ISSUE 11 - SUMMER 2023

THE MORTGAGE & PROPERTY MAGAZINE

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Lenders have been continually reassessing and adjusting mortgage products

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Selling property

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Welcome

WELCOME TO the Summer 2023 quarterly issue of *The Mortgage & Property Magazine* from TFA Mortgages.

Venturing into the mortgage world can feel like stepping into a roaring tempest. Whether you're a prospective buyer or about to remortgage, the current dynamics in the mortgage market are likely causing some unease. Lenders have abruptly withdrawn some mortgage products due to high inflation and potential further interest rate hikes. Those on the verge of finalising a deal may be left wondering if their intended mortgage will be the next to disappear. Read the full article on page 32.

The summer months bring a sense of urgency to the housing market that could work in your favour if you plan to sell your property. On page 44 we consider those buyers who may yet have to secure a home during the busy spring season and are often keen to finalise a deal before the onset of the new school year in the autumn. Many may want to ensure their families are settled well before the new academic year starts.

Renewable energy solutions are eco-friendly technologies that can be installed in your home, allowing you to generate and store power from renewable sources. They utilise infinite natural resources, such as sun, wind, air, water and biomass, to create energy. Examples include solar photovoltaic (PV) panels and air-source heat pumps. On page 62 we look at how integrating renewable energy solutions into your home benefits you and the environment.

Deciding between improving your existing home or purchasing a new one can take time and effort. If your family is expanding, your workspace is spilling onto the kitchen table or your bathroom feels more like a closet, it might be time to upgrade your living arrangements. But should you renovate your existing home or pack up and move to a new one? This is a significant decision that requires careful thought. On page 54 we consider some factors to help you navigate this important life choice.

A complete list of the articles appears on pages 03 to 05.

Navigating the world of mortgages and home hunting can be daunting. It's not just about buying a home, it's about making the right choices for your future. But don't worry, we're here to guide you every step of the way! Our aim is to make the mortgage process as smooth as possible, whether that's helping you make your first or next move. Please get in touch with us to discuss your requirements – we look forward to hearing from you. We hope you enjoy reading this issue. ◆

Charly Higman, *Mortgage & Protection Director*

THE
MORTGAGE & PROPERTY
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SPIKE IN MORTGAGE COSTS

First-time buyers spend almost £200 more monthly on their mortgage payments

FOLLOWING THE MINI-BUDGET announcement by the Liz Truss government in September 2022, the housing market experienced a period of turbulence. This resulted in a spike in mortgage costs, with the average first-time home buyer paying a hefty £1,218 monthly on their mortgage last October.

The budget, prepared by former Chancellor Kwasi Kwarteng, included several unfunded tax cuts and spending commitments. It led to uncertainty and prompted many lenders to withdraw their mortgage products from the market. This action and predictions of rising interest rates contributed to the increase in mortgage costs.

ELEVATED MORTGAGE RATES

According to recent data, as a result, first-time home buyers spend almost £200 more monthly on their mortgage payments than last year[1]. This increase is due to a record average asking price and elevated mortgage rates.

First-time buyers with a 15% deposit currently pay an average of £1,056 per month, compared to £865 last year. However, this figure is still significantly lower than the peak average of £1,218 per month recorded in October.

AVERAGE ASKING PRICES

This analysis is based on the average asking price for properties typically sought by first-time buyers (properties with two bedrooms or fewer) and the average rate for a five-year fixed, 85% Loan-To-Value (LTV) mortgage spread over 25 years. At the time of writing, the average rate for such a mortgage is 4.44%, down from 5.89% in October but up from 2.76% in May last year.

The average asking price for a property suitable for first-time buyers is now at a new record of £224,963. Despite these financial challenges, demand from first-time buyers remains strong, with demand in this sector currently 11% higher than in 2019.

SUITABLE FOR FIRST-TIME BUYERS

Factors driving this determination among first-time buyers include stabilising mortgage rates and a fast-paced rental market. The average asking rent for a property suitable for first-time buyers is now £1,120 per month, an increase of 11% compared to last year.

The average monthly mortgage payment for someone taking out a mortgage is beginning to steady as mortgage rates stabilise. For example, someone purchasing a property at the current average asking price of £366,247, with a five-year fixed, 15% deposit mortgage, would now pay £1,720 monthly. This is less than the £2,012 per month recorded last October and slightly less than the £1,799 monthly recorded in January.

BUYING PROPERTY STILL COMPELLING

While the cost of buying a home has increased, the drop in mortgage costs indicates that the market is beginning to adjust to the changes brought about by the mini-budget. Despite these challenges, first-time buyers who can raise their deposit still find buying compelling.

Potential buyers must assess their circumstances and weigh their affordability based on current rates alongside the potential cost of waiting or continuing to rent. ◆

>> ARE YOU CONSIDERING STEPPING ONTO THE PROPERTY LADDER BUT FEELING OVERWHELMED BY THE PROCESS? <<

Purchasing your first home is a significant financial decision, and it's crucial to ensure your finances are in order before taking the leap. We're here to explain your options. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] The analysis from Rightmove compares an average five-year fixed, 85% Loan-To-Value mortgage spread over 25 years with the same product a year ago, in January 2023, and in October 2022. The current average mortgage rate is from 3 May 2023.

