important to think about how you might pay for your mortgage should the worst happen. Mortgage payment protection insurance is an important safety net for people who have a mortgage.

It provides peace of mind knowing that you will still be able to meet your repayments even if you experience a sudden change in your circumstances. This takes away some of the worry involved by providing you with the means to pay your mortgage until you get back on your feet again.

PREVENT YOUR HOME FROM BEING REPOSSESSED UNTIL YOU RECOVER

It can help you meet your mortgage repayments if you lose your job, are made redundant or are unable to work due to an accident or illness. For most of us, our mortgage payment is the biggest monthly outgoing we have, and almost certainly the most important. The idea of not being able to make our mortgage repayments and what might happen if we don't is something no one likes to think about.

Finding ourselves unable to pay our mortgage through no fault of our own – the result of an illness, an accident or involuntary unemployment – is likely to be a worry for many people. Mortgage payment protection insurance can help prevent your home from being repossessed until you recover your health if you have fallen ill, or find a new job if you have become unemployed.

LEFT WONDERING HOW YOU'RE GOING TO PAY THE BILLS

You may not be covered if you choose to take redundancy voluntarily, or if you decide to resign from your job of your own choosing, for example, so it's important to check the conditions of any policy carefully before you sign. Some mortgage protection insurance policies also cover accident, sickness and unemployment in one, and are known as ASU policies.

Unless an employer offers a particularly generous scheme for sick pay, it's unlikely many of us would be in a position to continue paying our mortgage in the medium to long term without some kind of additional support. If you suffered an injury or illness that prevented you from working over a period of weeks or months, you could be left wondering how you're going to pay the bills.

UNDERSTAND WHAT IS AND ISN'T INCLUDED BEFORE YOU BUY

In some cases, it is possible to receive government support when it comes to helping with mortgage payments but this is very much dependent on the circumstances, and support packages provided in this way will more often than not cover the interest you owe but not the full cost of the repayments themselves.

Insurers offer a variety of mortgage payment protection insurance policies and it's really important that you understand what is and isn't included before you buy, and also to plan for any shortfall in cover you might come across in the long run too.

LONG-TERM COVER IF YOU COULD NEVER WORK AGAIN

There will be a waiting period attached to a policy, which means most policies do not commence until the period specified has passed, and assuming you have still been unable to return to work within that time. Depending on the waiting period, you may still need to make one or two mortgage payments that are likely to need paying in the meantime.

It's also important to remember that mortgage protection insurance isn't always there to help you pay your mortgage forever. Some policies provide cover for up to two years while others will offer you cover for 12 months or more. Some accident and sickness policies will agree to meet your repayments until you reach retirement age; these normally come at a higher cost to you but offer a long-term cover if you could never work again. ◆

>> CONCERNED ABOUT THE NEED TO FULLY PROTECT YOUR MORTGAGE? <<

Mortgage payment protection insurance can seem complex and we understand how important it is for you to feel confident you have the cover that's right for you. If you have any concerns about the need to fully protect your mortgage, please contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Buying your first home?

How to build a deposit and boost your savings

THERE'S NO denying that first-time buyers face huge challenges at the moment. Prices are currently at record levels, which means the amount of deposit you need to purchase is the highest it's been, proportionate to income, for any generation. Mortgages are getting tougher to apply for too, owing to stricter lending criteria.

Getting onto the property ladder can seem a pretty daunting task. The average UK house price was £292,000 in July 2022, which is £39,000 higher than the same time last year[1]. The data shows the average house prices increased over the year in England to £312,000 (16.4%), in Wales to £220,000 (17.6%), in Scotland to £193,000 (9.9%) and in Northern Ireland to £169,000 (9.6%).

MORE MORTGAGE OPTIONS YOU'LL HAVE TO CHOOSE FROM

The house price data for July 2022 shows that average house prices in the UK increased by 15.5% in the year to July 2022, up from 7.8% in the year to June 2022. This jump in annual inflation was mainly because of a base effect from the falls in prices seen this time last year, as a result of changes in the stamp duty holiday.

All this means the bigger the deposit you are able to put down, the more mortgage options you'll have to choose from. So the longer you have to build up a deposit fund, the more feasible moving into your first home it is.

BE REALISTIC ABOUT WHAT YOU CAN AFFORD TO PUT AWAY

There are a few things to consider when thinking about the best ways to save for a deposit. The first is how much you can realistically save each month. This will depend on your income and outgoings, but it's important to be realistic about what you can afford to put away.

Once you have an idea of your monthly savings potential, you need to consider the different options available for saving. One option is to open a savings account specifically for your deposit fund. This has the advantage of keeping your money separate from your everyday spending money, helping you to stay disciplined with your savings goal.

INVESTING YOUR MONEY INTO A LONGER-TERM INVESTMENT

Another option is to invest your money into a longer-term investment such as an Individual Savings Account (ISA). The main benefit of an ISA is you can save or invest money without paying Income Tax on any earned interest, or Capital Gains Tax.

In the current 2022/23 tax year, you can save up to £20,000 into an ISA.

LIFETIME ISAS

Lifetime ISAs are designed to help you save for your first home, or for later life. You can hold both cash and investments within them. They're available for people aged under 40 and you can save up to £4,000 a year, up until the age of 50.

The government will top up your savings, adding 25% up to a maximum of £1,000 each year. You'll pay a 25% charge to withdraw from this type of ISA unless you use it to buy your first home, or you're aged 60 or over.

You don't have to declare interest earned or capital gains on savings or investments up to that amount on your tax return, so Lifetime ISAs are very tax-efficient. But keep in mind, these rules may be subject to change in the future.

IMPORTANT SOURCE OF FUNDING FOR MANY FIRST-TIME BUYERS

Whatever option or options you choose, it's important to have a plan and stick to it. Saving for a property deposit can take time,

"We hear a lot these days about the Bank of Mum and Dad. In recent years, it has become an increasingly important source of funding for many first-time buyers."

but if you're disciplined and consistent with your savings, you'll get there eventually.

We hear a lot these days about the Bank of Mum and Dad. In recent years, it has become an increasingly important source of funding for many first-time buyers. Among the most recent buyers (2020 onwards), 24% say they had help with their deposit from family, including 6% who had the entire deposit paid for them, and 16% whose family contributed to it[2].

AVAILABILITY OF MORTGAGE LENDING HAS BECOME TIGHTER

Data shows that the number of those getting family help has doubled since the turn of the millennium. Many parents and grandparents feel they would rather pass on money they can spare as a lifetime gift when their children need it most, rather than leaving it to them as an inheritance, possibly decades down the line.

There are a number of reasons why the Bank of Mum and Dad has become more important in recent years. One reason is that house prices have risen faster than wages, making it harder for young people to save up enough money to buy a home. Another reason is that the availability of mortgage lending has become tighter since the financial crisis, meaning that it can be harder for young people to get a mortgage without help from family or friends.

PARENTAL AND GRANDPARENTAL HELP THESE DAYS IS KEY

The Bank of Mum and Dad can be a great way for young people to get on the property ladder, but it's important to remember that any money given or lent should be considered as an investment, rather than a gift. It's also important to make sure that all the financial arrangements are made formally and legally, to avoid any problems further down the line.

But it can be a big ask, especially for parents of larger families who want to be even-handed but are worried they won't be able to afford to make the same provision for each of their children. The reality is that for many first-time buyers parental and grandparental help these days is key and may be needed simply to achieve the minimum 5% deposit needed for a first-time buyer mortgage. ◆

>> THINKING ABOUT BUYING YOUR FIRST PROPERTY? <<
Getting on the property ladder for the first time can be challenging. To discuss the first-time buyer mortgage deals that could help you get the keys to your new home, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/july2022
[2] https://yougov.co.uk/topics/economy/articles-reports/2022/05/09/how-many-people-parents-help-first-home-deposit

Bridge the gap

Solution to moving home faster as intense competition sees properties being snapped up

"Bridging loans can range from £25,000 up to £5 million, with terms ranging from a few months to a few years."

A BRIDGING loan could be a solution to moving home faster as intense competition sees properties being snapped up in the face of strong demand. This is a type of short-term finance that is typically used to 'bridge the gap' between two financial transactions.

For example, if you are buying a new property but have not yet sold your previous one, a bridging loan could be used to cover the costs of the purchase until the sale of the previous property is complete.

RIGHT PROFESSIONAL ADVICE

But a bridging loan is only a temporary solution – usually lasting less than 12 months – and is certainly not for everyone, but in challenging market conditions they can prove to be a flexible and useful solution.

The main advantage of a bridging loan is that it can provide you with access to finance quickly and easily. They can be expensive, so it is important to obtain the right professional advice, to compare different lenders before you decide to take one out.

THINKING OF DOWNSIZING

They can also prove a useful option for people looking for a temporary solution to their funding needs. Not only are they used for chain breaks, but they are also commonly used for investment property purposes.

Bridging loans can also prove advantageous for owners of valuable homes who intend to release substantial sums. With house prices standing at record highs, it could leave many homeowners who are thinking of downsizing sitting on substantial but unrealised gains. Again, bridging loans could be a solution.

“Bridging loans can also prove advantageous for owners of valuable homes who intend to release substantial sums.”

UNLOCKING PROPERTY WEALTH

For example, for many older homeowners wishing to move, the immediate problem is how to unlock the wealth they have accumulated in bricks and mortar at the price they want or expect. This is where bridging loans could help them to span that gap and buy the property they want to enjoy in retirement.

Bridging loans can range from £25,000 up to £5 million, with terms ranging from a few months to a few years. Interest rates on bridging loans are usually higher than standard mortgage rates, as they are considered to be a higher-risk form of lending.

LOAN-TO-VALUE RATIO

However, the precise interest rate will depend on a number of factors, including the value of the property, the loan-to-value ratio and your personal circumstances. And as with any other type of loan, you will need to meet certain criteria in order to be eligible for a bridging loan.

For example, most lenders will require you to have a good credit history and sufficient equity in your property. You will also need to prove that you have a realistic exit strategy in place in order to repay the loan. ◆

>> WANT TO FIND OUT IF A BRIDGING LOAN IS RIGHT FOR YOU? <<

If you are thinking of taking out a bridging loan, make sure you obtain experienced professional advice. For more information, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Joint Borrower Sole Proprietor Mortgage

Helping young people to get onto the first rung of the property ladder

A JOINT Borrower Sole Proprietor Mortgage (otherwise referred to as a JBSP mortgage) is a type of home loan that allows two people to borrow money together while only one of them is named on the mortgage. This can be beneficial for people who want to buy a property but don't have enough money for a deposit or who have bad credit and need someone with good credit to co-sign the loan.

A JBSP is primarily used as a way of helping young people to get onto the first rung of the property ladder, and can assist in securing a mortgage and potentially increase the borrowing scope too. JBSP mortgages allow individuals to accept the financial support of their family, while retaining a sense of independence through sole ownership of the property.

FINANCIAL RESPONSIBILITIES

The main difference between this type of mortgage and other types of loans is that both borrowers are legally responsible for repaying the debt. This means that if one borrower fails to make their payments, the other borrower is still liable for the full amount.

A joint mortgage is one in which you buy a home jointly with someone else – be it a relative, friend or partner – and you share both the ownership and the financial responsibilities. Therefore, both parties are responsible for repaying the mortgage, and both have a legal claim to the property ownership.

GUARANTOR MORTGAGE

By contrast, with a JBSP mortgage, the other applicant, usually a parent, takes on joint responsibility for the debt and repayments, yet has no legal claim to ownership of the property.

The only way in which a guarantor mortgage is similar to a JBSP mortgage is that the parents have no legal claim to property ownership in either. With a guarantor mortgage, parents only assume responsibility for the debt if their son or daughter can no longer meet the repayments. Conversely, with a JBSP mortgage, they agree to contribute towards the mortgage repayments from the beginning.

COMBINED INCOME

Typically, a JBSP mortgage lender will consider up to four applicants for a single JBSP mortgage, although this figure can differ between providers. Usually, only two incomes will be formally considered, with any others only being taken into account as additional financial guarantees.

The amount that can be borrowed will vary between applications as well as differing lender criteria. Typically, a JBSP mortgage will allow up to four applicants and most lenders will cap your potential borrowings to 4.5 times the combined income, although some lenders may offer more.

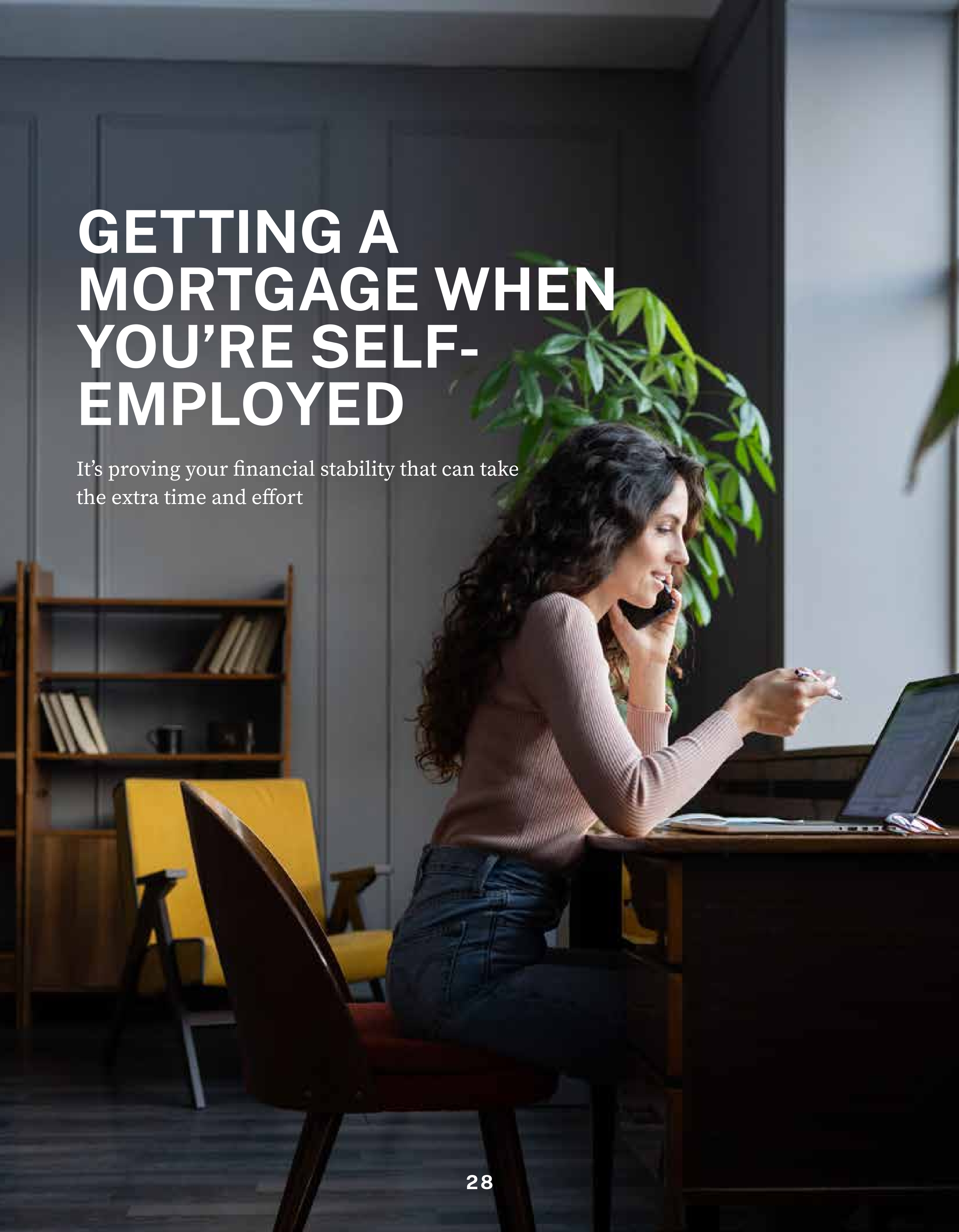
FINANCIAL PROBLEMS

However, there are some risks associated with a JBSP mortgage as well. If the person who is named on the mortgage defaults on the loan, the other person is still responsible for repaying the debt. This can lead to financial problems for both parties involved.

A JBSP mortgage is one way of helping family members buy a home, but a guarantor mortgage or a housing scheme could be more appropriate, so it's important to understand all the options. ◆

>> WANT TO DISCUSS YOUR MORTGAGE OPTIONS? <<

If you are considering taking out a Joint Borrower Sole Proprietor Mortgage, it is important to weigh the pros and cons carefully before making a decision. This type of mortgage can be a great way to buy a home, but you need to know the risks involved. To discuss your requirements, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.



GETTING A MORTGAGE WHEN YOU'RE SELF-EMPLOYED

It's proving your financial stability that can take the extra time and effort

"As with any mortgage applicant, the higher your deposit, the more borrowing options are likely to be available to you – and often at more competitive rates."

THE MORTGAGE MARKET has come a long way in recent years and self-employed borrowers now have more choices available to them. However, getting a self-employed mortgage can still be tricky, as lenders often require proof of income and business finances.

There's actually no such thing as a 'self-employed mortgage' – mortgage products are the same whether you are employed or self-employed, but lenders consider self-employed applicants to be higher risk and consequently subject them to more scrutiny than employed mortgage applicants.

APPROVAL SUCCESS

As with any mortgage applicant, the higher your deposit, the more borrowing options are likely to be available to you – and often at more competitive rates. When applying for a mortgage on a self-employed income, being able to put a bigger deposit down can be even more advantageous in increasing your odds of approval success.

As of July 2022, there were around 4.29 million self-employed workers in the United Kingdom. During this provided time-period, self-employment in the UK has grown steadily, from a low of just 3.2 million in December 2000 to a peak of over five million at the start of 2020[1].

FINANCIAL STABILITY

It isn't necessarily harder to obtain a mortgage if you are self-employed, but it tends to require more paperwork and screening to have your application approved. Depending on the lender, the lending criteria may differ slightly, although most now offer the same deals to eligible applicants regardless of whether they are employed or self-employed. Overall it's the additional work in proving your financial stability that can take the extra time and effort.

Ultimately, all lending applications are underwritten to ensure that the applicant can afford to repay the debt. When you are self-employed, your income tends to fluctuate, and no one specific person can satisfactorily confirm your salary details. Consequently, lenders need to collate more information to determine that you are eligible for the loan you require.

DID YOU KNOW?

When applying for a mortgage, you are classed as self-employed if you

- are a sole trader
- are a partner of a business on a self-employed basis
- earn your primary income from owning a 20% or more stake in a limited company
- are a partner in a limited liability partnership

ONE OF THE BIGGEST CHALLENGES

Most lenders need to verify an applicant's self-employed financials over the previous two or three years. This can be one of the biggest challenges facing self-employed people, with some having no choice but to wait it out until they have sufficient evidence to back their applications up.

To prove your self-employed income you will typically need to provide two or more years of accounts that clearly detail your income, as well as your business's expenses and overheads. These accounts will preferably have been prepared by a chartered accountant. In addition to these accounts, lenders may request a copy of your SA302 form, or an HM Revenue & Customs (HMRC) tax year overview for the past two or more years.