TAKING OUT A MORTGAGE IN LATER LIFE TO BYPASS INHERITANCE TAX

Over-60s consider passing on assets or property to family members

AS THE POPULATION of over-60s in the UK increases, more and more are considering taking out mortgages to bypass Inheritance Tax (IHT). This strategy could reduce a potential IHT liability when passing on assets or property to family members after death if appropriate.

IHT is a levy on the total value of an individual's estate after they pass away, inclusive of all assets – property, possessions and cash. The typical IHT rate currently stands at 40%, applicable only to the portion of the estate exceeding the tax-free nil-rate band threshold of £325,000.

The following conditions exempt your estate from this tax:

- If the total value of your estate falls below the £325,000 threshold or nil-rate band
- If you bequeath everything above the threshold to your spouse or registered civil partner
- If you bequeath everything above the threshold to an exempt beneficiary, such as a charity or a community amateur sports club

TAX-FREE THRESHOLD INCREASES

If you give your home to your children or grandchildren, the threshold can increase to £500,000. For instance, if your estate is valued at £525,000 and your IHT threshold is £325,000, the taxable portion of your estate would be £200,000 (£525,000 - £325,000). Consequently, the tax due would be £80,000 (40% of £200,000).

Transferring a home to your spouse or registered civil partner upon death does not attract IHT. However, if the home is left to another individual, it adds to the estate's total value. An exception exists in the Residence Nil-Rate Band (RNRB), which increases your tax-free threshold if you leave your home to your children or grandchildren.

TRANSFERRING TO A DIRECT DESCENDANT

This encompasses stepchildren, adopted children and foster children but omits nieces, nephews or siblings. If your estate's total value surpasses £2 million, the home allowance gradually diminishes, reducing by £1 for every £2 above the threshold.

The Finance Bill 2021 confirmed that IHT nil-rate bands will stay at their current levels until April 2026. As per the regulations, if you're transferring your home to a direct descendant, you can utilise a £175,000 tax-free allowance in the 2023/24 tax year.

"IHT is a levy on the total value of an individual's estate after they pass away, inclusive of all assets – property, possessions, and cash."

REDUCING AN ESTATE'S SIZE

Taking out a mortgage could reduce this amount of IHT by reducing an estate's size. This can benefit those with property worth more than the threshold figure but who don't want their family to pay the associated IHT.

For example, a parent who owns a house worth £400,000 could take out a mortgage of £150,000 and leave the house to their child in their Will. This would reduce the estate size from £400,000 to £250,000 – much less than the threshold figure. No IHT would be due on this asset when passed on to the next generation.

TAKING OUT A MORTGAGE IN LATER LIFE

In some cases, those over-60s taking out mortgages can also get better interest rates than they would have had if they had taken out a loan or mortgage in their younger years. This means they reduce a potential IHT liability, diversify their investment portfolio and make their money work harder.

Therefore, taking out a mortgage in later life can benefit those looking to reduce their IHT liability and make the most of their financial assets. However, it is essential that people consider all the implications before entering into any such agreement, as there are risks associated with borrowing at any age. Seeking professional mortgage advice is essential in this situation. ◆

>> DO YOU WANT TO DISCUSS YOUR OPTIONS TO MINIMISE OR NEUTRALISE ANY IHT? <<

Taking on a mortgage is a significant financial decision. Hence, discovering the right arrangement is crucial. To explore mortgage options that could minimise or neutralise any IHT concerns you may have, please get in touch with **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Could remortgaging help you beat the cost of living crisis?

Millions of families are seeking strategies to navigate the current economic turbulence

THE HEADLINES ARE filled with reports of the escalating cost of living crisis. The surge in inflation, climbing interest rates and skyrocketing energy prices create a financial strain that even the most budget-conscious households can't ignore.

Many families will seek strategies to navigate this economic turbulence and regain control of their finances. Amidst all the uncertainty, there's a beacon of hope – remortgaging.

FINANCIAL MANOEUVRE

Remortgaging could be an effective strategy to reduce your monthly expenses as we wait for the economy to recover. This financial manoeuvre involves switching from your current mortgage to a potentially more cost-effective one on your existing home.

Your mortgage is likely to be your largest ever financial obligation, and remortgaging is as significant a decision as when you initially signed up for your mortgage. With many options available and a commitment period that spans a few years, it's crucial to understand what remortgaging entails and what factors to consider.

REASONS TO REMORTGAGE

There are different reasons why a homeowner may want to remortgage:

- Your current mortgage term is nearing its end, which would put you on your lender's standard variable rate (SVR). This often has a higher interest rate that you'd ideally want to avoid.
- To lessen your monthly repayments. A more affordable deal could help you manage your finances without borrowing more.
- You desire to overpay due to changes in your financial status, and your current mortgage provider restricts this.
- You wish to increase your borrowing for a significant expense, such as moving house, funding a home improvement project, paying school fees, investing in a Buy-to-Let or consolidating debts.
- Your property's value has escalated, potentially qualifying you for a cheaper mortgage due to a lower loan-to-value (LTV).
- The Bank of England base rate has changed, prompting you to seek a more competitive rate if you're on a variable rate mortgage.
- To stabilise your payments. If you foresee changes in your circumstances or an increase in rates, remortgaging to a fixed rate deal guarantees predictable monthly mortgage expenses.

CHOOSING THE RIGHT TIME TO REMORTGAGE

It's advisable to remortgage periodically to ensure you secure the right deal and pay the right amount. You should set a reminder six months before your fixed deal ends. This will allow ample time to explore the market and complete your remortgage application in time for a seamless transition to a better deal.

If you've made substantial

repayments over the years and accumulated equity in your home, switching mortgages could reduce your monthly interest payments by securing the most competitive deal.

However, switching before your current mortgage deal ends may incur penalties. We can conduct a thorough cost analysis to ascertain if the potential savings outweigh the penalties.

HELPING YOU THROUGH THE REMORTGAGE PROCESS

Remortgaging usually takes between 18-40 days from application to mortgage offer. However, there is no strict timeline.

We'll review your current mortgage deal, including the type, current interest rate, remaining repayment period and monthly payments, and calculate whether a remortgage will save you money, including any penalties and fees.

Legal assistance will be necessary unless you're remortgaging with your current lender, so you'll need to hire a conveyancing solicitor.

You can pay the arrangement fees upfront or add them to your loan. While the latter is a popular choice, remember that this will attract interest and increase overall costs over the mortgage term.

If you're locked into a particular mortgage deal but wish to access the equity in your house or reduce your monthly payments, you could consider remortgaging with your current lender over a longer term. However, this would make the mortgage more expensive over its lifetime. ◆

>> WANT TO PROTECT YOURSELF AGAINST FURTHER INTEREST RATE RISES? <<

Whether you're looking to avoid rising interest rates, free up cash for unexpected expenses, reduce monthly repayments or capitalise on an increased property value, remortgaging could be the beacon of light guiding you through this storm. To learn more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Sharp increase in borrowing costs

Mortgage repayments take up almost 40% of people's average take-home pay

ACCORDING TO RECENT data, the number of mortgage applications has not declined despite interest rates rising to the highest level in 15 years[1]. However, the data has highlighted a sharp increase in borrowing costs, likely impacting activity in the housing market.

As a result of the recent economic climate, house prices dropped 3.5% in the year to June, the most significant fall since 2009. The Bank of England has raised interest rates to slow inflation. At the time of writing, the latest Bank of England base rate is 5.00%. This is an increase of 0.50%, announced by the Bank of England (BoE) on 22 June 2023.

According to the research, the data shows mortgage repayments are now taking up almost 40% of people's average take-home pay compared to 30% previously. Although the cost of borrowing money over longer terms had risen, it has yet to have the same negative impact on sentiment, the research highlights.

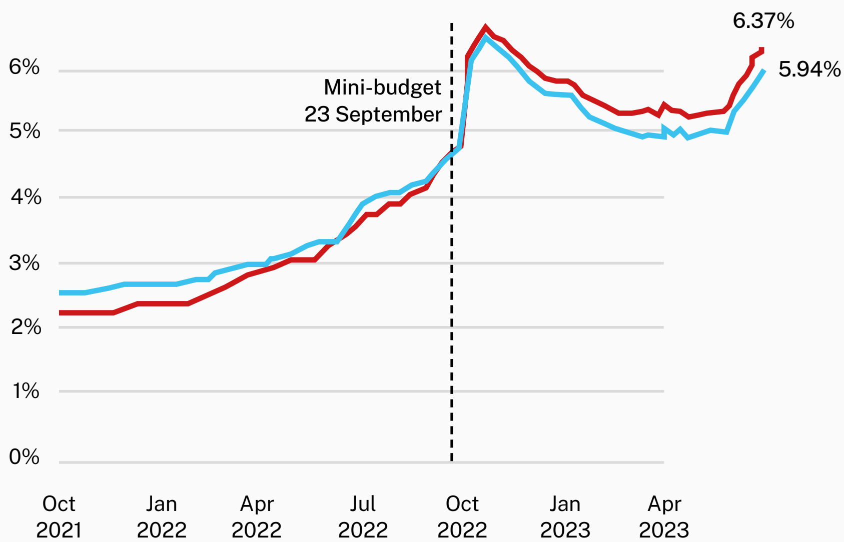
MORTGAGE APPROVALS INCREASED

Figures from the Bank of England showed that despite higher rates for mortgage deals, approvals increased from 49,000 in April to 50,500 in May. Approvals for remortgaging also rose from 32,500 to 33,600 during the same period.

The current impact of higher interest rates on mortgage holders is more gradual compared to previous times, as most homeowners are on fixed rate deals. Only

MORTGAGE RATES ARE RISING AGAIN

Average interest on **two-year** and **five-year** fixed deals



Source: Moneyfacts. Last update: 29 Jun 2023.

"New rules will mean some people can temporarily change their mortgage to get them through the next six months."

15% of mortgage holders are on deals linked to variable rates, compared to 70% 20 years ago. 85% of the outstanding mortgages are fixed, but 400,000 fixed rate borrowers could be looking for alternative refinancing over the next quarter.

MORTGAGE RATES FALLING

With mortgage rates reaching 6% for a two-year deal, the research highlights that the typical monthly payment could rise by £385. When applying for a mortgage, borrowers were previously stress-tested at interest rates above those prevailing today to ensure they could cope with such an increase. Even so, this still represents a significant increase.

New rules will mean some people can temporarily change their mortgage to get them through the next six months. However, there will be those who plan to sell. Many experts still hope that inflation could ease and lead to mortgage rates falling. ◆

>> TIME TO OBTAIN PROFESSIONAL EXPERT MORTGAGE ADVICE? <<

If you are coming to the end of a fixed rate mortgage scheme and would like to review your options, please speak to us for professional expert mortgage advice. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Nationwide Building Society 30/06/23.