CURRENT EARNINGS

The SA302 form is issued to individuals who derive income outside of the PAYE system to assist them in proving their income and any tax deductions. A lender will use these documents to verify your previous and current earnings, but they will also want to see some proof of future earning prospects. Depending on your business setup, lenders may request copies of current and upcoming contracts, expected commissions, etc.

When preparing your proof of self-employed earnings, you need to consider how lenders will perceive them. For example, if you have experienced some falls in income it's vital that you can satisfactorily explain the reason for these fluctuations

"If you are a director of a limited company, you may choose to retain some profits within the business, rather than withdraw them as dividends or salary."

to minimise the lender's doubt in your financial stability. Include any relevant proof to back up your explanations.

TAXABLE INCOME

It's quite possible that in the past, you and your accountant have used whatever legal methods available to reduce your taxable income. However, now that you want to apply for a loan, you need your income to be the largest figure possible.

If you are a director of a limited company, you may choose to retain some profits within the business, rather than withdraw them as dividends or salary. Some lenders will include a business's retained profits when considering your application. However, not all do, so it would be prudent to find one that does before you begin your application process.

FINANCIAL CIRCUMSTANCES

As a sole trader, the amount you will be eligible to borrow will be calculated by taking an average of your verified profits as stated on your self-assessment tax returns. If you are a limited company director, the calculation may be based on either salary plus your share of net profit, or your salary plus any dividends.

But, again, each lender's process can differ, with some using the latest year's figures and others using a two or three-year average. That is why it is vital to take the time to find the lender whose process best suits your financial circumstances.

MORTGAGE APPLICATION

Lenders typically take an applicant's general spending habits into consideration, too, and they will likely request copies of your bank statements. Most lenders will scrutinise all spending, including household bills, childcare and leisure outgoings to ensure that you will be able to afford the repayments.

As with any mortgage application, lenders will also need to conduct credit checks to ensure that you are a reliable borrower. Therefore, it's prudent to get a copy of your credit score before lodging an application to see if there is anything that needs addressing first. ◆

Source data:

[1] https://www.statista.com/statistics/318234/united-kingdom-self-employed/#:~:text=As%20of%20July%20 2022%2C%20there,at%20the%20start%20 of%202020.

MORTGAGE MARKET UNCERTAINTY

What's happening with mortgage rates?

A SERIES OF unfunded tax cuts announced by the new Chancellor of the Exchequer, Kwasi Kwarteng, forced the Bank of England to issue an emergency statement pledging to lift rates 'as much as needed' to control inflation, following major volatility caused to the pound and UK gilts.

The Bank of England has already raised the base rate seven times from 0.1% to 2.25% since December, which has pushed up the cost of borrowing, because the swap rates banks use to price fixed-rate deals have also risen sharply. These swap rates jumped rapidly in the aftermath of the Chancellor's Mini-Budget on 23 September, which sent government borrowing costs soaring.

MARKET UNCERTAINTY

As a result of the uncertainty over future interest rates, many lenders within days of the Mini-Budget pulled nearly a thousand mortgage deals from the market. First-time buyers and those looking to remortgage are likely to be most affected.

Subsequently, there have been reports of some property sales falling through as lenders backed out of previously agreed mortgage deals due to market uncertainty.

CURRENT MORTGAGE

The Halifax, part of Lloyds Banking Group, put up the interest rates on a range of deals for new borrowers to well over 5%. 'The new rates reflect the continued increase in mortgage market pricing over recent weeks', a spokesperson for Halifax said.

According to Moneyfacts, the interest rate on a typical two-year fixed rate mortgage has now breached 6% for the first time in 14 years. An average of at least 100,000 people a month are coming to the end of their current mortgage and face a significant rise in their monthly repayments.

"The interest rate on a new, average two-year fixed deal on the morning of the Mini-Budget fiscal event was 4.74%, compared with 6.07% on 5 October."

HIGHER INCREASE

The interest rate on a new, average two-year fixed deal on the morning of the Mini-Budget fiscal event was 4.74%, compared with 6.07% on 5 October. The result of this, for somebody borrowing £200,000 on a 30-year mortgage, is in the region of an additional £170 a month on repayments. A five-year fixed deal has typically risen from 4.75% to 5.97% over the same period.

Following the Mini-Budget, mortgage rates subsequently jumped with the expectation of a faster and higher increase in the bank rate in the coming months. Other major lenders such as NatWest, Nationwide and Virgin Money have also increased their rates.

MONTHLY REPAYMENT

Moneyfacts highlighted a scenario whereby a homeowner borrowing £200,000 on a 30-year mortgage may have been looking at a rate of 3.5% and a monthly repayment of £898 during mid-September. But at the time

of writing this article on 5 October, this is more likely to have risen to a 5.5% rate and a monthly repayment of £1,135.

On the morning of the Mini-Budget there were 3,961 deals available, compared with 2,262 at the start of October, a 43% fall, according to Moneyfacts.

MORTGAGE PRODUCTS

We do not know what will happen to the market next. If the Bank of England leaves interest rates unchanged then lenders will have more certainty and more mortgage products will return, but if the pound falls again there is a greater chance of a Bank of England reaction, and affordability is likely to decline further.

However, economic clarity provided by clear forecasts from the Office for Budget Responsibility should eventually feed through to stop the increases, or see some reversal in mortgage rates. During her speech at the Conservative Party conference on Wednesday 5 October, Prime Minister Liz Truss said that the government 'will do what we can' to support homeowners. However, she said that the benchmark interest rate was set independently by the Bank of England. ◆

>> WANT TO DISCUSS YOUR MORTGAGE OPTIONS? <<

If you are concerned about the rise in mortgage rates it is essential you seek professional advice to assess the options and deals available to you right now. To discuss your situation, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

NEW BEGINNINGS

Advantages and disadvantages of moving home

"Moving to a new home can be a great opportunity for a fresh start. If you're feeling stuck in a rut or just need a change of scenery, moving home can be the perfect way to start over."

THERE ARE MANY advantages and disadvantages of moving home. Some of the advantages include having a fresh start, being closer to family and friends, and having more space. Some of the disadvantages include the cost of moving, the hassle of packing and unpacking, and the stress of adjusting to a new home.

Ultimately, the decision to move home is a personal one and should be made based on your individual circumstances. If you're considering moving home, it's important to weigh up all of the pros and cons before making a decision.

KEY ADVANTAGES AND DISADVANTAGES OF MOVING HOME

ADVANTAGES

1. A fresh start: Moving to a new home can be a great opportunity for a fresh start. If you're feeling stuck in a rut or just need a change of scenery, moving home can be the perfect way to start over.

2. Closer to family and friends: If you're moving to be closer to family or friends, it can make the transition much easier. Having familiar faces nearby can help you settle into your new home and make the adjustment period much smoother.

3. More space: Moving to a larger home can give you the extra space you need for your growing family. If you're cramped for space in your current home, moving to a bigger property can be a great solution.

DISADVANTAGES

1. The cost of moving: Moving home can be an expensive process, especially if you're hiring professional help to do the heavy lifting. If you're on a tight budget, moving home may not be the right choice for you.

2. The hassle of packing and unpacking: Packing up your entire life and then unpacking it in a new home can be a huge hassle. If you're not prepared for the amount of work involved, it can be very overwhelming.

3. The stress of adjusting to a new home: Adjusting to a new home can be difficult, especially if you're used to your current surroundings. If you're not ready for the challenge, it can be very stressful. ◆

>> WANT TO TALK TO US ABOUT YOUR MORTGAGE OPTIONS? <<
Whether you're trading up or scaling down, we could help you find a mortgage to suit your needs. We'll help arrange the mortgage, leaving you to focus on moving home. For more information, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Signs it's time to make that next move

Should I stay, or should I go now?

AS MUCH as you love your home, there may come a time when you start thinking whether or not you should sell. It can be a tough decision to make whether to sell your home or stay put.

Typically, if you are considering a move it's often the result of something prompting you, whether it's due to a career change, family circumstances, money, retirement or simply for a change of scenery. By taking into account a few key factors, it could help make your decision easier.

ANTICIPATE ANY MAJOR CHANGES

What is your current financial situation? If you are comfortable with your current mortgage payments and don't anticipate any major changes in the near future, then selling may not be the best option. On the other hand, if you are struggling to make ends meet each month or are expecting a significant change in income, then selling may be the best way to free up some extra cash.

Think about what your budget is and do your homework – you want to end up with a home to suit your needs and that sits within your price range. Think about the additional costs that are involved when you move and make sure you account for all of these factors.

SAVE MONEY IN THE LONG RUN

Moving to another location could save you money in the long run. For instance, you could be moving closer to your job, so you will reduce transport costs, or moving closer to family, who may be able to help with childcare. It all depends on your current and predicted future financial situation.

Is your home in an area you like? Do you value things such as being near to a town, a good school, family and friends? When thinking about your next move, these are things you should be considering.

MOTIVATED TO MOVE[1]

- Moving home is considered the most stressful thing you can do, according to 57% of people.
- 'Needing more space' was the most frequently cited (by 42% of people) reason for moving.
- Almost one in two movers (47%) said they experienced increased stress levels due to moving.
- Money worries are a big deal for buyers – 40% said what they dread most about moving is not having enough money to cover unexpected expenses.
- More than one in four (27%) of people aged 18-24 said they would not consider moving again – the highest of any age group.

MOTIVATION TO MOVE

Think of the things you currently have, or would like, and see whether they are a motivation to move, or are you content with the area you already live in? If there's an area you've always dreamt of living in, hunt for properties in that area and see whether it's possible for you.

Think about your lifestyle and how it would be affected by selling your home? If you love your neighbourhood and have developed strong ties to the community, then staying put may be the best option.

However, if you're feeling restless and are ready for a change of scenery, then selling your home and moving to a new neighbourhood may be the right choice.

OUTGROWN YOUR CURRENT HOME

Does your current property give you the space you need? If it does, then appreciate it, use it wisely and think about what you could potentially risk if you do move. However, if you have outgrown your current home, then moving could be the answer.

If space is an issue but you really don't want to move, you could consider other options. You could try getting rid of any unnecessary room accessories or, if appropriate, think about adding a loft conversion or extension.

CONSIDER YOUR FUTURE PLANS

Finally, consider your future plans and how they would be affected by selling your home. If you're planning on starting a family or retiring soon, then staying in your current home may make the most sense. However, if you're considering moving to a new city or downsizing once your children have grown up, then selling your home may be the best way to make that happen.

Whichever decision you make, be sure to weigh all of your options carefully before making a final decision. Selling your home is a big decision and should not be taken lightly. However, if you take the time to consider all of the factors involved, you can make the best decision for your situation. ◆

>> TRYING TO FIGURE OUT WHETHER TO SELL OR STAY PUT? <<

Whether you're moving on or staying put, when it comes to finding competitive rates and a mortgage deal that's right for you, talk to us about your requirements – please contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] https://www.legalandgeneral.com/insurance/life-insurance/moving-house-stress-signs/#:~:text=We%20discovered%3A,moving%20%E2%80%93%2042%25%20of%20respondents.

Moving home?

Tips to help you get ultra-organised for your big move

MAKING THE DECISION to move home is a big one. From changing lifestyles to the 'race for space', there is no shortage of households looking to up sticks.

Whether you're moving to be closer to the great outdoors, or simply for work and family reasons, there's no doubt that getting the keys to a new place is an exciting prospect. But it's also true that all this upheaval brings the potential for stress.

Once you've put your property on the market, there's a lot to think about – from finding the right buyer to dealing with the legalities of selling up.

But don't worry, we're here to help. Follow our top tips and you'll be moving into your new home in no time:

1. GET YOUR PAPERWORK IN ORDER

The first step is to get your paperwork in order. This includes things like your mortgage offer, proof of income and ID, and any information relating to the sale of your property (such as estate agent contracts).

2. FIND A GOOD CONVEYANCER OR SOLICITOR

Once you've got your paperwork sorted, it's time to find a good conveyancer or solicitor. They'll be able to help with the legal aspects of selling your property, and it's worth getting a few quotes before you make your final decision.

"Whether you're moving to be closer to the great outdoors, or simply for work and family reasons, there's no doubt that getting the keys to a new place is an exciting prospect."

3. GET YOUR HOME VALUED

It's also a good idea to get your home valued by a professional. This will give you an idea of how much your property is worth and can help you negotiate with prospective buyers.

4. FIND THE RIGHT ESTATE AGENT

When you're ready to put your property on the market, it's important to find the right estate agent. They should

be experienced in selling properties like yours and should be able to give you advice on things like pricing and marketing.

5. SET A REALISTIC SALE PRICE

Once you've found an estate agent, it's time to set a price for your property. You need to be realistic, as overpricing your home can put off prospective buyers.

6. PREPARE YOUR HOME FOR VIEWINGS

Once you've set a price, it's time to start preparing your home for viewings. This includes things like decluttering, cleaning and making any necessary repairs or improvements.

7. HANDLE VIEWINGS AND OFFERS

When you start getting viewings, make sure you are prepared. Your home will need to be available for viewings to show people around at short notice, so be ready to answer any questions they have.

If you receive an offer on your property consider it carefully before making a decision. If you're not happy with the offer, you can negotiate with the buyer or look for another buyer.

8. EXCHANGE CONTRACTS AND MOVE OUT

Once you've accepted an offer on your property, it's time to exchange contracts. This is a legal agreement between you and the buyer, and means that the sale of your property is now legally binding.

After exchanging contracts, you'll need to start packing up your belongings and arrange for them to be moved to your new home. Once everything is ready, you can hand over the keys to the new owners and start your new life in your new home! ◆

>> READY TO DISCUSS FINDING THE RIGHT MORTGAGE FOR YOUR NEW HOME? <<

We'll help make your move a good one. If you're thinking of buying your dream home, we're here to help find the mortgage that's right for you. To find out more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Managing moving stress

Create a plan of action like a military operation

AS MUCH AS moving sounds exciting, it's undeniable that moving to a new home can be very stressful. In fact, moving home is frequently cited as one of life's most stressful events. The process brings a mix of intense emotions, which naturally results in 'moving stress'.

Moving to a new home and location, having a new job and environment, and meeting new friends are all part of the big change that comes with moving. If you are planning to move and settle into your new home with ease, it is best to understand and prepare well for it. With a little bit of preparation and organisation, it doesn't have to be so stressful.

The key is to be super-organised as early as possible and plan the moving day like a military operation. But if you've never done it before or haven't moved home for ages, how can you know what you should or shouldn't be doing?

FOLLOW OUR TOP 5 TIPS FOR COPING WITH MOVING HOME STRESS

1. START EARLY

One of the biggest causes of stress when moving house is leaving everything to the last minute. To avoid this, start packing and organising as early as possible. This will give you plenty of time to get everything sorted and will help to minimise any last-minute panic.

2. CREATE A PLAN

Create a plan of action like a military operation. Write out a list of all the things you need to do in the lead-up to the move and then work through them one by one. When packing, as well as marking up each box with the room it will go into in your new home, use a numerical coding system that helps organise the boxes. This will help to keep you on track and organised, and will make the whole process a lot less overwhelming.

3. DELEGATE TASKS

If you're feeling overwhelmed by everything that needs to be done, delegate some of the tasks to other members of your household. This will take some of the pressure off you and will help to get things done more quickly.

4. HIRE PROFESSIONALS

One of the best ways to reduce stress when moving house is to hire professionals to help with the process. From packing and transportation, to cleaning and unpacking, there are plenty of services available that can make your life a lot easier.

5. TAKE BREAKS

When you're in the midst of packing and preparing for the move, it's important to take breaks when needed. This will help to prevent you from feeling overwhelmed and stressed, and will allow you to come back to tasks with fresh energy.

By following our tips, you can help to minimise stress when moving. With preparation and organisation, the whole process can be a lot smoother and less stressful. ◆

SUBSIDENCE IN PROPERTY

What does it mean and what are the signs?

SUBSIDENCE IS ONE of the most serious issues for homeowners as its consequences can jeopardise the safety of your home and lead to expensive damage costs. It's important to identify the signs of house subsidence and act early. Let's consider the signs of subsidence, the risks involved and how to prevent and fix the problem.

Subsidence is a severe problem caused by the ground under your property sinking. This means the foundations of your home can become unbalanced, moving the walls and floors of the property from their original groundwork, and leading to cracks and destabilisation of your home.

TAKE APPROPRIATE PREVENTATIVE MEASURES

Other issues such as a landslip, heave or settlement also cause the property's foundation to shift and are often mistaken for a subsidence issue. Make sure you know when to act and take appropriate preventative measures.

Heave causes the ground below the property to shift upwards, resulting in the walls, floor and foundation of the property shifting upwards too. For properties built on a slope or near a slope, a landslip occurs as a sideways movement from underneath the house.

MANY VISIBLE SIGNS OF SUBSIDENCE

Settlement is the downward movement of a property due to the excessive weight of the building forcing compression of the soil underneath it. If you've heard of a similar issue and wondered what compaction is, this is another name for a settlement issue.

There are many visible signs of subsidence to look out for inside and outside the property, which may indicate the severity of the problem. Common indicators such as cracks in the property are often mistaken as early signs of subsidence. Whilst cracks are indeed among the typical signs of subsidence, they are usually caused by natural shrinkage and swelling according to the changes in weather and humidity levels.

You will know whether a crack is caused by subsidence if you notice the following:

- The crack is more than 3mm thick (thicker than a 10p coin)
- A diagonally positioned crack that is wider at the top and slimmer at the bottom
- You can see the crack both internally and externally
- The crack is visible near doors and windows
- You may notice the crack spread under the damp-proof course (a layer of waterproof material in the wall of a building near the ground, used to prevent rising damp).

Other signs of subsidence may include:

- Wallpaper creasing at the joins where the wall meets the ceiling
- Doors and windows sticking as frames warp
- Cracks where an extension joins the house

MANY POTENTIAL CAUSES OF SUBSIDENCE

There are many potential causes of subsidence to be aware of. Some of the main reasons are roots from trees and other shrubs causing disturbance to the foundations of the ground beneath the home, causing it to become unstable.

Clay soil is another potential cause of subsidence. The consistency of clay soil changes depending on the weather, which means in dry weather it will crack and shift, whilst in wet weather the soil will swell.

Leaking drains soften and moisten the ground surrounding the property, causing it to destabilise and sink because the ground under it may not be able to hold its weight.

Depending on an array of factors, such as how old the property is and what the surrounding conditions are, there are types of houses and buildings that are more at risk of subsidence than others. Factors that contribute to what makes a higher subsidence risk property are how old the property is, whether the property is built on clay soil and whether the area is prone to drought, as dried-out soil can increase your subsidence risk.

HOW TO TREAT AND PREVENT SUBSIDENCE

Before planting a tree around your property, make sure that you have checked what type of root system the tree has. It is not recommended to plant any trees or shrubs in close proximity to your house.

You can prevent existing trees on your property from absorbing less water by regularly pruning them; however, if it seems to be a deeply rooted issue, it is best to get it checked by a tree surgeon.

Ensure your property is getting regular maintenance checks to avoid any internal and external leakage.

HOW TO FIX SUBSIDENCE

Whether you're a homeowner or looking to buy a property with a suspected subsidence issue, you need to find a long-term subsidence repair solution. Fixing a subsidence issue for good is expensive but it can be done by a professional for each type of subsidence issue, underpinning, tree removal and pipework.

Although there is no given timeline or limit on when you must declare subsidence, you must inform estate agents and prospective buyers. ◆

“Before planting a tree around your property, make sure that you have checked what type of root system the tree has. It is not recommended to plant any trees or shrubs in close proximity to your house.”

BUYING AND OWNING A LEASEHOLD HOME

What you should know before you buy

THINKING OF BUYING a new home? Buying a property is likely to be the largest purchase you will ever make, and the decision on whether to opt for a leasehold versus freehold may well come down to your situation. If you're looking to buy an apartment, it's likely that you'll be looking at a leasehold property.

There are a number of factors to consider when deciding whether or not to buy a leasehold property. First, it is important to be aware of the differences between freehold and leasehold ownership. Freehold ownership means that you own the property outright, including the land it's built on. If you buy a freehold, you're responsible for maintaining your property and land, so you'll need to budget for these costs.

FLEXIBILITY AND SECURITY

Leasehold ownership gives you the right to live in and use the property for a set period of time – typically 99 or 125 years. It offers flexibility and security, and can be a good way to get on the property ladder for first-time buyers or those on a budget. However, there are some considerations before making a decision.

One key issue is that your lease will eventually expire, at which point you will need to either renew it or move out of the property. You'll want to avoid leases that have less than 80 years as you'll probably find it more difficult to sell the property at the point the lease reaches its end. As long as you've owned the property for at least two years, you can add 90 years to your lease for a fair market price.

'PEPPERCORN' – OR ZERO

Another consideration is ground rent. This is a fixed annual fee payable on existing leases in England and Wales that, prior to 30 June, leasehold homeowners paid to their property's freeholder, essentially for the use of the land on which the property stands.

From 30 June in England and Wales ground rent was abolished on all new leases when the Leasehold Reform (Ground Rent) Act became law. The result being that ground rent on new leases will never be more than a 'peppercorn' – or zero.

CHANGES OR IMPROVEMENTS

However, ground rent is still payable under the provisions of a previous lease (pre-extension) until the end of the original term. The legislation does not apply retrospectively, so any leaseholder with a rent reserving a lease will still be obliged to pay that rent.

Another key consideration is that as a leasehold homeowner you may have less control over your property. For example, you may need to get permission from the freeholder before making any changes or improvements to your home.

HOMEOWNERSHIP OVERHEADS

Buying an apartment in a larger building usually means that the common areas are managed by the building's management company and you'll pay a monthly fee as part of your lease. Typically, as a leasehold homeowner, a service charge will go towards a 'sinking' or 'reserve' fund.

With all the other leaseholders contributing to general maintenance costs, you'll avoid the often significant expenses like roof repairs, painting and decorating of communal areas and, sometimes, even things like window replacement. Overall, you'll have less of the homeownership overheads to worry about.

LANDOWNER'S RESPONSIBILITY

It's also typically the landowner's responsibility to insure the building, so you won't need to worry about that either. Although you should have a contents insurance policy to protect your valuables.

The legal concept of collective enfranchisement provides leaseholders with the right to purchase the freehold of their property. There does need to be an agreement of 50% of leaseholders to move forward with such a plan.

COLLECTIVE ENFRANCHISEMENT

This gives leasehold homeowners greater control over their homes and the ability to make improvements without the permission of the landlord. The process can be complex and expensive, so it is important to seek professional advice before proceeding.

But for many leaseholders, the benefits of collective enfranchisement outweigh the costs and hassle involved. If you are thinking of taking this step, you should speak to a solicitor who specialises in leasehold law to find out more. ◆

>> LOOKING FOR A NEW MORTGAGE? <<

Ultimately, buying a leasehold home needs to fit within your own needs and aspirations. It is important to weigh up all of the factors before making a decision on which type of property is right for you. 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**.

FOUND YOUR PERFECT HOME?

What to consider when negotiating and making an offer

MAKING AN OFFER on the purchase of a new home can be a daunting task, especially if you're not familiar with the process. But it is also an exciting time and likely to be one of the most significant transactions you will make.

Before making an offer on a property, there are a few things you need to consider to get you prepared. When viewing properties, prepare a list of questions to ask the estate agent to get as much information as possible.

IMPACTS ON THE PROPERTY'S VALUE

This can include: How long has the property been on the market? Why is the current owner selling, and how long have they lived there? How much are utility bills and Council Tax? Have there been any other offers? What's the minimum asking price the seller would accept? And remember to go into a viewing with an open mind, as there are lots of ways to update an older home.

It's not just the property itself that will determine the value, there are external factors to consider that can also affect the price. These can include school catchment areas, transport links, crime levels, flood zones and development applications in the area, which can all impact on the property's value.

HAVING ROOM TO NEGOTIATE UPWARDS

Once you've an idea of how much you'd like to offer, you can then start the process of making an offer. Set yourself an upper limit of what you can afford to pay and consider going in with a slightly

lower offer – around 5% – so you have room to negotiate upwards with the seller.

However, if other people are also interested in the property, it might be worth offering the asking price or even slightly higher, but you need to make sure you're still not paying over the odds for the property.

HOW QUICKLY YOU ARE LOOKING TO PROGRESS THE SALE

Submit your offer to the estate agent either over the phone or in person. You should also provide a written offer (email is usually fine – but check this) and ask that this is passed on to the seller.

Needless to say, the seller will be mostly interested in the price you are offering; however there may be other deciding factors that are important to them, depending on how quickly you are looking to progress the sale, or you having a mortgage Agreement in Principle, so they know upfront you can afford to buy the property.

INDICATING TO THE SELLER YOU ARE SERIOUS

It will also go in your favour if you are a cash buyer or chain free, a first-time buyer who doesn't need to sell their own property to finance the deal.

And it may help if you can be flexible on the moving date, as the seller themselves might still be looking for their new home.

By showing the seller you are organised and already have a conveyancer and surveyor set up, so if your offer is accepted you are ready to proceed, this will indicate to the seller you are serious about buying their property.

MAKE SURE YOU DON'T OVERSTRETCH YOURSELF

You should make it clear to the seller that your offer is subject to the property being taken off the market, so no more viewings. If your offer isn't accepted, you could consider making a higher offer if you can afford it, but don't overstretch yourself.

When entering into negotiation, there are a few things to keep in mind. Try to keep your budget private – revealing the maximum amount you are willing to pay might make the agent tell the seller to hold out for more money.

HAVING FALLEN IN LOVE WITH THE PROPERTY

Don't act desperate. If the seller knows you have fallen in love with the property, the agent might think you'll be willing to pay more.

Don't be overly influenced by things the seller might throw in with the deal. For example, white goods – unless nearly new, these are worth very little so you shouldn't pay too much for these to be left in the house.

DON'T BE AFRAID TO WALK AWAY FROM THE DEAL

Always take your time to consider your options; the agent might try to rush you, but this is a big decision, so make sure you think it through before increasing your offer. If the negotiation process gets too heated, or if you just can't seem to come to an agreement on price, don't be afraid to walk away from the deal.

If your offer is accepted that's really great news, but don't be discouraged if it's

not – another home will be waiting for you just around the corner. There are plenty of other homes out there, and you don't want to end up overpaying for one just because you got caught up in the moment.

YOU WILL NEED TO AGREE ON THE CONTRACT

After your offer has been accepted, you will need to agree on the contract. If the property you're buying is in England and Wales, your offer is not legally binding until you and the seller have exchanged contracts.

In Scotland, once the seller is happy to accept your offer, you'll receive a 'qualified acceptance' letter, informing you that the seller accepts the offer and lists any conditions to be agreed before the sale is finalised.

DO YOUR RESEARCH AND GET PREPARED

Solicitors will then send a series of letters – missives – between each other, negotiating the conditions. Once both parties are happy, a final 'concluding missive' will be written and, when signed, is a binding contract between you and the seller.

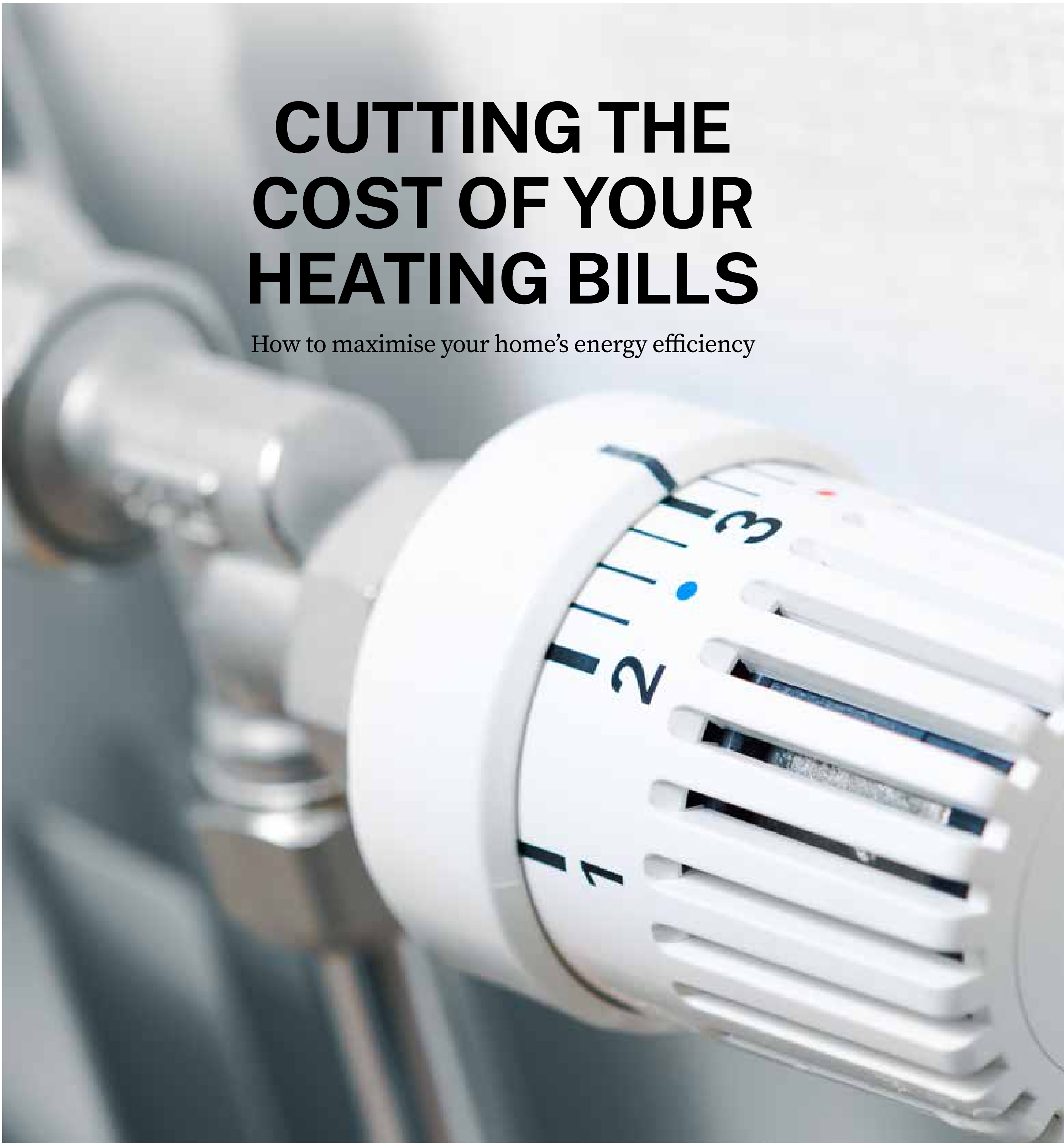
Once you find a property to buy, you need to make your offer and negotiate the price, which can be daunting. But by doing your research and getting prepared, you'll stand a higher chance of having your offer accepted. ◆

>> READY TO TALK TO US ABOUT YOUR MORTGAGE OPTIONS?<<
Whether you're still shopping for your dream home, or you've found a property you love, talk to us about your mortgage options. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

"It will also go in your favour if you are a cash buyer or chain free, a first-time buyer who doesn't need to sell their own property to finance the deal."

CUTTING THE COST OF YOUR HEATING BILLS

How to maximise your home's energy efficiency



WHEN THE TEMPERATURE DROPS, there's nothing quite like snuggling up on the sofa with a hot cup of tea and the heating on. It's one of life's little pleasures, but it's not one that comes for free. Rising fuel costs are putting a strain on many households in the UK.

The Prime Minister, Liz Truss, revealed in September the government's latest support package, a cap on gas costs that could be worth around £150 billion. The move will cap energy bills at £2,500 a year until 2024, sheltering households from the true cost, which is predicted to rise to £5,386 on average by January.

ADDITIONAL SUPPORT

Households not connected to standard gas and electricity contracts, such as those that use heating oil or who live on heat networks, will receive additional support in the form of a £100 payment.

The cost of living crisis is real, and many families are finding it hard to make ends meet. It seems as though one minute we were sweltering through the summer and the next we're turning up the thermostat, which, as we're experiencing, is very costly.

ENERGY NEEDS

One way to keep your home at just the right temperature and automate turning your boiler on and off is to install a smart control. This can be retrofitted to your existing boiler and ensures you only use exactly the right amount of energy your home needs.

However, keeping your home warm isn't just about comfort. The right kind of heating also stops damp and mould in their tracks by keeping your home dry. It's also important to make sure that you keep your home ventilated as well as heated to prevent condensation from forming.

HEATING SYSTEM

In a typical household, over half of the fuel bills are spent on heating and hot water[1]. An efficient heating system that you can control easily can help reduce your fuel bills.

So what are the things you can do to make your home heating more efficient, and save yourself money?

10 TIPS TO CUT DOWN ON YOUR FUEL COSTS

✓ **1.** Have your boiler serviced regularly. This will ensure it is running at peak efficiency and help to prevent any potential breakdowns.

✓ **2.** Insulate your home as much as possible to keep the heat in, and therefore reduce the amount of energy that you need to use to maintain a comfortable temperature.

✓ **3.** Use draught excluders around doors and windows. This will again help to keep the heat in, and draughts can be a major source of heat loss in a home.

✓ **4.** Consider installing double glazing. This is a more expensive option, but can significantly reduce heat loss.

✓ **5.** Use radiator reflectors behind radiators. These help to reflect the heat back into the room rather than letting it escape through the wall.

6. Only heat the rooms that you are using. If you have rooms that are not in use, then there is no need to heat them. This will save you both energy and money.

7. Use a thermostat to control the temperature to ensure you only use as much energy as you need. This will also prevent your home from becoming too hot or too cold.

8. If appropriate, consider alternative sources of heating such as wood burning stoves or solar panels. These can be more expensive to install, but can save you money in the long run.

9. Educate your family about energy efficiency. This will help them to understand why it is important to save energy, and how they can do their bit to help.

10. Finally, make sure that you are on the best energy tariff for your needs. This will ensure that you are not paying more than you need to for your gas and electricity.

By following these tips, you can make your home heating more efficient and save yourself money. ◆

Source data:
[1] https://energysavingtrust.org.uk/energy-at-home/heating-your-home/

Wealth distribution

More older Britons helping younger generations become first-time buyers

THERE IS A GROWING tendency among older Britons to use the wealth held in their property to help younger generations become first time buyers, new research suggests[1].

Homeowners, particularly those who are mortgage-free, are planning to use investments, as well as their property, to help other family members move onto the property ladder.

FIRST-TIME BUYERS

The research findings show that the average age people pay their mortgage off is 51. After this, property and other wealth tends to start being spread through the generations. Of the respondents, 14% say they have already helped their children to become first-time buyers.

A further 19% say they will 'definitely or probably' do this. In 2016, more respondents (19%) said they had already helped their children to become first-time buyers, yet fewer (13%) were 'definitely or probably intending to' compared to now[2].

SHIFTED UPWARDS

The research also highlights an increase in the number of people ready to help other family members, not just their own children. In 2022, 5% say they have already helped their grandchildren become first-time buyers, with a further 20% saying they are definitely or probably going to.

This proportion has shifted upwards in the last six years. In 2016, 3% had already helped their grandchildren to get onto the property ladder and 14% intended to. The same pattern emerges when it comes to helping members of the wider family to buy a home. In 2022, 3% say they have already helped with this, and a further 9% intend to, compared with 2% and 3% respectively in 2016.

PROPERTY LADDER

It's no secret that many younger people tend to encounter difficulties when seeking to enter the property market for the first time. The degree to which existing homeowners are now prepared to use their own wealth to help their other family members onto the property ladder has increased notably over the last six years.

The amount of money older relatives are giving to younger generations has also increased, with the typical total amount given now standing at £31,398.63, 25% higher than in 2016. Increasingly, older homeowners are a source of funding for their children and their grandchildren, and are using a greater variety of means to help younger family members out.

NOTICEABLE SHIFT

There is also a noticeable shift towards using property wealth over other sources of income to provide help to other family members hoping to buy a home. In the research, the use of financial help sourced through property wealth has more than doubled compared with six years ago, with 40% using property assets in a number of ways, led by downsizing and equity release.

In 2016, most financial help was sourced through using savings and investments to provide money for a deposit (71%), or to buy a property outright (10%). A further 3% cashed in pensions or used pension savings to enable this. Property wealth was used to help other family members in 17% of cases, mostly by releasing capital through downsizing or equity release.

PROPERTY WEALTH

Clearly more and more people are willing to use their property wealth in a variety of ways, and this is starting to become the norm for those wanting access to cash to help other family members. Six years ago, fewer than one in five people used wealth held in their property to assist other family members and this has now grown to 40%.

It is becoming increasingly accepted that wealth held in property should be considered part of someone's total assets and can be used for a variety of purposes, including to help younger family members buy a home like their parents and grandparents did. ◆

>> ARE YOU READY TO BUY YOUR FIRST HOME? <<
When it comes to choosing the right first-time mortgage, we understand that everyone's circumstances are different. To discuss your mortgage options, please contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] Aviva research conducted for Aviva byCensuswide April 2022. 1,507 general consumers aged 45+.
[2] Aviva Real Retirement Report conducted for Aviva by ICM Unlimited April 2016. 1,506 general consumers aged 45+.

STAMP DUTY LAND TAX

Mini-Budget cuts, what you need to know

THE CHANCELLOR OF THE EXCHEQUER, Kwasi Kwarteng, announced during his Mini-Budget Growth Plan 2022 statement on Friday 23 September 2022 changes to the Stamp Duty Land Tax in England and Northern Ireland.

The Chancellor reiterated the government is committed to an economy based on high growth and low tax, to help people keep more of the money they earn and drive business investment as a result.

To help achieve these aims, the government is reforming Stamp Duty Land Tax by doubling the level at which people begin paying this from £125,000 to £250,000.