First-time buyer deposits paid across the UK

Transforming the landscape for prospective homeowners and current mortgage holders

REGION	AVERAGE FIRST-TIME BUYER PROPERTY PRICE	AVERAGE DEPOSIT	15% DEPOSIT
UK	£240,000	£34,500	£34,500
London	£425,000	£144,500	£63,750
South East	£300,000	£72,000	£45,000
East England	£300,000	£72,000	£45,000
South West	£220,000	£52,800	£33,000
East Midlands	£190,000	£45,600	£28,500
West Midlands	£190,000	£45,600	£28,500
North West	£150,000	£36,000	£22,500
Wales	£150,000	£36,000	£22,500
Yorkshire & The Humber	£140,000	£33,600	£21,000
Scotland	£135,000	£32,400	£20,250
Northern Ireland	£130,000	£31,200	£19,500
North East	£110,000	£26,400	£16,500

Source: *Zoopla*

SINCE THE GOVERNMENT'S mini-budget announcement on 23 September 2022, mortgage rates have soared. It's as if they've been loaded onto a financial rocket and launched into the stratosphere, transforming the landscape for prospective homeowners and current mortgage holders.

To buy a home in the UK, first-time buyers save between £26,400 and £144,500, according to new data[1]. The average deposit paid by a UK first-time buyer for a three-bed home in 2023 is £34,500 for a £240,000 home. This effectively amounts to a 15% deposit for the property. However, the amount you need to save varies according to where you live in the UK and, of course, the level of deposit you wish to pay.

MAKING HOMEOWNERSHIP MORE ATTAINABLE

In London, the average price tag for a first home is a staggering £425,000. The average first-time buyer pays a 34% deposit, equivalent to £144,500. However, with its sky-high prices, London is more of an exception than the rule. Most first homes across the rest of the UK come with considerably lighter purchase prices, making homeownership more attainable.

According to the data, most first-time buyers try to put down a larger deposit for their first home – amounting to 24% of the total property price. That's because a more significant deposit opens up better mortgage rates from lenders. To put a 24% deposit on a £240,000 property, you would need to save £57,600.

GOLDEN TICKET FOR THOSE UNABLE TO SAVE FOR A DEPOSIT

Some lenders may offer appropriate borrowers 100% mortgages, meaning they don't have to pay any deposit to buy a property. Imagine walking into a property purchase with no deposit in your pocket yet securing a loan for the entire cost of your dream home. That's what a 100% mortgage offers – it's like a golden ticket for those unable to save for a deposit.

But 100% mortgages are considered high-risk and are relatively rare unicorns in the current market. Since the financial crash,

they've been as elusive as a pot of gold at the end of a rainbow, but there are signs they're making a comeback.

PUTTING FINANCES UNDER THE MICROSCOPE

There are other 100% mortgages out there, but they often come with a catch – they're guarantor mortgages, requiring a family member ready and willing to vouch for you. Eligibility for these full-coverage mortgages isn't exclusive to first-time buyers. Home movers and those looking to remortgage can also enter the race, depending on various lender criteria.

However, with the number of deals being as limited, having a guarantor doesn't guarantee you'll secure a 100% mortgage. Lenders will put your finances under the microscope to ensure you can handle the monthly repayments.

IMPACT ABILITY TO PAY A MORTGAGE

A few factors will also lower your chances of approval, including a bad credit score. No deposit and poor credit history could set off alarm bells for lenders. Even with a decent credit score, monthly debt repayments could impact your ability to pay a mortgage. So, while a 100% mortgage may seem like a dream come true, you should obtain professional mortgage advice to consider all aspects before diving in.

Alternatively, the 95% mortgage scheme is also running until the end of 2023, meaning you only need to save a 5% deposit for the home you want to buy. Think of the mortgage guarantee scheme as a safety net, one that's been cast by the government to encourage lenders to offer 95% mortgages to buyers who have managed to save a 5% deposit.

STRUGGLING TO SAVE A LARGE DEPOSIT

Launched in April 2021, this programme responded to the scarcity of high loan-to-value mortgages during the pandemic. If you're a buyer securing a 95% mortgage, the government vouches for the part of your mortgage above 80%. In other words, in the case of a 95% mortgage, the government guarantees the remaining 15%.

While it may seem complex, it's straightforward. If a homeowner fails to keep up with their mortgage repayments and defaults, the government covers some of the lender's losses. This assurance gives banks and building societies the confidence to offer 95% mortgages, making homeownership more accessible for those struggling to save a large deposit. ◆

>> WANT TO DISCUSS GETTING YOUR FIRST FOOTHOLD ON THE PROPERTY LADDER? <<

Venturing into homeownership for the first time is a thrilling expedition. Whether your deposit is primed and ready, you're busy crafting property alerts or setting off on house viewing adventures – we're here as your trusted guide, helping you stride towards that all-important first foothold on the property ladder. Please speak to us for professional expert advice. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] Zoopla 08 June 2023

What to do if you can't pay your mortgage

Talking to your lender as soon as possible to make them aware of your situation is key

OVER THE PAST year and a half, the Bank of England's base rate increases have led to a spike in monthly mortgage payments, making it increasingly difficult for some mortgage holders to meet their obligations.

This is particularly true for those transitioning from five-year fixed rates, who may face a sudden rise in payments if they hadn't anticipated the increase in mortgage rates. In 2018, fixed rates were below 2%; however, currently, the best rates hover around double that for fixed and variable mortgages at 60% LTV. As a result, some borrowers may find themselves paying twice as much as before.

LENDERS WILL DO THEIR UTMOST TO HELP YOU RETAIN YOUR HOME

If you're one of those struggling, the good news is that lenders today are more patient and considerate than they were during the early '90s and mid-2000s recessions. Repossession is typically considered a last resort, and lenders will do their utmost to help you retain your home. This was evident during the pandemic when the 'mortgage holiday' scheme allowed financially affected homeowners to defer their repayments for up to six months.

If you're already in default or foresee difficulty making your next mortgage payment, it's crucial to communicate with your lender immediately. This will help mitigate any potential financial penalties or other adverse consequences. Your lender is there to assist you, and the earlier you can discuss how to navigate the situation, the better.

WHAT ASSISTANCE IS AVAILABLE?

Each lender has unique terms, and what they're willing to offer depends on your individual financial situation and borrowing level.

Here are a few options to make your mortgage payments more manageable:

Extending your mortgage term: A longer term reduces your monthly capital repayment, but you'll carry the mortgage debt for a longer period and pay more interest over time.

Switching to interest-only: If you currently have a repayment mortgage, your lender might agree to switch you to an interest-only plan for a while, dramatically reducing your monthly payments. However, remember that you'll still have to repay the capital eventually.

Reducing your payments: You might be able to lower your payments for a certain period, but you'll need to compensate for the deferred amount later.

Taking a payment 'holiday': If you're facing temporary financial difficulties but expect improvement soon, you might be able to pause your monthly payments, as many did during the pandemic.

UNDERSTAND HOW YOUR LENDER PLANS TO REDISTRIBUTE THE DEFERRED AMOUNT

Remember, if you take a payment break or reduce your monthly capital repayments, interest will continue to accrue on the total amount you owe, leading to slightly higher payments over the mortgage term. You should also understand how your lender plans to redistribute the deferred amount. They will typically extend your mortgage term or increase your remaining monthly repayments.

Lastly, if you have other costly debts adding to your financial troubles, discuss with your broker the possibility of remortgaging to release equity to settle those debts. You might find a relatively inexpensive borrowing solution by consolidating all your debts into your mortgage. ◆

>> NEED PROFESSIONAL ADVICE FOR YOUR CIRCUMSTANCES? <<

Your mortgage is likely to be one of the biggest financial commitments you'll ever make, and given its long-term nature, it's crucial to get it right. Given the complex nature of mortgages and the vast array of products available, we are here to provide professional advice for your circumstances. To learn more about how we could help, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Long-term mortgages

An affordable solution or a costly compromise?

THE COST OF LIVING is rising, and many homeowners and aspiring buyers are feeling the pinch. An increasing number are extending their mortgage terms to 35 or even 40 years to keep their monthly repayments manageable.

Over the past year, there has been a 10% surge in applicants choosing a 40-year mortgage term, and 38% of all applicants now favour terms of 30-35 years[1]. This shift towards longer mortgages comes as no surprise. With property prices skyrocketing faster than salaries, shorter mortgage terms have become a luxury many first-time buyers cannot afford. In fact, up to 67% of all available mortgages now allow terms of up to 40 years.

LENDER'S AFFORDABILITY CRITERIA

Despite the higher interest payments associated with longer terms, there are situations where a longer-term mortgage can be beneficial. For starters, lower monthly repayments increase your chances of meeting your lender's affordability criteria. This could also enable you to borrow more, which means you wouldn't need to save as large a deposit to secure your dream home.

If you're anticipating a future inheritance, a longer-term mortgage allows you to maintain lower monthly repayments now and pay off the balance later in a lump sum. Similarly, if you expect significant career progression and increased earnings, a

"If you're anticipating a future inheritance, a longer-term mortgage allows you to maintain lower monthly repayments now and pay off the balance later in a lump sum."

longer-term mortgage can ease the initial stages of homeownership. You can then shorten the term once your income increases.

MORE DISPOSABLE INCOME

Additionally, a longer-term mortgage might align better with your lifestyle choices. Keeping your repayments low gives you more disposable income to enjoy leisure time.

According to the Office for National Statistics (ONS), earnings have doubled since 1997, but house prices have soared four-and-a-half times. For instance, a first-time buyer earning £36,000 wanting to purchase a £288,000 home would need to borrow eight times their annual income.

IMPROVE YOUR LIFESTYLE

However, most lenders only lend up to 4.5 times your annual income, leaving a substantial shortfall. Therefore, first-time borrowers often require a large deposit or a very long repayment period to meet the lender's affordability criteria.

Suppose you take out a 6% mortgage on a £250,000 property over 40 years. Over the duration of the loan, you could end up paying a staggering £206,000 in interest alone. Now, compare this to the same mortgage paid over 25 years. Despite the higher monthly repayments, the total interest paid would be around £80,000 less than on a 40-year term. That's a substantial saving which could be invested elsewhere or used to improve your lifestyle.

LONG-TERM IMPLICATIONS

While a longer-term mortgage may seem appealing due to its lower monthly repayments, it's essential to factor in the increased overall cost. Shorter-term mortgages may require higher monthly payments, but they often result in less interest paid over the life of the loan.