This government, Mr Kwarteng commented, is also committed to helping first-time buyers get on the property ladder in two ways. Firstly, by increasing the level at which first-time buyers start paying stamp duty from £300,000 to £425,000.

In addition, the government is allowing first-time buyers to access the relief when they buy a property costing less than £625,000 rather than the current £500,000.

These measures will reduce Stamp Duty Land Tax across the board for all movers by up to £2,500, with first-time buyers able to access up to £8,750 in relief.

HOW WILL THIS HELP STIMULATE GROWTH?

Mr Kwarteng announced growth is this government's top priority and by taking these measures will boost the property market, in turn helping businesses expand to help fuel the wider economy's growth.

Doubling the nil-rate band will enable up to 29,000 more people to move home each year, in turn boosting household consumption, which will increase confidence in the economy and support thousands of businesses that rely on the property market. This includes, for example, estate agents, cleaners, builders, contractors, removals companies, plumbers, decorators and others.

'This policy', the Chancellor said, 'is a tax-cut for hard-working people and will allow them to keep more of the money they earn. This tax cut will boost household consumption, increase economic confidence and support jobs.

'The government is committed to fiscal sustainability by ensuring the economy grows faster than our debts and keeping debt as a proportion of our economy on a downward path.'

HOW IS THE GOVERNMENT HELPING FIRST-TIME BUYERS?

For a first-time buyer, the expenses that come with buying a new home can be off-putting. To help them, Mr Kwarteng announced the government is raising the amount they can spend on a new house without paying any Stamp Duty Land Tax.

The nil-rate threshold will be raised from £300,000 to £425,000. The government is also increasing the maximum property purchase price which will qualify for First-Time Buyers' Relief from £500,000 to £625,000.

TABLE OF POTENTIAL STAMP DUTY LAND TAX SAVINGS

		SDLT CHARGE FOR STANDARD HOME MOVER (£)		SDLT CHARGE FOR FIRST TIME BUYER (£)		
PRICE (£)	AS AT 22 SEPTEMBER 2022	AS AT 23 SEPTEMBER 2022	SAVING (£)	AS AT 22 SEPTEMBER 2022	AS AT 23 SEPTEMBER 2022	SAVING (£)
200,000	1,500	0	1,500	0	0	N/A
400,000	10,000	7,500	2,500	5,000	0	5,000
600,000	20,000	17,500	2,500	20,000	8,750	11,250

CASE STUDIES

CASE STUDY 1 – FIRST-TIME BUYER IN LONDON

- Average London house price (Land Registry Data July 2022) – £543,500
- Original SDLT bill – £17,175 (first-time buyers wouldn't have been eligible for First-Time Buyer's Relief under the old system)
- New SDLT bill – £5,925
- Saving is £11,250 (-65%) (£2,500 due to nil-rate band up to £250k and £8,750 due to First Time Buyer's Relief changes)

CASE STUDY 2 – STANDARD HOME MOVER

- Average England House Price (Land Registry Data July 2022) – £312,000
- Current SDLT bill – £5,600
- New SDLT bill – £3,100
- Saving is £2,500 (-45% of original bill)

BACKGROUND ON STAMP DUTY LAND TAX

Stamp Duty Land Tax (SDLT) is a tax you pay whenever you purchase a house in England or Northern Ireland.

Different rates of SDLT are paid on properties depending on their price once they pass a threshold, which from today will be £250,000.

TABLE: STANDARD RESIDENTIAL SDLT RATES FROM 23 SEPTEMBER 2022

PROPERTY VALUE	STANDARD RESIDENTIAL RATES
£0 – £250,000	0%
£250,000 - £925,000	5%
£925,000 - £1,500,000	10%
£1,500,000	12%

The Higher Rates on Additional Dwellings apply to purchases of additional properties and are three percentage points above standard residential rates.

The Non-Resident surcharge applies to purchases of residential property by non-UK residents and is two percentage points above standard residential rates.

This is a permanent measure and will apply only in England and Northern Ireland. Stamp duty is not charged in Scotland; instead home purchasers pay Land and Buildings Transaction Tax, with rates set by the Scottish Government. Stamp Duty is also not charged in Wales, where purchasers pay Land Transaction Tax, with rates set by the Welsh Government.◆

PROTECTING YOUR HOME FROM CRIME

Residential burglary rates soar over the winter months

IT'S THAT TIME of year again when Christmas is just around the corner. For many of us, that means travelling away from home and spending time with family and friends, and perhaps going on a holiday. However, it's important to remember that burglars also take advantage of the festive season.

Every November, December and January, residential burglary rates soar compared to the rest of the year. In London the burglary rate rises 26% on average during the festive season[1]. But research reveals some shocking home security habits.

OPPORTUNISTIC THEFTS

According to a new independent study, only three-fifths of people leaving their home check all doors (61%) and windows (58%) are locked before they go away, while just two in five (43%) make sure sheds and garages are secured[2].

Fewer than half (48%) ensure valuables aren't visible through windows, and just a fifth (19%) put away garden furniture – acts which can help to prevent opportunistic thefts. More surprising still, one in ten (9%) puts a key under a doormat or plant pot to allow neighbours to check on their properties while away.

ATTEMPTED BURGLARY

This is in spite of the fact that 14% of people surveyed said someone had burgled their home in the past, while an additional 11% had experienced an attempted burglary.

Two-fifths (40%) of people ask family members to check on their homes while they are away and 14% actually ask someone to house-sit.

SOCIAL MEDIA SAVVY

More than a quarter (27%) leave lights on a timer to suggest someone is inside and one in eight (12%) ask a neighbour to park on the driveway.

Most people appear to be savvy about using social media before and during their holidays. Only 5% share their holiday plans on social media before going and 6% share holiday snaps or plans while away.

HOW TO PROTECT YOUR HOME WHILE YOUR ARE AWAY

Don't forget to lock up: Research finds two-fifths of people don't check that all their doors or windows are locked before they go on holiday.

Don't advertise your holiday on social media: Before you travel and while you're away, be mindful that countdown trackers and holiday snaps will let others know you're not at home.

Leave a key with a trusted neighbour, friend or family member – don't it leave under a plant pot or doormat where anyone could find it – and ask your trusted person to check for other internal issues such as water leaks, as well as signs of unwanted guests.

Make your home seem occupied while away: Use timers to switch on lamps and radios to give the impression of someone being at home.

Ask a neighbour to park on your driveway: Again, this suggests that someone is living at the property.

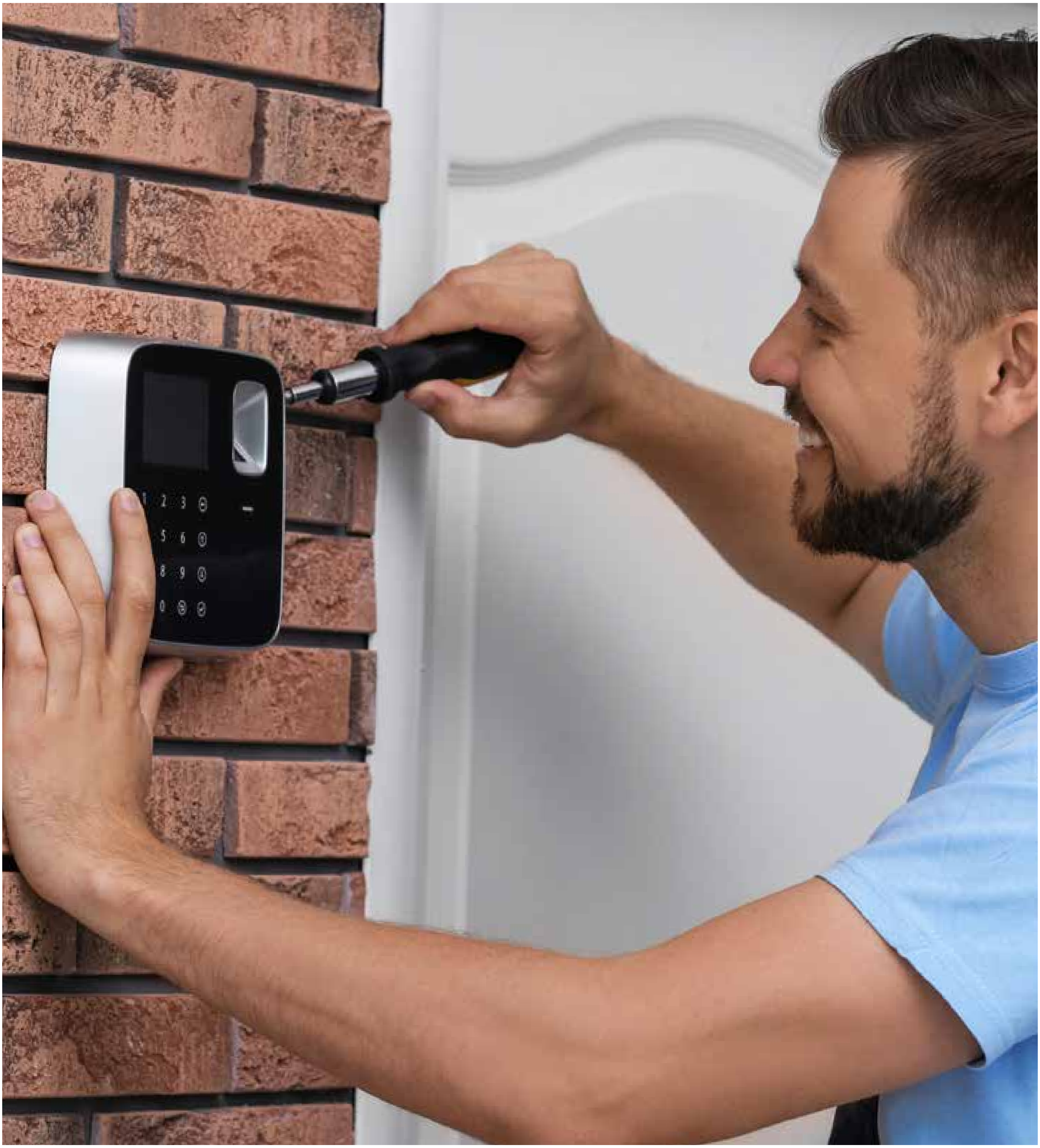
Consider investing in a burglar alarm and security lighting: Both are practical ways to protect your home and do act as a deterrent to burglars.

Lock ladders and tools away: Some burglars will have their own tool-kits, but others are more opportunistic, so make sure sheds and outbuildings are locked.

Keep your valuables out of sight: Where possible, keep valuables away from windows. Similarly, don't store valuables in the bedroom. Thieves know that's where most people keep their precious items, so hide them in different locations around your home. ◆

Source data:

[1] https://www.nimblefins.co.uk/best-cheap-uk-home-insurance/which-london-boroughs-largest-surge-home-burglaries-christmas
[2] Data relates to a survey of 2,001 UK adults, carried out by Censuswide on behalf of Aviva in June 2022.



GROWING WEALTH HELD IN PROPERTY

Importance of the role of property wealth in retirement planning

PROPERTY WEALTH CAN play an important role in a retirement strategy, providing a source of income and capital growth, and this has been highlighted in new research which has revealed the increasing importance of the role of property wealth in retirement planning[1].

The research looked into levels of spending, saving and attitudes towards funding retirement in the over-45s, and follows a similar survey run in 2016[2]. The study also looked at property, and whether the thriving market has affected people's attitudes towards their property wealth, as well as whether there has been more mobility driven by the ability to capitalise on increasing property wealth.

Compared with six years ago, there has been a decrease in property ownership, either outright or with a mortgage, particularly in the younger age groups in this sample. In 2016, nearly a quarter (23%) of 45-54-year-olds owned their property outright, and that has fallen to 16% in 2022. For 55-64-year-olds, the respective numbers were 48% and 45%.

PROPERTY ASSET VALUES

Overall, this indicates that mortgages are being paid off later than they were six years ago. As people get older, more own outright – in 2016, 13% of 65-74-year-olds owned with a mortgage, compared with 9% in this age group this year.

Length of tenure in the same property has remained more or less constant over the last six years, at just under 20 years, compared with 21 years in 2016. In 2002, when people bought their house, the average house price in the UK was £101,000, so this age group have seen a significant increase in the value of their property assets.

HOUSING MARKET BOOM

Those who own outright have typically been in their property longer – 22 years, compared with 16 years for people who own with a mortgage – so the mortgage-free have also benefitted from an additional six years of property price rises, building up the equity in their home.

Average house prices have gone up for this age group, and now stands at £287,000, from £264,000 in 2016 – an increase of 8% – and is continuing to rise[3]. The effect of housing price rises is even more marked for the older age groups, particularly for those who bought their current property before the housing market boom of the late 1990s.

ACCUMULATED PROPERTY WEALTH

The average house value of the 75+ age group in the survey is £310,000 and the average length of time they have lived there is 28 years. In 1994, when they bought their property, the average house in the UK cost £54,623, which represents a five-fold increase in equity.

The picture is also positive for the 65-74-year-olds – their average tenure is 24 years, buying their current house in 1998 when the average cost of property was £66,231. Today, this age group's property is worth, on average, £302,000. This accumulated property wealth, resulting from the growing housing market in the UK, will for most far outstrip the resources they have in savings and investments.

PLANNING LATER LIFE FINANCES

Taking into account the average outstanding mortgage still owing, the research highlighted the amount of equity people typically have in their property is just under £195,000. This compares with the average held in savings and investments, of £52,000 and shows the importance of considering all sources of wealth when planning later life finances.

It's likely that people have accumulated more wealth in their property assets than they realise, and looking at ways of utilising this in planning for retirement could have a significant impact for them. It's an important factor to consider when looking to plan for a comfortable retirement.◆

>> HELPING YOU BUY YOUR HOME – READY TO TALK? <<

The right mortgage looks different to everyone – that's why we discuss the different mortgage types and rates that are right for you. Ready to talk? Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Aviva research conducted by Censuswide April 2002, 1,507 general consumers aged 45+
[2] Aviva Real Retirement Report conducted by ICM Unlimited April 2016, 1,506 general consumers aged 45+
[3] HMLR's UK House Price Index


PREPARING YOUR HOME FOR BAD WEATHER

How to avoid problems and save money on your energy bills

WHETHER IT'S STRONG winds, heavy rain or extreme cold and snow, there's something you can do to prepare your home. Otherwise the weather could cause damage to your home, which can be expensive to repair.

But, if you take the time to get your home ready for the change in seasons, you can avoid these problems and save money on your energy bills.

10 tips on how to get your home ready for a change in seasons

1. GET YOUR BOILER CHECKED

As the weather gets colder, it's important to make sure your boiler is in good working order. A boiler that isn't functioning properly is not only a nuisance but can also be a safety hazard. Contact a professional heating engineer to carry out a full inspection and let you know if there are any issues that need to be addressed. Taking care of your boiler now will help ensure that you have a warm and comfortable home.

2. DO THOSE DIY JOBS

Now we are in autumn, it's time to get some DIY jobs done around the house before winter and the bad weather set in. After all, there's nothing worse than trying to do repairs in the cold and wet weather. If you've been putting off fixing that loose roof tile or painting the shed, now is the time to get it done. Look for holes or cracks in walls and around doors and windows, where the wind or water could come in. This will help to save money in the long term.

3. CHECK GUTTERS AND PUT AWAY TOOLS

One of the most important things you can do is to check your gutters and make sure they are clear of leaves and debris. This will ensure water can flow freely away from your home, helping to prevent any damage that could be caused by freezing temperatures – it could save you a lot of hassle (and money) in the long run!

4. TEST CARBON MONOXIDE AND SMOKE DETECTORS

As the days get shorter and the nights get longer, it's important to make sure your smoke and carbon monoxide detectors are working properly. Test them regularly and replace the batteries if needed. If you have a fireplace check it's working properly and clean your chimney to ensure that you're not at risk of a fire starting. By taking these simple steps, you can help keep your family safe and warm.

5. BRING ANY OUTDOOR FURNITURE INSIDE

As the weather starts to get colder and the leaves start to change colour, it's time to start thinking about preparing your outdoors for when the weather turns. Bring any outdoor furniture inside or cover it to protect it from the elements. This will help keep your furniture in good condition.

6. BLEED YOUR RADIATORS TO GET RID OF ANY AIR POCKETS

Now is the time to bleed your radiators to get rid of any air pockets that can prevent them from heating properly. To fix this, you'll need to bleed your radiators. This is a simple process that anyone can do, and it only takes a few minutes.

7. REVIEW SECURITY WITHIN YOUR HOME

As the weather gets colder, it's important to review your home security measures. Check that all doors and windows are securely locked, including any second-storey windows that may be accessible from the ground. If you can, get CCTV installed as this will keep threats such as burglars away, and cut down bushes or trees to ensure you have a clear view. If you have an alarm system, test it regularly to make sure it's in good working order. Keep an eye out for any suspicious activity in your neighbourhood and report anything suspicious to the police.

8. INSPECT YOUR ROOF FOR ANY LOOSE TILES

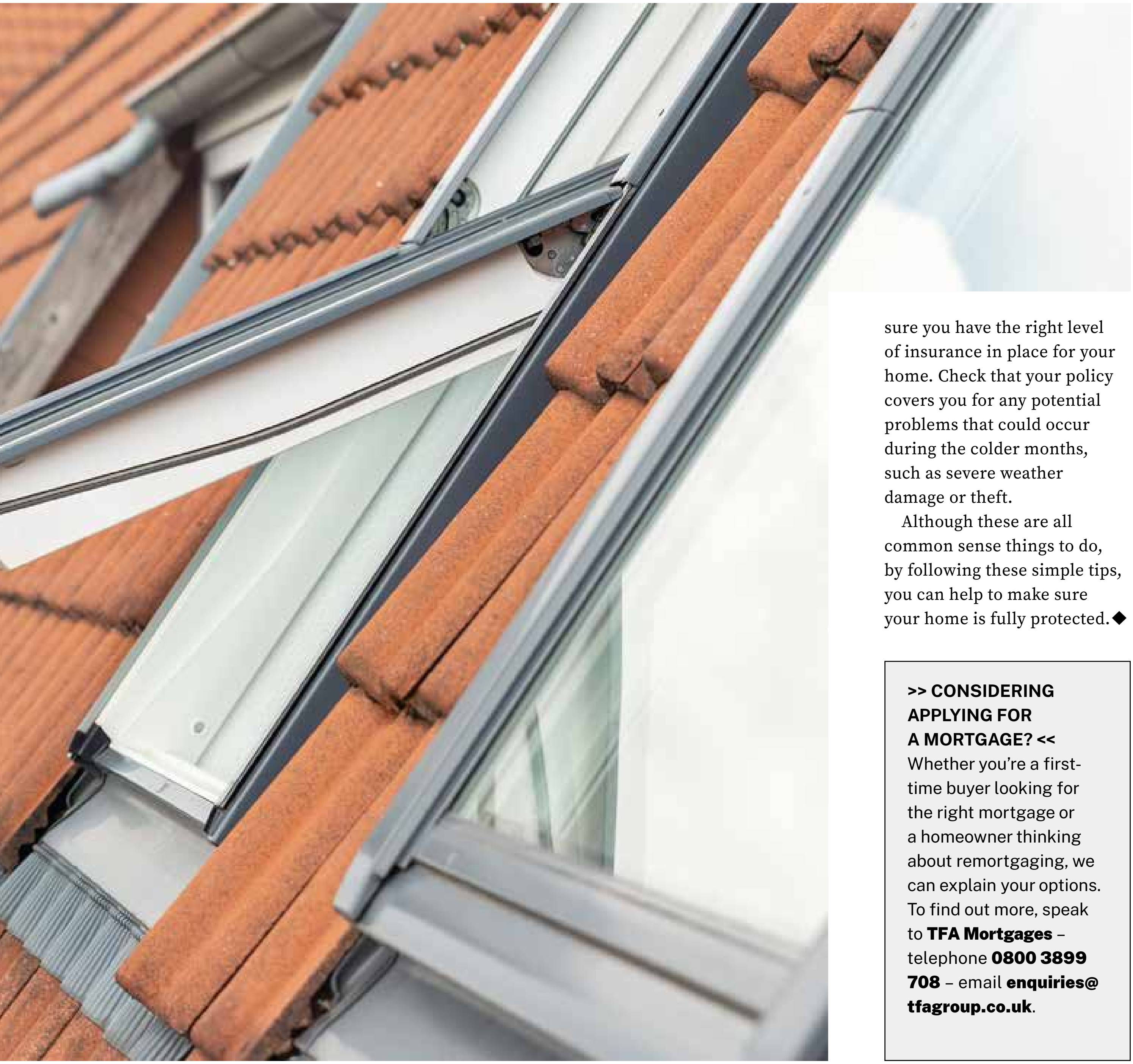
Inspect your roof for any loose tiles – this can cause leaks and other damage to your roof, so it's important to have them repaired as soon as possible. Not only can this damage your home, but it can also be a safety hazard. Be sure to have any repairs done as needed so that your roof is ready for the worsening weather.