In the face of rising property prices, longer-term mortgages may seem like the only option for many. However, it's worth considering all possibilities and seeking professional mortgage advice before making a significant financial commitment. After all, a mortgage is likely the most significant debt you will ever take on, and understanding the long-term implications is crucial to making an informed decision. ◆

>> LOOKING FOR A MORTGAGE THAT ALIGNS WITH YOUR LONG-TERM GOALS AND LIFESTYLE? <<

Finding a mortgage you feel at home with is not just about getting the funds to buy a house. It's about making a wise financial decision that aligns with your long-term goals and lifestyle. Contact us today to find out more. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Zoopla 08 June 2023.

Millions face mortgage rate rises

UK homeowners face a significant rise in payments when fixed rate mortgages expire

“Those whose deals end within the next year could see their monthly payments rise by an average of £192, a scenario nearly two-thirds of people claimed would cause them financial difficulties.”

FINANCIAL MARKETS are no strangers to volatility, but the current wave has directly impacted mortgage rates. The anticipation of further interest rate rises has fuelled recent market volatility, directly influencing the dynamics and availability of mortgage products.

More than three million individuals in the UK potentially face a ‘remortgage nightmare’, warns a new survey[1]. The research found that around 40% of mortgage holders have not experienced an increase in their payments as interest rates have risen, primarily due to fixed rate deals.

MONTHLY REPAYMENTS INCREASED

However, one in five respondents reported that their monthly payments have increased by over £200 in the past year and a half. Further, 16% are already having difficulty making their mortgage payments, a figure that escalates to 21% for those aged 55 and above. Nearly half (48%) admitted they would struggle if their monthly repayments increased by even £150.

Those whose deals end within the next year could see their monthly payments rise by an average of £192, a scenario nearly two-thirds of people claimed would cause them financial difficulties. The Office for National Statistics estimates that approximately 1.3 million fixed deals will expire in 2023, most under 2%. With the average two-year fixed mortgage costing around 5.5%, unless rates drop before people have to remortgage, this could result in a disaster for hundreds of thousands.

SIGNIFICANT PAYMENT INCREASES

Those with large mortgages will face the most significant payment increases, including those with higher incomes who bought pricier properties and younger people who purchased more recently at higher prices. This trend is already evident among 18 to 34-year-olds, with one in four reporting that their monthly repayment has increased by more than £200.

Market overreaction is still possible, and rates could fall back again. However, any substantial reduction in mortgage costs might necessitate a cut by the Bank of England, which is currently not expected until 2024. ◆

>> WANT TO DISCUSS YOUR MORTGAGE OPTIONS? <<
Are you approaching the end of your mortgage with your existing lender? Or are you on the lookout for a more favourable deal? Either way, ensuring you’re making the most informed decision possible is essential. To learn more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] Opinium for Hargreaves Lansdown based on a survey of 2,000 UK adults 05/06/23.

Switching to an interest-only mortgage

Grappling with the stark reality of escalating interest rates

COUNTLESS INDIVIDUALS have yet to grapple with the stark reality of escalating interest rates. This scenario will shift dramatically for approximately 1.4 million people whose fixed deals will conclude during 2023. The majority of these deals were initially locked in at under 2%.

Some homeowners facing a remortgage deadline this year may be considering switching to an interest-only mortgage to cut costs. This option allows borrowers to pay the interest that accumulates on the loan without paying off the balance. However, it's important to note that this comes with a certain level of risk.

CURRENT MORTGAGE PAYMENTS

Interest-only mortgages became more restricted after the 2008 financial crisis. However, some lenders recognise that these loans can offer flexibility to the right customer. But the eligibility requirements for these mortgages are typically stricter than for other products, as borrowers need to show a solid repayment strategy for the loan balance.

An interest-only mortgage could lower your monthly payments, making it a viable option if you struggle to afford your current mortgage payments due to a significant rise in rates. This option also appeals to those with a large amount of capital, as it could free up cash that could be invested elsewhere, potentially leading to profits that could be used to repay the mortgage. Despite these potential benefits, there are drawbacks to consider. One is that your overall interest payments over the life of the mortgage will be higher than if you had a repayment product.

REPAYMENT STRATEGIES

If you are considering changing your existing mortgage to interest-only, most lenders have specific criteria you must meet. They'll want to know how you plan to pay off your mortgage balance at the end of the term. This could be through savings, investments, pension funds or any other reliable method. Keep in mind that not all repayment strategies are accepted by all lenders.

The Loan-to-Value (LTV) rate on interest-only mortgages is often lower than on repayment mortgages. This means you will need substantial equity in your property to meet most lenders' minimum equity requirements.

MINIMUM INCOME REQUIREMENT

Additionally, many lenders set higher minimum income requirements for interest-only mortgages, typically ranging from £75,000 to £100,000. You will likely need to meet this requirement to switch to an interest-only mortgage. However, some lenders do not have a minimum income requirement.

There's no universal approach that fits all. Some homeowners may be willing to pay a higher amount for a fixed rate, as they prioritise stability above all. Conversely, some people will be eager to minimise their payments as much as possible. ◆

>> NEED HELP WITH YOUR MORTGAGE OPTIONS? <<
We're here to help through these tough times. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

SHARED OWNERSHIP

An alternative to traditional homeownership

SHARED OWNERSHIP, an alternative to traditional homeownership, can be a feasible option for those struggling to get on the property ladder due to the high costs of properties and mortgages. This scheme allows potential homeowners to buy a certain percentage of a property, typically between 25% and 75%, and pay rent on the remaining portion.

The deposit required for shared ownership is usually around 5% or 10% of the share you're buying, making it considerably lower than the deposit needed for a full home purchase. For instance, if you're buying a 25% share of a £300,000 home, your share value would be £75,000. A 5% deposit on this share would mean you'd need to put down £3,750, compared to a £15,000 deposit for the full home value.

GROUND RENT AND SERVICE CHARGES FOR SHARED SPACES

Over time, you can increase your ownership percentage through a process called 'staircasing', reducing your rent as your ownership stake grows. However, remember you'll likely have to pay ground rent and service charges for shared spaces.

Stamp duty can typically be deferred until your ownership share reaches 80%. Shared ownership schemes apply to new build properties owned by housing associations or existing homes via resale schemes. The home types on offer usually vary, including apartments, houses and bungalows.

POTENTIALLY LEADING TO FULL OWNERSHIP OVER TIME

Shared ownership is primarily aimed at first-time buyers or those who find it challenging to secure a traditional mortgage. However, the scheme has income restrictions – £80,000 or less for households outside London and £90,000 for those within London. If you're buying with someone else, your combined income must not exceed these limits.

Shared ownership provides a more affordable route to homeownership. As you live in the property, you can gradually increase your equity share, potentially leading to full ownership over time. However, like any property purchase, lenders will review your credit score, and you must provide a deposit of at least 5% of the property share you're buying.

SHARED OWNERSHIP: ADVANTAGES AND DISADVANTAGES

ADVANTAGES

Accelerated homeownership: With a smaller deposit and mortgage requirement, shared ownership can enable you to become a homeowner sooner than traditional methods.

Affordability: Shared ownership is designed for individuals or families with lower incomes. The lower upfront costs make homeownership more accessible.

Flexible ownership: As your financial circumstances improve, you can increase your stake in the property over time.

Property options: The scheme applies to both new-build homes and existing properties, offering a variety of choices for potential homeowners.

DISADVANTAGES

Leasehold status: Shared ownership properties are typically leasehold rather than freehold. This means you don't own the land the property is built on, which can come with certain restrictions.

Service charges: Regardless of your stake in the property, you must pay a service charge to maintain common areas. Ground rent may also be applicable.

Selling restrictions: When it's time to sell, you might have to do it through the shared ownership scheme rather than on the open market, which could limit potential buyers.

Additional costs over time: While you can buy more of the property over time, this comes at a cost. The price you'll pay for additional shares will depend on the property's market value at that time, which could be higher than when you first bought. ◆

>> ARE YOU STEPPING ONTO THE PROPERTY LADDER FOR THE FIRST TIME? <<

Shared ownership represents a unique form of mortgage that diverges from the traditional residential mortgage. Instead of purchasing an entire property, you acquire a share of it. This arrangement entails paying a mortgage on your share and renting the remainder of the property. If you're stepping onto the property ladder for the first time, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Securing a mortgage on a 'high-risk' property

Could climate change influence your mortgage application?

CLIMATE CHANGE COULD influence your mortgage application as many lenders now assess the risks of climate change's impacts when determining whether to approve a loan against a property. Factors such as flooding, coastal erosion, landslides, and subsidence or sinkholes are increasingly considered by lenders.

The UK's Environment Agency reports that the country is experiencing more frequent flooding, with approximately one in six properties in England at risk. Additionally, coastal erosion and landslides, exacerbated by extreme weather and rising sea levels, can cause significant loss of property value.

VALUE TO SUPPORT THE REQUESTED MORTGAGE AMOUNT

Subsidence and sinkholes, caused by the ground beneath a property collapsing or sinking, are also a concern. Climate change's effect on weather patterns, leading to wetter winters and drier summers, can destabilise the soil under homes and cause structural issues.

> **"When applying for a mortgage, the lender typically arranges a property valuation to ensure the value supports the requested mortgage amount."**

When applying for a mortgage, the lender typically arranges a property valuation to ensure the value supports the requested mortgage amount. However, many lenders also conduct additional checks to assess if the property is at risk due to climate change. These assessments could impact the lender's decision to approve a loan for the property, independent of the property's valuation.

POTENTIAL CLIMATE CHANGE RISKS TO THE PROPERTY

Consequently, securing a mortgage on a 'high-risk' property might be more challenging, especially if it's uninsurable due to continual flooding or unstable land. Before applying for a mortgage, it's crucial to consider potential climate change risks to the property.

If you suspect a risk, it might be beneficial to instruct a surveyor to conduct an in-depth survey rather than relying solely on the lender's valuation. Also, remember that most lenders require you to maintain building insurance for the mortgage term. If they perceive the property to be at risk from climate change effects, they may ask you to confirm that you have suitable coverage. ◆

>> LOOKING TO SECURE THE RIGHT MORTGAGE SOLUTION THAT FITS YOUR SPECIFIC REQUIREMENTS? <<
Whether you're stepping onto the property ladder for the first time, considering a new home or exploring investment opportunities through buy-to-let properties, we take great pride in identifying and securing the mortgage solution that fits your specific requirements. Speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

> **"Lenders will evaluate your financial health by considering your credit cards, loans and overdrafts."**

ARE YOU READY TO APPLY FOR A MORTGAGE?

Seven steps to prove you're mortgage-ready

WHEN CONTEMPLATING a home purchase, the mortgage application process may appear intimidating. It does require substantial information and paperwork. However, with adequate preparation, you can ensure a seamless progression through this process. Here are our seven tips to help you do just that.