9. CHECK FOR GOOD LOFT INSULATION

One of the key things you can do to keep your home warm is to ensure you have good loft insulation. Check the depth of your insulation. It should be at least 270mm deep in order to be effective. Take a look at the condition of your insulation. If it's looking old and worn, it might be time to replace it. Check for any gaps or holes in your insulation. These can let heat escape, making your home less energy-efficient. If you find that your insulation needs topping up or replacing, it's important to do so before the cold weather really sets in. This will help to keep your home warm and reduce your energy bills.

10. KEEP UP-TO-DATE WITH YOUR INSURANCE COVER

The colder months can be tough on your home. From severe weather conditions to an increase in burglaries, it's important to make sure your home is fully protected. Check you keep up-to-date with your insurance cover and make



sure you have the right level of insurance in place for your home. Check that your policy covers you for any potential problems that could occur during the colder months, such as severe weather damage or theft.

Although these are all common sense things to do, by following these simple tips, you can help to make sure your home is fully protected. ◆

>> CONSIDERING APPLYING FOR A MORTGAGE? <<
Whether you're a first-time buyer looking for the right mortgage or a homeowner thinking about remortgaging, we can explain your options. To find out more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Buying insurance for your home

Protecting the things that matter most to you

YOUR HOME WILL PROBABLY be the most expensive purchase you ever make, so chances are you'll want to protect it as best you can. If you couldn't afford to rebuild your home from the ground up and replace everything in it, you need buildings and contents insurance.

WHAT KIND OF POLICY DO YOU NEED?

BUILDINGS INSURANCE

As the name suggests, buildings insurance protects the structure of your home as well as some fixtures and fittings. It covers the cost of repairing damage to or rebuilding the structure of your home. This includes its windows, walls, roof, outbuildings, and fitted kitchens and bathrooms. It provides cover for damage caused by events like fires, storms and floods.

If you own your home outright, buildings insurance is not mandatory. However, if you have a mortgage, your lender will usually require you to take out buildings insurance as part of the loan agreement.

Buildings insurance can be purchased as a standalone policy or as part of a home contents insurance package. When choosing buildings insurance, it's important to make sure that you are covered for the right level of protection. You should also read the policy carefully to understand what is and isn't covered.

When you get buildings insurance, you insure the structure of your home against damage from an insured event. You'll also be insuring the property for the full cost of rebuilding it from the ground up. In the extreme case where your home has to be completely rebuilt, buildings insurance should also cover the cost of demolition, site clearance and architects' fees.

It's important that you get your buildings sum insured right, as this is the maximum your insurer will pay out if you claim. Your building should be insured for the re-building cost (not what you paid for the property or the current market value). If you need to make a claim on your buildings insurance, you will usually have to pay an excess. This is the amount you agree to pay towards any repairs or replacements.

When comparing buildings insurance policies, look at the cover levels, excesses, and any restrictions or exclusions. It's also worth checking reviews of the insurer to see what other customers have said about their claims experience.

CONTENTS INSURANCE
Remember that your property isn't just a building, it's a home for your most valuable possessions. In short, home contents insurance should cover anything not physically attached to your building. Like buildings insurance, policies cover different things, and although having contents insurance isn't legally required, it covers the cost of replacing or repairing your possessions if they are damaged, destroyed or stolen.

Contents insurance can give you peace of mind knowing that your belongings are protected in the event of an unexpected incident. It includes everything you would take with you if you moved home, including your furniture, kitchen appliances, curtains, bedding, clothing, television, computing equipment and jewellery.

There are a few things to consider when choosing contents insurance, such as the level of cover you need and the excess you are willing to pay. Make sure you get your contents sum insured right, as this is the maximum your insurer will pay out if you claim. It is also important to read the policy documents carefully to understand what is and is not covered by your insurer.

You will need to declare any high value items when you take out your policy, and they will usually be subject to a higher excess. This means that if you need to make a claim for one of these items, you will have to pay a larger amount towards the repair or replacement cost.

It is also worth bearing in mind that some insurers will not cover certain types of high value items at all. For example, many will not cover jewellery or artworks. If you have any items of this nature, it is worth checking with your insurer before you buy your policy to see if they are included.

Your contents should be insured for the cost of replacing them as new, not their current value. It is important to re-evaluate your contents sum insured on a regular basis, particularly after purchasing expensive items, or following a birthday or Christmas.

COMBINED BUILDING AND CONTENTS INSURANCE
You can also combine buildings and contents insurance policies, which might actually be cheaper depending on the insurer. Be sure to consider the coverage limits, excesses and discount options before making your final decision.

The cost of your cover will depend on a number of different factors including: the amount of cover you need, the value of your home and the items in it, the number and value of any high value items listed in your policy, the amount of excess you agree to pay, whether you have made a claim before or not, and the postcode for the property. ◆

>> WANT TO DISCUSS HOW TO PROTECT THE THINGS THAT MATTER TO YOU? <<
If you have a mortgage, you will need buildings insurance. Mortgage providers require you to have buildings insurance that covers the total value of your mortgage. To protect the things that matter most to you and to choose the policy that's right for you, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Start your journey to finding your new home

Tips to make it as smooth and enjoyable as possible

THE PROCESS OF FINDING a home, whether as a first-time buyer or a seasoned mover, is exciting. However, it is important to remember that the purchase of a home is a major financial investment.

Therefore, it is crucial to do your research and work with experienced professionals in order to ensure that you are making the best possible decision for your unique situation. There are many factors to consider when purchasing a home.

These tips will help to ensure that the process of buying a home is as smooth and enjoyable as possible.

START YOUR SEARCH EARLY

The sooner you start looking for a property, the better. This will give you more time to find the perfect home and also get a feel for the different areas that you might be interested in. Think about what kind of property you need. Do you want a house or an apartment?

How many bedrooms do you need? Consider your lifestyle and needs when making this decision. When you're viewing properties, pay attention to their condition. If a property needs a lot of work, it may not be the best option for you.

DO YOUR RESEARCH

Before you start looking at properties, do your research and have a good idea of what you're looking for. Otherwise, you could end up wasting time viewing properties that don't suit your needs. Location is key, so think about where you want to be based and what kind of lifestyle you're after.

Do you want to be in the city or the countryside? Do you need good transport links? Consider all of these factors before beginning your research.

GET HELP FROM A PROFESSIONAL

If you're not sure where to start or what you're doing, it's always a good idea to seek help from a professional. A good estate agent will be able to help you find the right property and also give you advice on the best way to proceed.

SET A BUDGET

One of the most important things to do when buying a home is to set a budget. This will ensure that you don't overspend and end up in financial difficulty. Make sure you have a realistic idea of how much you can afford to spend on a property. Research the average prices in the area you're interested in and get professional advice from a mortgage adviser.

BE PREPARED TO NEGOTIATE

When it comes to buying a property, it's important to be prepared to negotiate. If you're not happy with the asking price, don't be afraid to try and haggle. Make sure your offer is based on what you think is a fair price for the property.

Make a strong offer so that the seller knows you're serious about buying their property. If the seller isn't willing to budge on the price, then walk away from the negotiation. It's important to remember that there are other properties out there and you don't want to overpay for your new home.

GET A MORTGAGE AGREED IN PRINCIPLE

Before you start looking at properties, it's a good idea to get a free no obligation mortgage agreed in principle. This will give you an indication of how much you can borrow and also make the buying process easier.

This can be extremely useful when it comes to budgeting for your new home. It also shows sellers that you are serious about buying and it gives you more bargaining power. In addition, it can speed up the process of getting a mortgage because the lender will already have all of your information on file and will simply need to do a final assessment before approving the loan.

MAKE SURE YOU VIEW THE PROPERTY

When you're looking to buy a property, there are a few key things you should look for during the viewing process. First, be sure to inspect the condition of the property both inside and out. This includes checking for any signs of damage or wear and tear, as well as making sure that all fixtures and fittings are in good working order.

Take a close look at the surrounding area. Is the property located in a safe and desirable neighbourhood? Are there any local amenities nearby, such as schools, shops or parks? And what is the general level of noise and traffic in the area?

Think about your future plans for the property. If you're intending to live in it long-term, you'll need to make sure that it has enough space for your needs.

GET A SURVEYOR'S REPORT

Get a surveyor's report, which will help to identify any potential issues with the property that you might not be aware of. The report will include information about the condition of the property, as well as any potential problems that could arise in the future.

Many mortgage lenders will require a surveyor's report before they will approve a loan for a property purchase. This document can provide you with valuable information about the property you are interested in, and can help you avoid making a purchase that you may later regret.

BE PREPARED FOR UNEXPECTED COSTS

As with any major purchase, buying a property comes with a number of associated costs that can add up quickly. When you're buying a property, there are always going to be unexpected costs. Be aware of this and factor it into your budget.

Here are a few things to keep in mind when budgeting for your property purchase: Stamp Duty Land Tax; legal fees; survey costs; mortgage fees; and moving costs.

USE A SOLICITOR

When you're buying a property, use a solicitor. They will be able to help with the legal aspects of the purchase and also deal with any issues that might arise. They can help to protect your interests and ensure that the process goes smoothly. A good solicitor will be able to advise you on the best way to buy your property, taking into account your individual circumstances.

They can also negotiate with the seller on your behalf, and deal with any legal issues that may arise. Using a solicitor is especially important if you're buying a property at auction. They can provide invaluable advice on the bidding process and make sure that you don't overspend.

Note that in Scotland the selling, buying and legal processes differ from the rest of the UK. In particular, properties are marketed with either a 'fixed price' or at 'offers over' a certain figure, which is the lowest amount a seller will accept. Estate agents tend to operate from within solicitor firms. These tips are still applicable to the general procedure for finding a property to buy in Scotland. ◆

>> WANT HELP TO OPEN THE DOOR TO A PLACE OF YOUR OWN? <<

By keeping these things in mind, you can be sure to find the right property for you. Looking for a mortgage deal? To find out more speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Making a house your home

Awkward questions you need to ask before buying together

YOU'VE MET 'THE ONE', or you may be best pals, and you're buying a place together. So what could possibly go wrong when purchasing a property with your partner or friend?

Buying a home is likely to be the most expensive thing you'll ever do. And increasingly buyers are choosing the cohabiting route to do so, which means it's not a decision that's taken lightly. Yet despite that, some people may be leaving themselves completely exposed when purchasing a property with a partner or friend.

It's essential to have a conversation about bills, deposits and housework before moving in together but it's so, so important to get it right up front before you commit. You need to have a clear and concise agreement in place regarding who will be responsible for what financial aspects of the purchase.

Agree upon a clear plan for what will happen if one party wants to sell the property or if the relationship between the parties changes. Consult with a solicitor or other professional to ensure that all legalities are taken care of and that both parties are protected.

By taking these precautions, purchasing a property with a partner or friend can be a rewarding experience.

WHAT ARE EACH OF YOUR LONG-TERM GOALS?
You both need to be on the same page when it comes to your long-term goals. Are you looking to buy a forever home? Or are you planning on selling after a few years? Discussing your plans now will help avoid any misunderstandings later down the line.

WHO WILL BE RESPONSIBLE FOR WHAT BILLS?
When you live together, there will be bills to pay – so decide who is going to be responsible for which ones. Will you split them evenly? Or will one person cover the mortgage while the other takes care of the utility bills?

WHAT HAPPENS IF ONE OF YOU WANTS TO SELL?
If one of you decides that you want to sell the property, what will happen? Will the other person be able to buy them out? Or will the property be put on the market and sold to the highest bidder? Deciding what will happen in this situation ahead of time can help avoid any conflict later on.

WHAT ARE YOUR EXPECTATIONS FOR LIVING TOGETHER?
Discuss your expectations for living together before you move in together. Will you expect the other person to do all the cooking and cleaning? Or will you both be responsible for keeping the house tidy? Figuring out what you both expect from each other can help prevent any misunderstandings down the line.

HOW WILL YOU HANDLE FINANCES IF ONE OF YOU LOSES YOUR JOB?
If one of you loses your job, how will you handle your finances? Will the other person be responsible for covering all the bills? Or will you both have to make some sacrifices? Discussing this ahead of time can help prevent any financial hardship in the future.

WHAT ARE YOUR PLANS FOR RETIREMENT?
Depending on your age, you may want to discuss your eventual retirement. Do you have similar plans for retirement? Are you both hoping to retire at the same time? Or are you planning on retiring sooner than the other person? Discuss your retirement plans before buying a property together, so that you're both on the same page.

WHAT WILL HAPPEN IF ONE OF YOU DIES OR BECOMES ILL?
If one of you dies, what will happen to the property? Will the other person be able to keep up the mortgage on it? Or will it have to be sold? What life insurance, critical illness or income protection should you have in place? Discussing this ahead of time can help avoid any conflict in the future.

WHAT ARE YOUR THOUGHTS ON HAVING CHILDREN?
Do you want to have children? If so, how many? If you're not on the same page when it comes to children, it can be a major source of conflict later on. So discuss your thoughts and plans on this topic before buying a property together.

WHAT OTHER IMPORTANT QUESTIONS SHOULD WE BE ASKING EACH OTHER?
These are just some of the important questions you should ask each other before buying a property together. But there may be other things that are important to you as well. So take some time to sit down and discuss what's most important to you both before making any decisions. ◆

>> READY TO MAKE A HOUSE YOUR HOME? <<
If you're looking to get on the property ladder or move home, we're here to help. To find out more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

FUTURE HOMES

Doing your part to help combat climate change

SUSTAINABILITY HAS BECOME a key factor in almost every aspect of daily life. So-called 'net zero' homes open up new possibilities to minimise our ecological footprint. And there are many benefits to creating a net zero home.

Perhaps the most obvious benefit is that you will be doing your part to help combat climate change. Net zero homes produce very low levels of carbon emissions, and by creating one you will be playing a role in reducing the emissions.

Another great benefit of creating a net zero home is that you will save money on your energy bills. These homes are highly energy efficient, meaning that you will use less energy overall. This not only saves you money on your utility bills, but it also reduces your reliance on fossil fuels.

Net zero homes are also healthier places to live. Because they produce very little pollution, they improve air quality and reduce the risk of respiratory problems. Additionally, they are typically well insulated and have good ventilation, which helps to create a comfortable and healthy indoor environment.

They also tend to have a higher resale value. Because they are more energy efficient and environmentally friendly, they are highly sought after by many buyers. This means that if you ever decide to sell your home, you are likely to get a higher price for it.

Almost every property has the potential to use less fuel for heating, lighting and appliances. By following these tips, you can help to create a net zero home that will not only reduce your carbon footprint but also save you money on energy bills in the long run.

USE SUSTAINABLE MATERIALS

When renovating your home, choose materials that are environmentally friendly and have a low carbon footprint. These include sustainably sourced timber, recycled plastic, bamboo and wool insulation.

INCREASE ENERGY EFFICIENCY

One of the best ways to reduce your carbon footprint is to make your home more energy efficient. This can be done by installing double or triple-glazed windows, cavity wall insulation and solar panels. You should also consider

investing in energy efficient appliances such as LED lighting and a heat pump.

USE RENEWABLE ENERGY SOURCES

Another way to reduce your carbon footprint is to use renewable energy sources to power your home. This includes installing solar panels or a wind turbine. You can also use biomass, such as wood pellets, to generate heat and electricity.

REDUCE WATER CONSUMPTION

You can also reduce your carbon footprint by reducing your water consumption. This can be done by installing water-saving appliances such as low-flow shower heads and toilets. Consider collecting rainwater to use for watering plants or cleaning the car.

GREEN MORTGAGES

A number of lenders now offer green mortgages, which can help play a part in building your net zero credentials. A green mortgage rewards you for buying or owning an energy-efficient home. They're only available to those who either buy or own an environmentally-friendly home (generally with an A, B or C EPC rating), or make energy-efficient home improvements. Some products will offer preferential rates to standard mortgages if the property meets certain energy efficiency criteria, whereas others may offer cashback on any money you borrow to upgrade your home's energy efficiency.

CONSIDER MAKING IT A NET ZERO HOME

Overall, there are many benefits to creating a net zero home and by doing so you will be helping to combat climate change, saving money on your energy bills and improving your health. Additionally, your home is likely to have a higher resale value. So if you are thinking about renovating and making home improvements, consider making it a net zero home. ◆

>> LOOKING TO REMORTGAGE TO FUND HOME IMPROVEMENTS?<<

From raising the value of your property, to giving your family more space, to making your home more energy efficient, there are lots of reasons to renovate. To find out how we can help with your mortgage requirements – speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

BOOST YOUR HOME'S VALUE

What home improvements should you consider?

IF YOU WANT to work your way up the property ladder to your dream home, you need to know how to boost the value of where you live now. So what renovations or extensions will add value to your property?

There is no one-size-fits-all answer to this question. The amount of value that a particular renovation or extension will add to your property will depend on a number of factors, including the location of your property, the current condition of your property, and the specific nature of the renovation or extension itself.

HOWEVER, THERE ARE SOME GENERAL AREAS TO CONSIDER TO HELP BOOST YOUR HOME'S VALUE.

1. FOCUS ON IMPROVING KEY FUTURE SELLING POINTS

When carrying out renovations or extensions, it is important to focus on those areas of your property that are most likely to appeal to future prospective buyers. For example, if your property is located in an area with good schools, then investing in a home office or extra bedroom could make it more attractive to families with children. Similarly, if your property is located in a popular tourist destination, then adding features that would appeal to holidaymakers, such as a swimming pool or a self-contained annexe, could help to increase its value.

2. DON'T OVER-IMPROVE FOR THE NEIGHBOURHOOD

Avoid carrying out renovations or extensions that would result in your property becoming significantly more valuable than those of your neighbours. This is because potential buyers are likely to be put off by the idea of living in a property that is much more expensive than those around it, and this could lead to your property taking longer to sell, or selling for less than you had hoped.

3. GET EXPERT PROFESSIONAL ADVICE

When planning any major renovations or extensions, it is always a good idea to seek professional advice from an experienced architect or surveyor. They will be able to advise you on the best way to maximise the value of your property, taking into account its specific location and condition.

4. USE HIGH-QUALITY MATERIALS

Using high-quality materials for your renovation or extension project will not only make your property more attractive to prospective buyers, but it will also add to its long-term value. This is because properties built with inferior materials are more likely to experience problems such as dampness and structural defects, which can reduce their value and make them difficult to sell.

5. ADD EXTRA LIVING SPACE

Adding extra living space to your property is a proven way to add value, as it gives prospective buyers more options in terms of how they could use the property. For example, an extra bedroom could be used as a nursery, guest room or home office, while an extension to the kitchen or living room could create additional dining or relaxing space.

6. IMPROVE ENERGY EFFICIENCY

Making your property more energy efficient is another great way to add value, as it will make it more attractive to environmentally-conscious buyers and could help to reduce running costs. There are a number of ways to improve the energy efficiency of your property, including installing double-glazed windows, insulating walls and ceilings, and fitting low-energy lighting.

7. CREATE MORE OUTDOOR SPACE

If your property doesn't have much outdoor space, then creating additional garden or patio area can be an effective way to add value. This is because buyers are often attracted to properties that offer the potential for outdoor living, and extra outside space can also be used to create additional parking or storage space.

8. MAKE COSMETIC IMPROVEMENTS

Making cosmetic improvements to your property, such as redecorating, refitting the kitchen or bathroom, or landscaping the garden, can also help to add value and make your property more attractive to prospective buyers and easier to sell.

9. OBTAIN PLANNING PERMISSION BEFORE STARTING WORK

If you are planning to carry out any major renovations or extensions, you'll need to obtain planning permission from your local authority before starting work.

10. HIRE A PROFESSIONAL CONTRACTOR

When carrying out any major renovations or extensions, it is always best to hire a professional contractor to carry out the work. This is because they will have the experience and expertise necessary to ensure that the work is carried out to a high standard and that your property is not damaged during the process. ◆

Retirement location, location, location

Choosing where to spend your retirement is an important decision

MANY PEOPLE ARE reaching retirement age and looking to leave behind towns and cities in favour of rural or coastal areas, and areas of natural beauty. When it comes to thinking about where to live when you retire, you might be considering a similar change of pace.

Some people have been thinking about it for a while, and if you asked them where the best place to retire in the UK is, they wouldn't hesitate to answer. For others, there's more to consider. When it comes to deciding your perfect retirement location, it's common to consider a range of factors. Wanting to be close to family, or favouring somewhere peaceful or by the sea are popular choices.

SIZEABLE BUDGET

The most popular retirement locations have lots in common, with picturesque landscapes, quaint villages and a long coastline. While these areas are beautiful, their house prices can reflect their popularity.

Relocating or downsizing could open up more options in your retirement relocation. If you're selling up in a big city and moving to somewhere more remote, you could find yourself with a sizeable budget.

CLOSER TO LOVED ONES

Among the most important retirement location considerations, second to your budget, may be proximity to loved ones. Many people move to be closer to loved ones in retirement, especially when grandchildren arrive and the extra support is welcome.

Making this move can be quite an adjustment if you're leaving a busy city with excellent transport links and relocating to a rural town with limited bus timetables and no local train station. If you don't

Panoramic view of Keswick and Derwentwater, Lake District, Cumbria, UK.

drive, having access to public transport to visit friends and family, as well as amenities such as shops, doctors and your favourite social activities, is an important consideration.

LONG-TERM MOVE

Medical and care facilities are also particularly important if you're considering where to live when you retire as a long-term move. Living within easy travelling distance to your local doctor or hospital could be something you should consider now, as you will likely need to think about it in the future.

Other considerations include your safety and crime rates. Low crime rates and feeling safe in your new home are really important. You might have a neighbourhood watch programme in your local area, which can be reassuring.

NEW DESTINATION

If you have an active social life that you'll miss when you move, it can be reassuring to know that your new destination has plenty of community groups and activities to look forward to. Visiting ahead of your move or reaching out on social media could help you connect with the local community and find people who have similar hobbies.

So if you're looking to retire in the UK, there are a few key locations to keep in mind.

POPULAR RETIREMENT PROPERTY HOTSPOTS IN THE UK

THE COTSWOLDS

This picturesque region of England is a top retirement destination for many reasons. It's close to major cities like London, Oxford and Birmingham, but it also has a slower pace of life that makes it ideal for retirees. There are plenty of quaint villages and country towns to explore, along with gorgeous countryside views.

CORNWALL

Cornwall is another popular retirement destination, thanks to its beautiful coastline and mild climate. It's a great place to enjoy outdoor activities like walking, cycling and golf. And, with plenty of small towns and villages to choose from, you can find the perfect place to settle down.

THE LAKE DISTRICT

The Lake District is a stunning region of England that's perfect for retirees who love the outdoors. With its picturesque lakes and mountains, it's easy to see why this is such a popular destination. There are plenty of walks and hikes to enjoy, along with other outdoor activities like sailing and fishing.

DEVON

Devon is another county in England with a lot to offer retirees. It has a beautiful coastline, lovely countryside, and plenty of quaint towns and villages. Like Cornwall, it has a mild climate, making it a great place to enjoy retirement.

DORSET

Dorset is another county in England that's popular with retirees, thanks to its sprawling selection of coastline towns. From Poole to Sandbanks and Bournemouth to Christchurch – there are a whole host of towns that suit the retiree perfectly.

These are just some of the retirement property hotspots, but if you're looking for a place to retire, these are all great places to keep in mind. ◆

>> MORTGAGES FOR OLDER PEOPLE<<

If you're 55 or older, you might be thinking about your retirement options, or you may have already retired. Equity release could help you use some of the value you've built up in your home to put your retirement plans into action. To discuss your options contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Investing in a House in Multiple Occupation

Perceptions are shifting to meet the changing demand from tenants

HOUSES IN MULTIPLE Occupation (HMO) are moving up the value chain as tenants demand better amenities, research has revealed[1]. A survey of HMO landlords identified tenants today expect en suite bathrooms, larger rooms, high speed broadband and quality furnishings.

An HMO is a property consisting of at least three people who are not from the same connected household (i.e. a family) and share facilities, such as a central living space or kitchen. There has been a trend over the past year, with 48% of landlords saying they'd seen growing demand for high-end HMOs and 45% saying demand from young professionals was up over the past year.

CHANGING DEMAND

Just under a quarter, 23%, of landlords also said HMOs were appealing to older, more affluent tenants. The majority of landlords said demand for higher speed broadband had increased over the past year (56%), while a significant proportion of tenants were seeking larger rooms (39%), en suite bathrooms (53%) and better quality furnishings (39%). Elsewhere, 35% of landlords said tenants were asking for office facilities to enable home working.

HMOs previously had a reputation for poor-quality housing, but that perception is shifting as landlords upgrade stock and meet the changing demand from tenants. Tenants will no longer accept poor quality – they want broadband, modern and attractive furnishings.

STRONG GROWTH

The research findings highlighted there was also a strong growth in demand from landlords to acquire HMOs during the pandemic. This may be a reflection of the wider shortage in rental properties with tenants opting for a room in a shared home because one or two-bedroom properties are in short supply. Some tenants also require the flexibility and social nature of HMOs, particularly if they are renting with friends.

According to the research, an investment case for HMOs is compelling, with 47% of landlords with an HMO agreeing that they offered better rental yields than other residential rental property. Some 40% said HMOs offered better financial protection from voids, while 53% said there was no material difference in capital gain between single units and HMOs, making income the deciding factor.

RENTAL INCOME

The largest proportion of HMO landlords, 42%, reported net yields of over 10%, while 64% reported yields of 8% or over. At 72%, the majority said maintenance, insurance and utilities accounted for less than 25% of their gross rental income across their portfolios. However, landlords also spend a high proportion of their rental income on the maintenance of the HMO.

Nearly two-thirds, 63%, of landlords spend over 10% of rental income on annual property maintenance. Nearly half, 46%, of tenants fell into the young single bracket, with 47% students and 41% white collar, clerical or professional workers.

HIGHER YIELDS

Elsewhere, 27% of tenants were manual workers, with 15% represented by older singles. Smaller groups included Universal Credit Claimants (9%), families with children (4%) and migrant workers (4%). One in five tenancies were in place for two years but by far the most tenancies were for one year. Just 2% of tenancies lasted longer than five years.

Given shifts in tenant demand and the higher yields on offer, HMO landlords are more likely to purchase additional stock

than sell, according to the research. Over four in ten HMO landlords, 43%, said they planned to purchase an additional HMO property in the next six months. There is roughly an equal split (22% vs 21%) in the proportion of landlords who plan to buy an existing HMO against those who will buy another type of property and convert.

BIGGEST CHALLENGE

Rapidly rising energy costs stood out as the frontrunner when HMO landlords were asked what their biggest challenge had been over the past 12 months. Some 64% of those surveyed said higher energy bills had been a concern, reflecting the fact that 62% of tenancies in HMOs are inclusive of all bills, including energy, broadband and Council Tax.

A further 14% include utilities bills only – gas, electricity, water and Council Tax. While one in five landlords said they had no plans to pass higher energy bills to their tenants, more than half do plan to increase rents to cover the higher cost of living. Some 19% have already raised their tenants' rents. ◆

"Rapidly rising energy costs stood out as the frontrunner when HMO landlords were asked what their biggest challenge had been over the past 12 months."

Source data:
[1] https://www.paragonbankinggroup.co.uk/news/news-releases/hmos-moving-up-the-value-chain

HOW TO START A PROPERTY DEVELOPMENT BUSINESS

Key steps you need to take in order to become a property developer

STARTING YOUR OWN property development business can be very lucrative and enable you to eventually achieve financial independence. However, it is important to remember that there is a lot of work involved in becoming a successful property developer. In this article, we will outline some of the key steps you need to take in order to become a property developer.

The first step on your journey to becoming a property developer is to gain some experience in the industry. This could involve working for an existing development company, or even getting involved in smaller-scale projects yourself. There are many ways to gain experience, so it is important to find an option that best suits your skills and interests.

GOOD ORGANISATIONAL SKILLS

As a property developer, your role is to oversee the project from start to finish. You'll need good organisational skills to make sure projects don't take longer than planned or go over budget. Project management tools like a Gantt chart could help you to stay on top of everything. This will help plan the project around deadlines and properly allocate resources.

You'll also be required to raise the funding for the project while bringing together various experts to get the job done – from builders and architects to estate agents and surveyors. When it comes to making a profit, developers generally have one of two options: selling the property to a new owner or renting it out to tenants.

DEVELOP A BUSINESS PLAN

Once you have some experience under your belt, the next step is to develop a business plan. This should include detailed information on your target market, your development strategies and your financial projections. This can help you plan how you're going to run your business, identify your competitors, and consider your strengths and weaknesses.

A property development business plan should include details on the type of property you're going to develop (residential or commercial) and whether you're going to build properties from scratch or develop existing ones. Without a sound business plan, it will be very difficult to succeed as a property developer.

WHAT PROJECTS SHOULD YOU CONSIDER?

Property development businesses take on a varied range of projects. Here's an overview of some of the most common ways to make money as a property developer:

- **Building new properties** – demand for new homes is always high in the UK, so building new properties and selling them on the open market is popular with many developers
- **Renovating existing properties** – this could be anything from refurbishing a kitchen to building a loft extension to increase a property's value. It's important to note that just redecorating a home doesn't count as property development
- **Converting properties** – changing the use of a property could significantly increase its value. For example, converting an old shop into flats
- **Buying and selling land** – rather than improving properties, some developers buy unwanted land, get it ready to be built on and then sell it on to another developer

MOST COMMON OPTIONS

There are lots of things to consider before you buy a property or a piece of land, including: Where are the best areas for investment? If you're selling or letting the property, who is your target audience? Which contractors are you going to work with? What materials will you use and where will you get them from?

Another important step in becoming a property developer is to raise enough capital and to make sure that you have enough money to cover all of the costs associated with your development projects. These are some of the most common options: residential, commercial or buy-to-let mortgage; bridging loan; angel investment or crowdfunding; and a secured or unsecured loan.

STAKEHOLDER RELATIONSHIPS

You'll also need to build relationships with a range of stakeholders, such as planning consultants and architects, quantity surveyors, accountants and solicitors, interior designers, house builders and estate agents, and tradespeople and contractors.

By planning what you want from each development before you start the project, you can improve your chances of making a profit, so you need to consider an exit strategy.

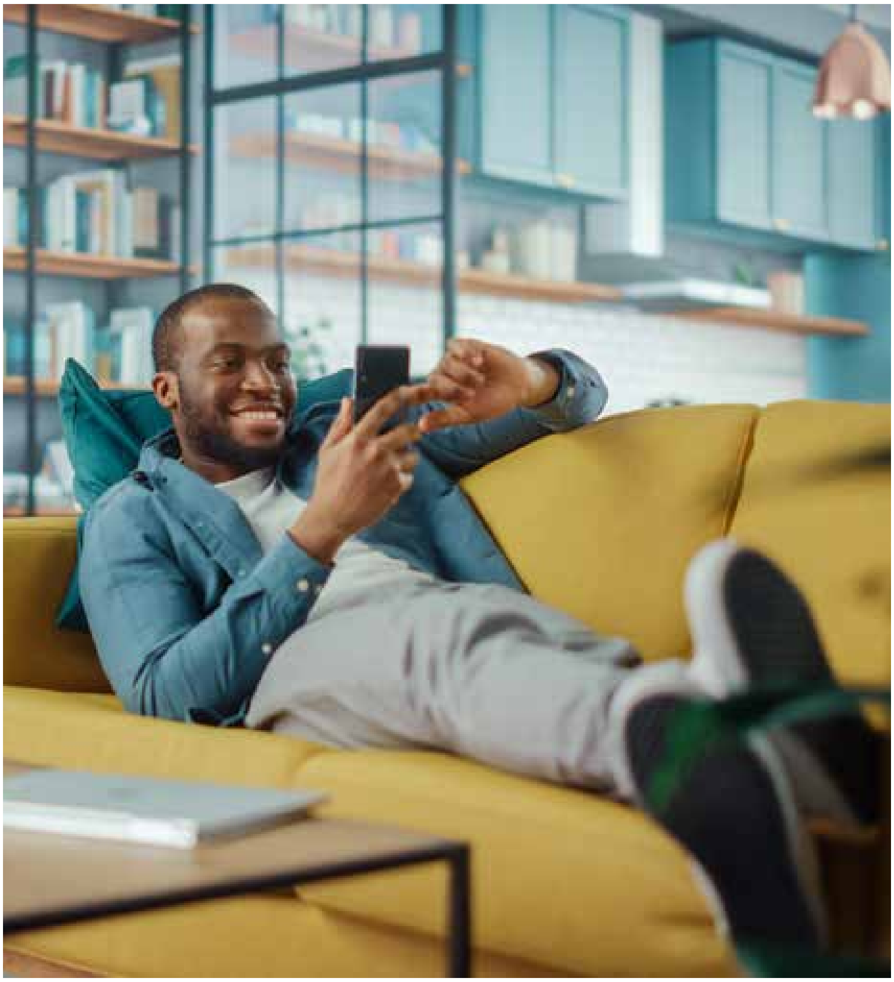
Three most common exit strategies for property developers are:

- **Sell** – putting the property on the market after you've completed the development project and increased its value
- **Let** – renting out the property to tenants, earning regular income to fund future projects
- **Hold** – keeping ownership of the property over a longer period with the aim of benefiting from price growth

BUILDING UP YOUR KNOWLEDGE

You don't need any qualifications to start a property development business. However, taking a course could help to build up your knowledge of things like planning laws and increase credibility with future clients. There are also university courses in real estate development, as well as a range of online courses you could take.

By following these steps, you can give yourself the best chance of success when starting your own property development business. Remember that becoming a successful property developer takes time, effort and dedication. However, if you are willing to put in the work, there is no reason why you cannot achieve success in this exciting industry. ◆



THE RENTAL FACTOR

Landlords facing a dilemma – to raise rents or support tenants

LANDLORDS ARE FACING a real dilemma at the moment in dealing with the continued rising cost-of-living crisis. This is causing concern among many landlords, as they face a decision to raise rents or support their tenants by taking a financial hit themselves, according to research[1].

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.

"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."

FINANCIAL CHALLENGES

The research shows that some landlords are prepared to reduce 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].

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.

LARGER PORTFOLIOS

Landlords with larger portfolios are more likely to increase rent on at least some of their properties, the research 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.

In fact, 46% of those landlords with a small portfolio plan to keep rents the same. Across the regions, landlords in Yorkshire & 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.

RENTAL PAYMENTS

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.

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.

SUPPORT PROVIDED

Regionally, landlords in East Midlands (74%), Wales (70%) and Yorkshire & 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.

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%); permanent rent reduction (4%); and lent money to support their day-to-day living (3%).

SMALLER PORTFOLIOS

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%.

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. ◆

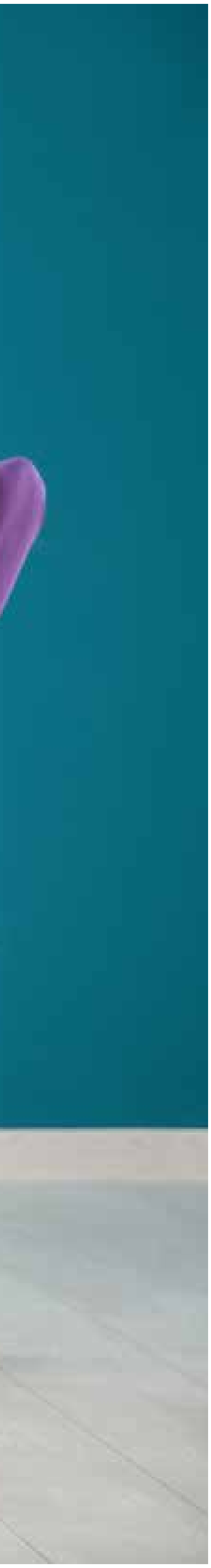
Source data:

[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.

Tenants lock in long rents, hunt ‘all bills included’ deals

Changing behaviours against the backdrop of record rents and increasing household bills



A SHORTAGE OF RENTAL HOMES and strong demand for the properties available has led to a greater number of tenants choosing to renew their leases and stay put, rather than re-enter a competitive rental market, according to new research[1].

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. The research reveals the changing behaviours of tenants against the backdrop of record rents and increasing household bills.

LENGTH OF TENANCY

A study found that 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.

The data shows that national asking 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.

RENTAL HOMES

There are also more than triple the number of tenants enquiring as there are rental homes available, making it the most competitive ever rental market. The lack of available properties 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.

INCREASED DEMAND

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.

The analysis has revealed a significant increase in demand for 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.

AFFORDABILITY CHALLENGES

Homes with balconies, communal gardens, properties allowing pets and those offering zero deposits all came equal second, with enquiries jumping by 22%.

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, as the study shows that the majority are charging their tenants the same as a year ago. ◆

>> FOUND THE RIGHT PROPERTY TO INVEST IN? <<

Whatever your reasons for buying a property to let, even if that's to rent to family members, you'll want to find the right mortgage deal. Whether you want to arrange a mortgage on a single property or multiple properties, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] https://www.rightmove.co.uk/press-centre/tenants-lock-in-longer-tenancies-and-more-seek-all-bills-included/

Limited company purchase plans hit three-year high

Propensity to incorporate tends to increase with portfolio size

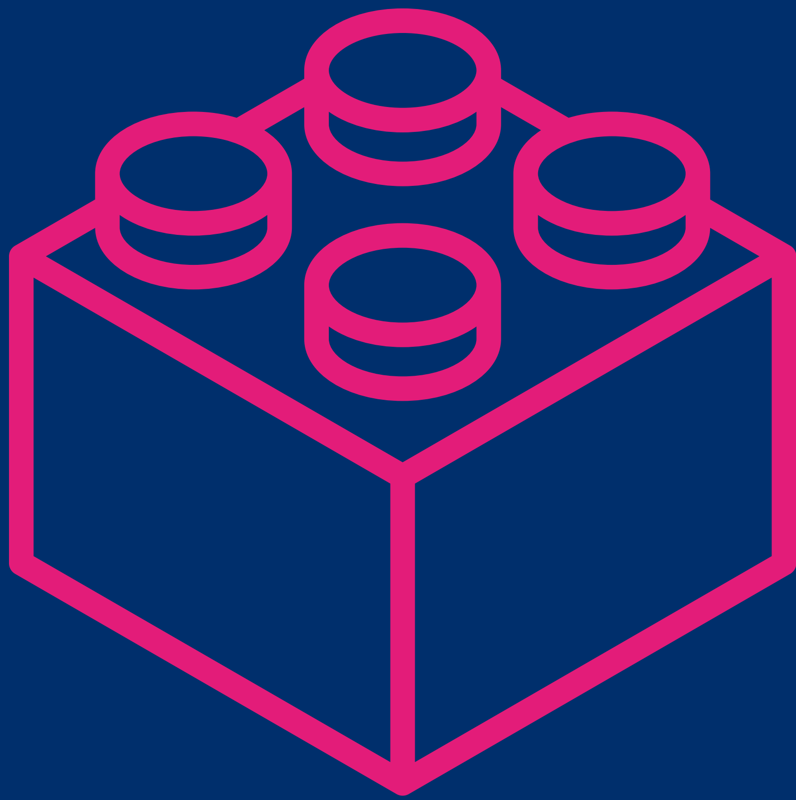
SHOULD YOU BUY PROPERTY through a limited company or in your own name? As a UK property investor, you may have faced this question. If you incorporate your property business it puts you on a firmly professional footing, which can be helpful when it comes to persuading investors and lenders.

According to new research, the proportion of landlords who plan to purchase their next buy-to-let property through a limited company has hit the highest level for three years[1]. The main reasons landlords typically utilise a limited company structure are to reduce their tax liability, take advantage of lower mortgage rates and simplify their portfolio management.

The propensity to incorporate tends to increase with portfolio size. Just under half (47%) of landlords who own between one and five properties expect their next purchase to be through a limited company, rising to over three-quarters (78%) amongst those with portfolios consisting of six or more buy-to-let homes.

NEXT PROPERTY INVESTMENT

Of those who intend to expand their portfolios, two-thirds (66%) said that they plan to finance their next property investment through a buy-to-let mortgage, following an increase of four percentage points since the previous quarter.



"There has also been an increase in the proportion of landlords who plan to fund purchases by releasing equity from existing properties, up from 17% in Q1 2022 to 28% in Q2 2022."

There has also been an increase in the proportion of landlords who plan to fund purchases by releasing equity from existing properties, up from 17% in Q1 2022 to 28% in Q2 2022. Conversely, purchasing outright using previously invested funds has decreased in popularity amongst those planning to buy, falling from 14% to 7% during the same period.

SEEK PROFESSIONAL ADVICE

Since midway through the last decade, tax burdens on buy-to-let investment have increased significantly. Along with the recent rise in overheads brought about by increasing energy and maintenance costs, running a letting business has undoubtably become more costly. It is unsurprising to see more landlords look for ways to reduce their costs, with incorporation being one option for some.

Of course, purchasing buy-to-let property through a limited company may not be the best route for all landlords, so it is important to fully understand the advantages and disadvantages to be able to make an informed decision. If you' re thinking about using a limited company structure for your buy-to-let business, make sure you seek professional advice to ensure it's the right decision for you. ◆

>> LOOKING TO FIND A BUY-TO-LET MORTGAGE THAT SUITS YOU? <<
Whether you're thinking about buying an investment property to let or expanding your existing property portfolio, to discuss your requirements, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] BVA BDRC surveyed 708 landlords during May and June 2022 on behalf of Paragon Bank.

MIDDLE-AGED AND LATER LIFE TENANTS SURGE IN NUMBER

Perception of rented property as being the preserve of the young is now very much outdated

"As a landlord, it's important to consider what this cohort of tenants needs. For example, those between 35 and 55 are more likely to have family, so need larger detached or semi-detached homes, whilst those in later life require simpler homes to maintain that are close to amenities."

THE PRIVATE RENTED sector has seen strong growth in the number of middle-aged and later life tenants over the past decade. This increase is due to a number of factors, including the difficulties experienced by many people in accessing affordable housing and the flexibility that renting can offer.

Although the private rented sector has traditionally been associated with young people, it is now home to a much more diverse range of tenants. This diversity is set to continue as the sector grows in popularity. The perception of rented property as being the preserve of the young is now very much outdated.

PROVIDE GREATER FLEXIBILITY

There are a number of reasons why middle-aged and later life tenants may choose to rent privately. For many, it offers a more affordable option than purchasing a property outright. It can also provide greater flexibility than owning a home, as tenants are not tied to a particular property or location.

The private rented sector also offers middle-aged and later life tenants an opportunity to downsize or move to a more suitable property as their needs change. In fact, the number of middle-aged and later life tenants now living in privately rented homes has accelerated faster than those under the age of 35 over the past decade, analysis has revealed[1].

NUMBER OF HOUSEHOLDS

Between 2011 and 2021, there has been a 110% increase in the number of households privately renting in England where the household lead was aged between 55 and 64 to 485,000, whilst those aged between 45 and 54 increased 50% to 691,000.

The number of households aged 65 and over hit 382,000 in 2021, up 38% on a decade before. Conversely, the number of 16-24-year-old households in the private rented sector declined 3.7% over the same period to 560,000, with those aged between 25 and 34 increasing by 6% to 1.37 million.

CHALLENGING THE STEREOTYPE

Overall, households aged 35 or over living in rented homes totalled 2.5 million, compared to 1.9 million aged 34 or below, further challenging the stereotype that the private rented sector is primarily a tenure for younger tenants.

The research also highlighted that people are living in their rented home for longer. There has been a 132% increase in the number of households who have lived in their home for between five and ten years over the past decade, with a 115% increase in those living in a rented home for between ten and twenty years. Those living in a property for between one and two years increased by only 5%.

REASONS FOR THE GROWTH

There could be a number of reasons for the growth in older tenants. A greater number of people are living in rented accommodation for life, plus people are releasing the equity in their homes and opting to rent instead. The growth of single person households is also driving some of the growth.

As a landlord, it's important to consider what this cohort of tenants needs. For example, those between 35 and 55 are more likely to have family, so need larger detached or semi-detached homes, whilst those in later life require simpler homes to maintain that are close to amenities. In addition, tenants want flexibility about making adjustments to their homes or keeping a pet. ◆

Source data:
[1] Data from the English Housing Survey live tables, published 07 July 2022.

Do your buy-to-let numbers add up?

Student rental yields strongest in smaller university towns and cities

IF YOU'RE THINKING about investing in the student rental market, here's what you need to know about the current market. Recent data has revealed the locations where landlords letting to students can achieve the strongest yields, typically smaller single university towns and cities[1].

The findings identified landlords providing student accommodation in towns or cities with just one university typically achieve the highest yields. Eight of the top ten yielding university towns and cities only had one main university, extending to 14 when taking into account the top 20 yielding locations.

AVERAGE PROPERTY PRICE

Derby topped the yield list, with landlords generating an average yield of 8.67% in student postcodes. The city's main establishment is the University of Derby, which had 21,285 students during the 2020/21 academic year, according to data available from the Higher Education Statistics Agency.

Pontypridd, home to a campus of the University of South Wales, was second on the list with a yield of 8.31%. Here, the average property price was the lowest in the top ten, as well as the rental income, making it a cheaper option for landlords wishing to purchase property.

ANNUAL RENTAL INCOME

Making up the list of the top three yielding student locations is Hull, another small city with one university. Purchasing property in Hull also requires a lower initial outlay, £172,429 on average, but landlords serving the University of Hull market also typically generate lower levels of average annual rental income, resulting in typical yields of 8.12%.

Looking at the top ten locations for student yields reveals that only two – Liverpool and Coventry – have more than one main university. Other locations on the list included Salford, Lincoln, Worcester, Plymouth and Durham.

LARGEST STUDENT POPULATIONS

Although major cities like London, Birmingham and Manchester often boast the largest student populations, they are not necessarily the best locations for generating yields in the student buy-to-let market. This is because such places are more likely to be home to purpose-built student accommodation and greater levels of competition, whereas smaller cities and towns have less competition from large-scale institutional investment.

The data also showed the top five locations for yield had property values below the national average of £278,000. Another common trend the top ten yielding locations share is that they have smaller private rented sectors serving the student market. ◆

Source data:
[1] Paragon Bank's analysis is based on applications over the past 24 months for property within identified student postcodes – 05/09/22.

Void periods present more of a risk for landlords

Tips to help ensure any vacant property you own remains safe and secure

VOID PERIODS ARE a fact of life and some landlords will find themselves with a vacant rental property on their hands at one point or another. With no one living in the property to take care of day-to-day maintenance and inform you if something goes wrong, vacant properties present more of a risk for landlords. This can be particularly troublesome in winter, when damp and mould can take hold and pipes can freeze over – certainly not the kind of Christmas present you want this year.

Should you find yourself with an empty property, it's important to keep it safe and secure. It goes without saying void periods are unwanted for a number of reasons, unless they are intentional, such as for carrying out work on the property. Whether you own one property or several, whenever a rental home does not have tenants,

“Should you find yourself with an empty property, it’s important to keep it safe and secure.”

you are not receiving the rental income that makes up your overall return on investment.

KEEP IT SAFE AND SECURE

If your rental property is left vacant for an extended period of time, you will need to inform your insurer. How long this period is can vary from insurer to insurer, so make sure you read the small print in your policy.

When a rental property is left vacant, the insurance may go up as it is considered to be more of a risk. To keep it safe and secure, there are a number of things landlords can do to help manage a vacant property. Some of these steps may seem obvious but they are important nonetheless.

AVOID ANY FURTHER DAMAGE

It is important to make sure that the property is kept in good condition. This means making sure that there are no major repairs needed and that the property is clean and presentable. If there are any repairs needed, get them fixed as soon as possible.

Not only will this make the property more appealing to prospective tenants, it will also help to avoid any further damage that could occur if the repairs are not made. Advertise the property widely. This can be done through a variety of channels such as online listings, social postings or by putting up signs in the property itself. The more people that know about the property, the more likely it is to be rented quickly.

KEEP AN OPEN MIND

Be flexible with prospective tenants. This means being willing to negotiate on things like rent price, lease length and move-in date. The more flexible you are, the more likely you are to find a tenant for your property.

Keep an open mind. There are a lot of different ways to rent out a property and what works for one landlord might not work for another. It is important to experiment and find what works best for you and your property. With a little bit of effort, you should be able to find a way to rent out your property even if it is vacant.

HOW TO PROTECT A VACANT PROPERTY AND KEEP IT IN GOOD CONDITION UNTIL YOUR NEXT TENANT COMES ALONG

REGULAR INSPECTIONS

Carry out regular inspections of the property, both internally and externally. This will help to identify any potential problems early on and enable you to take action to rectify them.

SECURITY

It is important to make sure that the property is well secured against intruders. This includes ensuring that all doors and windows are properly locked and that any outside areas are well lit.

MAINTENANCE

Regular maintenance of the property will help to keep it in good condition and prevent any problems from getting worse. Consider appointing a professional company to carry out regular checks and maintenance tasks.

INSURANCE

Make sure you have adequate insurance cover in place for a vacant property. This will protect you against any damage or theft that may occur. ◆

>> WANT TO TALK ABOUT FINDING YOU THE RIGHT BUY-TO-LET MORTGAGE DEAL? <<

If you’re considering becoming a buy-to-let landlord or looking to expand or improve your current portfolio – to discuss your funding requirements, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

ADAPTING TO ACCOMMODATE MORE MATURE TENANTS

One in ten rented homes could be a bungalow in the next ten years

"The findings highlighted 3% of people currently live in a bungalow, but 9% of respondents expect to rent this type of property in 10 to 15 years' time. "

THE UK HAS an ageing population, which makes the challenge for the private rented sector one of adapting to accommodate more mature tenants, including where and how they want to live. The rented bungalow is becoming an increasingly popular option for older people looking for a place to live. For tenants, they offer a certain level of independence and privacy that many people find appealing. Bungalows also tend to be located in quiet, rural areas which can be appealing to those who want to get away from the hustle and bustle of city life.

For landlords, bungalows are typically easier to maintain than larger properties and often come with gardens, which can be a big selling point for tenants. With the right approach, investing in a rented bungalow could be a lucrative way to generate an income from property in the future. According to a report published earlier this year, nearly one in ten rented homes in the UK are expected to be a bungalow in the next ten years[1].

INCREASE IN OLDER TENANTS

The findings highlighted 3% of people currently live in a bungalow, but 9% of respondents expect to rent this type of property in ten to fifteen years' time. The increase correlates with a forecast increase in older tenants living in rented homes over the same period.

Homes headed by a person over the age of 55, it is estimated, will account for over a quarter of all privately renting households by 2035. The report highlighted 18% of households that are currently private renting are headed by somebody aged 55 or over. This will rise to 27% of households by 2035, according to the report's projections.

DEMOGRAPHICS OF RENTERS SHIFTING

The evidence suggests that the demographics of private renters is shifting and the profile of tenants is getting older. There is a growing proportion of people who will rent property for their entire lives, whilst the number of people who have sold property and have gone into rented homes has also increased.

The challenge for landlords in the future will be providing the right homes for older tenants. Bungalows are typically regarded as unfashionable, but they offer practical benefits for people who may not be as mobile as they once were and certainly have their place.

PROPORTION OF TOTAL PROPERTIES

The report identifies the potential increase in demand for this type of property, as well as homes specifically targeting older tenants, over the next ten to fifteen years. Data shows landlords are not yet buying this type of property in scale, but this is likely to accelerate to match forecast levels of tenant demand for bungalows in future.

The government's English Housing Survey shows there are currently 141,000 bungalows in the private rented sector in England, representing 3.3% of the total number of rented homes. Buy-to-let lending figures show strong growth in the number of bungalows purchased by landlords over the past five years, although they still remain low as a proportion of total properties acquired.

SHIFT IN PROPERTY TYPE

Last year, landlords purchased 3,370 bungalows with a buy-to-let mortgage, compared to 1,844 in 2017. Another significant shift in property type was semi-detached homes. Currently, 20% of tenants said they rent this type of property, with 25% forecasting they will rent semi-detached homes in the future.

Conversely, terraced homes and apartments are forecast to experience falls. Just under a third (30%) of tenants today live in a terraced home, with 20% saying they expect to rent this type of property in the future. Apartments, meanwhile, are currently home to 40% of tenants, with 30% of people saying they expect to be renting this type of home in ten years. ◆

Source data:

[1] SMF Publications 'Where next for the private rented sector?' report published 14/03/22. SMF surveyed over 1,300 UK adults who currently live in rented accommodation. Surveys were distributed by Opinium.

How to attract the most desirable tenants

Keep in mind the higher the quality, the higher the rent you can demand

AS THE RENTAL market continues to grow, many landlords are now faced with increasing competition as they look to rent out their properties in a very competitive space. Increasingly, new landlords are letting out properties to take advantage of the financial opportunities that the renting generation can bring to provide a good rental income.

This means landlords need to market their rental properties in the right way to attract the most desirable tenants. Whilst priorities might change dependant on whether you're renting to long or short-term tenants, these are some of the top factors tenants consider when searching for rental properties.

ATTRACTING AND RETAINING THE RIGHT TENANTS

LOCATION

Tenants want to be close to work, school or other important places. They don't want to have to commute for hours every day. Transport links are important for would-be tenants, but what these look like will depend on the location of your property. For inner city locations, nearby bus and tube or tram stops are beneficial to any property. Further out, easy access to major roads is a plus, especially in commuter towns, where having a train station nearby can also boost a property's attractiveness to tenants.

SPACE

The size of the rental property is also important for tenants. They need to make sure there's enough space for their belongings and that they'll be comfortable in the space. Generally speaking, the more space you have in your property, the more favourably tenants will look at it.

AMENITIES

Tenants want a rental property that has all the amenities they need. Think about the kind of tenants you're looking to attract, as well as the shifting digital world we live in. If you want to rent to students, for example, then proximity to the local university – or a bus that goes directly to it – will be appealing, while families are going to be more interested in nearby schools. Having a supermarket or shopping centre nearby is becoming less and less important as people increasingly choose to shop online, but a small corner shop for when they've forgotten the milk can still be very useful.

PET FRIENDLY

Even if your tenants don't have a pet when they move in, if they're looking to settle for a while then a pet-friendly rental is a huge bonus. There are lots of different people out there looking for a home for their animals.

OUTDOOR SPACE

Many tenants prioritise outdoor space, whether it's a garden, a patio or a balcony. Green space will be important for those with young children, but having to take care of a garden can be a chore, so properties with communal gardens that are tended by someone else will usually be highly sought after.

PARKING

Parking can be much harder to get in the city. But outside of London, most people will want to keep at least one car, and even in the capital there are people who prefer to drive. Parking of any kind, but particularly off-road parking, will add value to almost any rental property.

WHITE GOODS

Many tenants expect white goods as standard these days, especially if they're not looking for somewhere long term. A student will not want to buy a fridge if they're going to move out at the end of the year. Washing machines and tumble driers can also make all the difference.

"Tenants want to be close to work, school or other important places. They don't want to have to commute for hours every day. Transport links are important for would-be tenants, but what these look like will depend on the location of your property."

“As a landlord, you will want to stand out from other buy-to-let investors so that you attract the right sort of tenant.”

QUALITY

As a landlord, you will want to stand out from other buy-to-let investors so that you attract the right sort of tenant. Always keep in mind that the higher the quality, the higher the rent you can demand and the higher the quality of tenant you will attract. Tenants want a rental property that is well-maintained and in good condition. They don’t want to live in a run-down property.

SAFETY

They’ll want to know about the neighbourhood and any security features the property has in place. Not only is it important to tenants to live in a property that is safe and secure, but it’s also a legal requirement to make sure that the security of your property is up to date. There is an increasing amount of legislation being placed upon the lettings industry to ensure the safety of tenants in an increasing rental market. ◆

>> WANT TO TALK TO OUR EXPERTS TO GET THE RIGHT ADVICE FOR YOUR BUY-TO-LET MORTGAGE? <<
By following these tips, you can help to ensure your buy-to-let investment is a success in an increasingly competitive rental space. It’s also important to obtain professional advice to find the right mortgage that works best for your funding requirements. To find out more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Building a successful property portfolio

12 tips you need to know for making buy-to-let work

THE CRITERIA FOR BUYING A PROPERTY to let are considerably different from those you might apply if buying a place in which you would live. Whether you are planning to acquire one rental property or more, a buy-to-let portfolio can offer a reliable, and in some cases substantial, return on investment.

1. DO YOUR RESEARCH

Before you make any decisions, it's important to do your research and understand the buy-to-let market. This includes understanding the potential risks and rewards involved, as well as familiarising yourself with the different types of properties that are available to rent out.

Research locations that are most popular with renters. Ask local letting agents which areas are sought-after, and why. Tenants are often attracted by locations with plenty of employment opportunities or good communications for commuting to nearby towns and cities.

University students are ready-made tenants and the correct type of accommodation near to their faculty should always let well.

Keep an eye open for local news that could affect the demand for rental properties – such as big company relocations bringing lots of new potential tenants, or the opening of a motorway or rail link that will increase the popularity of an area.

2. FIND THE RIGHT PROPERTY

Once you've done your research, it's time to start looking for an investment property to buy. As with purchasing a home, buy the best rental property you can afford, in the best area for demand and future growth.

When considering which property to buy, think about things like the location, the type of property and the potential rental income.

Talk to local letting agents about what type of properties are most popular with tenants. It could be family homes, apartments or student accommodation. Ask if there is a shortage of a particular type of popular rental property and go looking for one to buy.

Sometimes properties are for sale with a tenant already in place. Watch out for new housing developments being built in the area. They could bring a number of rental properties onto the market and potentially cause a supply surplus that might affect future rents.

3. GET A BUY-TO-LET MORTGAGE

If you're going to buy a property, you'll more than likely need to get a mortgage, unless you are a cash buyer. When applying for a mortgage, it's important to shop around and compare different deals to find the one that's right for you.

Many lenders consider a buy-to-let mortgage as higher risk, so you may need to meet certain conditions to be eligible for one. Interest rates on buy-to-let mortgages are usually higher. The minimum deposit for a buy-to-let mortgage is usually 25% of the property's value (although it can vary between 20% to 40%).

Most buy-to-let mortgages are interest-only. This means you pay the interest each month, but not the capital amount. At the end of the mortgage term, you repay the original loan in full. Buy-to-let mortgages are also available on a repayment basis.

If you are already the owner-occupier of the property and it is subject to a normal mortgage, the lender will need to know that you are intending to let it out and this may affect the level of your repayments.

4. CONSIDER USING A LETTING AGENT

If you're not experienced in lettings, you may want to consider using a letting agent. A good letting agent can help you find tenants, manage the property and deal with any problems that may arise. Letting

agents also help ensure that your legal responsibilities to tenants are met and are therefore contractually obliged to put your best interests front and centre.

However, it's important to keep in mind that any legal liability always lies with you the landlord in the landlord-letting agency relationship – even if the mistake lies with the letting agent. But a good letting agent should make your life as a private landlord easier by freeing up your time by carrying out tasks such as rent collection and property inspection to make sure everything is in order.

When searching for a letting agent, it's a good idea to ensure that they belong to a professional body such as the Association of Residential Letting Agents (ARLA), UK Association of Letting Agents (UKALA) or National Association of Estate Agents (NAEA) as they'll need to operate to specific rules and regulations and give landlords more protection.

5. BE PREPARED FOR VOID PERIODS

You need to be prepared for the fact that there may be times when your property is empty and you're not receiving any rental income. This is known as a void period, and it's important to factor this into your financial planning.

The majority of rental investments are successful but it is wise to err on the side of caution in calculating yields and in deciding what you can afford to buy. It may take longer than expected to find a tenant, the rental figure may be lower than anticipated and there may be void periods between tenancies. This can reduce the return on your investment and put pressure on your cash flow.

6. KNOW YOUR RENTAL YIELD

You are buying an investment property for the purpose of generating an income from the rent to be paid by a tenant. This rate of return is called the 'yield' and is calculated by dividing the annual rent by the capital value of the property (the amount you paid for it).

Take, for example, an apartment that is on the market for £180,000. If the current typical rental rate for this kind of home in this particular area is £900 a month, the total annual rental income would be £10,800 (assuming that the property had tenants for the full 12 months). This would give a rental yield of 6% (£10,800 divided by £180,000 is 0.06).

However, you will have some costs during the year – including repairs to the property. This will reduce the rental income and result in a net yield.

7. ENERGY EFFICIENCY RULES

The current rules state that private rented properties in the UK must currently have an Energy Performance Certificate (EPC) grade of 'E' in order to be legally let out. However, England and Wales have proposed raising the minimum rating to 'C' by 2025. The Lettings Industry Council has submitted a recommendation to defer this requirement.

Therefore, if your rental property is rated 'D' or 'E', now is the time to start improving its energy efficiency before the new laws take effect. Costs in doing so are currently capped at £3,500 inc. VAT; however, the proposal is to increase this cap to £10,000 inc. VAT. Under certain circumstances, you can apply for an exemption.

In Scotland, legislation mandating all rental homes to have a minimum 'E' rating was scheduled to come into force in April 2020 but was postponed because of the pandemic. The decision was made to skip the 'E' requirement in April 2022 and replace it with a 'D' requirement.

8. ASSURED SHORTHOLD TENANCY AGREEMENT

An Assured Shorthold Tenancy (AST) agreement is the most common type of tenancy agreement. It is a contract between you the landlord and your tenant, setting out the terms and conditions of the tenancy.

AST agreements are typically for a fixed term of 6 or 12 months, after which the tenancy can be renewed. The tenant will usually have the right to stay in the property for the duration of the fixed term, unless they breach the terms of the agreement (e.g. by not paying rent, causing damage to the property).

9. INVENTORY AND SCHEDULE OF CONDITION

Your rental inventory gives full details of the condition of your property and its contents at the start of any new tenancy. This is a catalogue of the property and its contents. A schedule of condition is a record of condition.

The inventory and schedule of condition has several functions: it is a catalogue of the property being let; it records the condition of the property and any items that are included in the tenancy; and it forms part of the legally binding contract that is set out in the tenancy agreement between the tenant and the landlord.

10. PROTECTING A TENANT'S DEPOSIT

As we covered above, most tenancies are an AST. Your tenant will pay a security deposit to you as the landlord that is held for the duration of the tenancy and must be registered with one of the government approved Tenancy Deposit Schemes (TDS).

If you do not protect the deposit you can be fined and it can make it much more difficult to end the tenancy. At the end of the tenancy, the deposit will be used to pay for any dilapidations caused by the tenant outside of 'fair wear and tear' and any unpaid rent.

TDS has launched a Code of Recommended Practice. This Code of Practice sets out the recommended requirements which letting agents and landlords should meet as members of the TDS.

11. GET COVERED – CHECK YOUR INSURANCE

Landlord buy-to-let insurance covers you for property owner's liability and damage to the buildings or to your contents against a range of risks such as flood, fire, burst pipes or storm. There's no legal obligation for a landlord to take out a dedicated insurance policy.

However, a conventional home insurance policy won't cover you for rental activities, and if you have a mortgage

"It's important to note that you'll usually need written permission from your mortgage lender before you let your property, and that failure to get this may mean that you're breaking the terms of your mortgage."

on your property it's very likely that your lender will require you to take out insurance before you take on tenants.

It's important to note that you'll usually need written permission from your mortgage lender before you let your property, and that failure to get this may mean that you're breaking the terms of your mortgage.

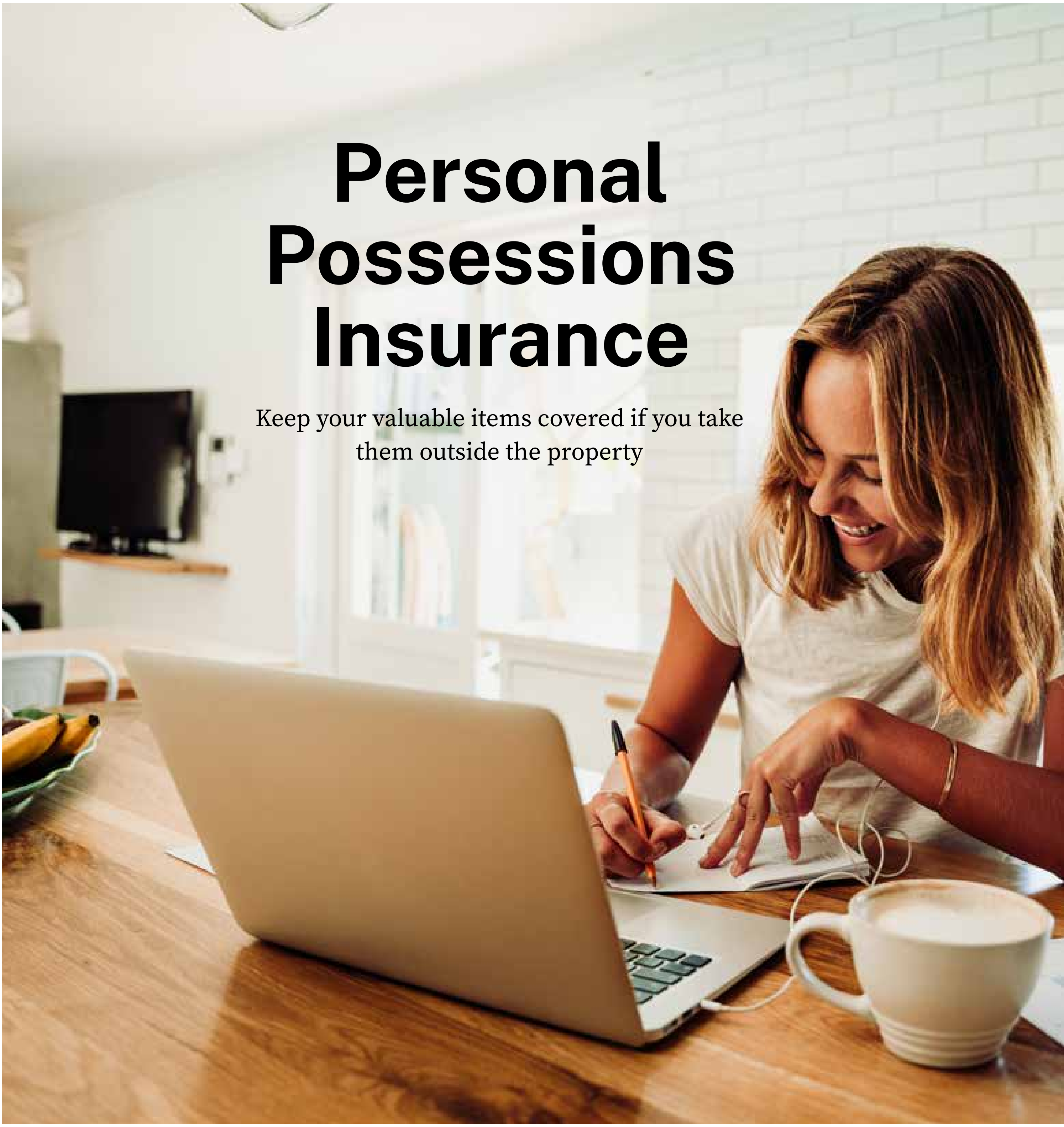
12. TAX – DECLARE YOUR INCOME

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. This applies for any money that's kept over from a returnable deposit at the end of the tenancy.

Any rental profits are taxed at the same rates as the income you receive or would receive if you have additional employment, depending on which tax band the income falls into. If your rental income is added to the extra income you earn, you may get tipped into a higher tax bracket.

When it comes to paying your tax on rental income, you must declare rental income for the tax year it's due, even if you're not paid until the tax year is over. You can deduct any allowable expenses which relate to work done for a particular tax year, regardless of whether you pay the bill before or after the end of the tax year. ◆

>>NEED TO FIND A BUY-TO-LET MORTGAGE THAT WORKS BEST FOR YOUR CIRCUMSTANCES? <<
By following these tips, you can help to make sure that your buy-to-let investment is a success. It's important to obtain professional advice to find the mortgage that works best for your circumstances. To find out more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.



Personal Possessions Insurance

Keep your valuable items covered if you take them outside the property

WHEN YOU take out contents insurance you can safely assume your belongings will be covered while in your home, but can you be so sure they'll be covered if you take them outside the property? Everyone owns something special that they don't want to break or lose.

This could be anything from family jewellery to a brand new laptop or an expensive camera. No matter what your treasured possession is, you may need Personal Possessions Insurance if you want it covered when you're away from your home.

Most homeowner's or renter's insurance policies will provide some coverage for your personal belongings when you are away from home. However, this coverage is usually limited to a certain amount and may not cover all types of losses. For example, many policies will not cover loss or damage due to natural disasters such as floods or earthquakes.

FILL IN THE GAPS IN YOUR EXISTING COVERAGE

Personal Possessions Insurance can help fill in the gaps in your existing coverage and provide you with peace of mind when you travel. It typically covers your belongings for their full value, regardless of where they are lost or damaged.

This means that if your laptop is stolen from your hotel room or your camera is lost on a hike, you can be reimbursed for the replacement cost. It can be a common misconception that personal possessions cover is already included as part of a standard home insurance policy. However, this is not always the case.

If your personal possessions are stolen, damaged or lost inside your home, this should be covered by your standard policy, but not when these things happen outside your home. This is how personal possessions insurance can help you, as you can keep your valuable items covered if something goes wrong when you are out and about.

WHAT DOES 'PERSONAL POSSESSIONS' MEAN AND WHAT CAN I CLAIM?

Personal possessions are items that you would normally wear, use or carry either in, or out of your home. There are many common personal possessions that you can have insured as part of your policy, such as:

- Mobile phones
- Tablets
- Laptops
- Still or video cameras and equipment
- Keys
- Jewellery
- Wallets, purses and handbags
- Sporting equipment
- Musical equipment

CHECK THE LIMITS AND EXCLUSIONS CAREFULLY

Personal Possessions Insurance can be purchased as an add-on to your homeowner's or renter's policy or as a standalone policy. If you choose to add it on to your existing coverage, be sure to check the limits and exclusions carefully so you know what is and is not covered.

If you travel frequently or have particularly valuable items, personal possessions insurance may be a wise investment. It can give you the peace of mind knowing that your belongings are protected no matter where you are. ◆

>> ARE YOUR MOST VALUED PERSONAL POSSESSIONS COVERED? <<

It's important that you know what this insurance does and doesn't include. Are your most valued personal possessions covered enough in case something happens to them? For more information, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Don’t leave it to chance!

What home contents insurance cover is best suited to your needs?

WHEN YOU'RE taking out a contents insurance policy, it's so important to provide a correct estimate for your contents to make sure you have enough cover in place if you ever have to make a claim.

Research has revealed that the average UK home contains nearly £30,000 worth of possessions – but only a third have a complete understanding of what their home contents insurance policy does and doesn't cover[1].

The study found Baby Boomers estimate they have the most possessions to the tune of £36,166, while Gen Z have the lowest with £21,744. And the average one-bed flat is estimated to contain £15,713, while the average four-bed house has £41,361 worth of goods.

IRREPLACEABLE OR PRICELESS

But the average adult adds to their belongings, purchasing around £1,000 worth of impulse buys every year. And one in ten of the adults polled admitted that when it comes to contents insurance, they tend to just buy the cheapest policy and hope never to need it.

Despite the older generation having more possessions, they are less likely to know exactly what their contents insurance covers than savvy Gen Zers. The results also found men are slightly more likely than women to have items in their home which they consider to be irreplaceable or priceless. The most common of these items was deemed to be photos, followed by jewellery and other pieces of art.

DAMAGED OR LOST SOMETHING

But three in ten adults have damaged or lost something, only to then discover it wasn't actually covered by their contents insurance. On average, Britons believe they pay out £578 annually on different kinds of insurance, including for their home, car and pets.

Those aged 25-34 spend the least of all age groups, at just over £501, with people aged 55-64 paying the most annually, around £615 per person.

DID YOU KNOW?

TOP 5 THINGS BRITONS FORGET TO ADD TO THEIR INSURANCE

1. Laptops and devices
2. Wedding/engagement rings
3. Watches
4. Designer handbags
5. Inherited items like antiques, artwork and jewellery

HIGH-RISK ITEMS

It is important when applying for home insurance that you specify expensive, high-risk items like engagement or wedding rings, laptops and watches on your insurance policy because they're easily stolen and resold.

Some people also often don't know how much inherited items like antiques, artwork or jewellery are worth, so it's important they get these valued and tell your insurer too. Every so often, it makes sense to review and update an inventory of the things in your home and check your home and contents insurance is up to date.

PEACE OF MIND

If you're not sure whether your insurance covers things like lost engagement rings or smashed phone screens – check your policy or get in touch with your insurer. That peace of mind is well worth a small amount of 'life admin' every 12 months or so.

Although the average UK home is estimated to house almost £30,000 worth of contents, while getting a good price for your insurance is important, it's amazing how many possessions we can acquire over time so make sure your policy covers everything you need it to. ◆

>> ADDED UP THE VALUE OF YOUR CONTENTS? <<
Protect your favourite things. For more information, please contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] Research carried out by OnePoll on behalf of AXA UK between 11–14 March 2022, among a nationally representative poll of 2,001 UK adults.

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 23 September 2022, you will pay Stamp Duty on residential properties costing more than £250,000, unless you qualify for first-time buyer's relief.

In the case of first-time buyers, this threshold is the first £425,000 of any property purchase being free from Stamp Duty tax.

If you're buying a second home, you'll usually have to pay 3% on top of Stamp Duty rates if buying a new residential property.

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**.