1. Identify the lender's criteria: Lenders consider more than just your income when deciding whether to approve a mortgage. They'll assess your loan amount, deposit, employment status, credit score, existing debts and monthly expenses. They'll also conduct a 'stress test' to predict your future ability to repay the loan.

2. Keep your finances healthy: Lenders will evaluate your financial health by considering your credit cards, loans and overdrafts. Aim to reduce your debt to increase your chances of getting a mortgage. Avoid maxing out your credit cards or relying on your overdraft, as these behaviours may suggest you're living beyond your means.

3. Demonstrate reliability: Your credit report reflects your history with debt repayment. Lenders will review this report, which includes data from the past six years across various categories like credit cards, loans, mortgages and overdrafts. Any missed or late payments can negatively influence their decision. Unlink yourself from any joint accounts that could harm your credit score.

4. Prepare your paperwork: Lenders will require proof of income, so gather necessary documents such as wage slips, bank statements, tax returns, savings account statements and identification in advance. This preparation can streamline your mortgage application process and prevent delays.

5. Fill out the application correctly: Accuracy is crucial when filling out your mortgage application. Even minor mistakes could cause delays or necessitate a resubmission. Be sure to provide your full name, accurate date of birth, complete address history and honest answers about your spending habits.

6. Understand the importance of a gift letter: If someone is assisting you with the deposit, the lender needs to know it's a gift, not a loan, and that the person won't become a joint owner of the home.

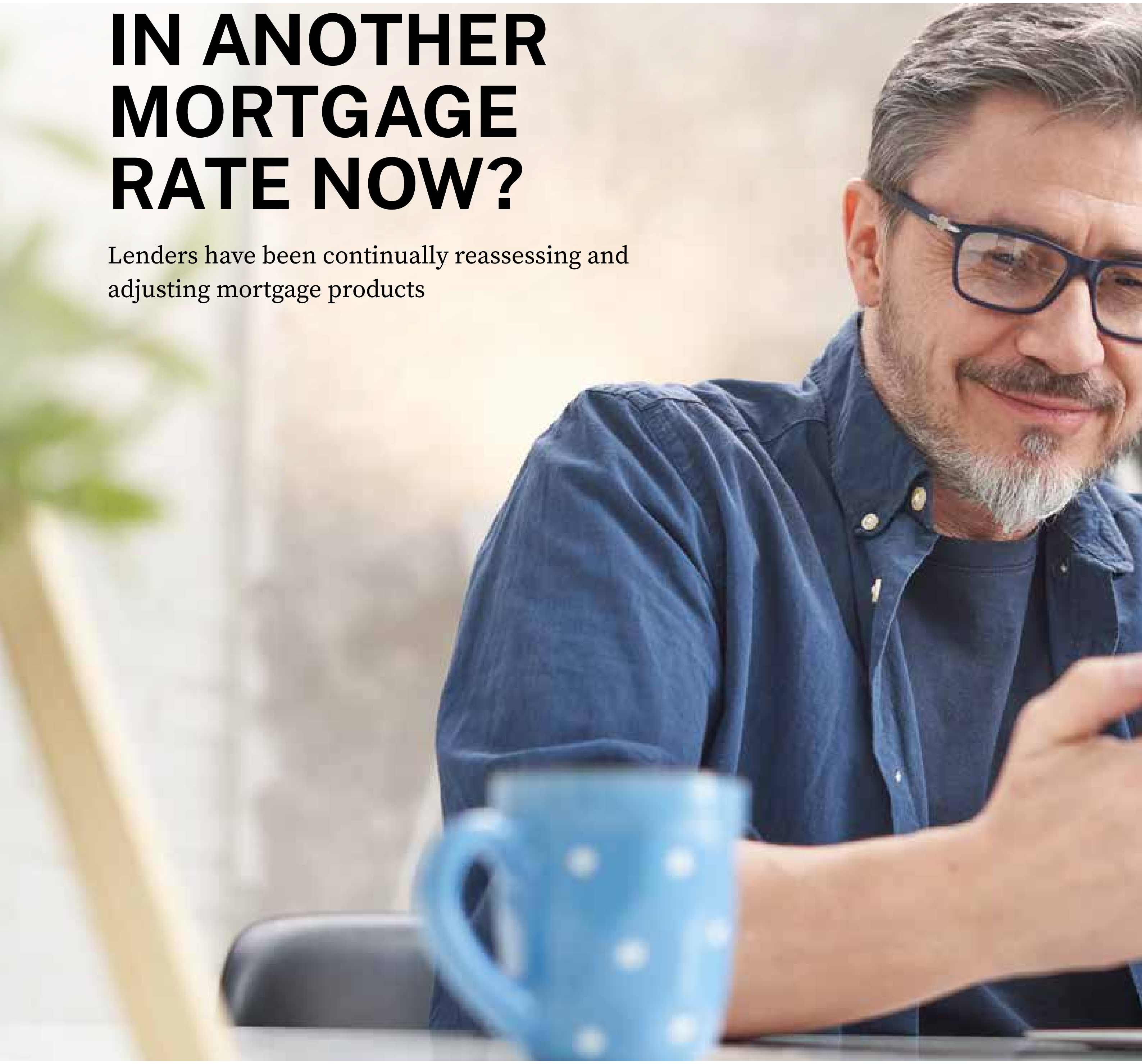
7. Get a Decision in Principle (DIP): A DIP is a preliminary check indicating a lender's willingness to offer you a loan. It only provides some of the information needed to obtain a mortgage; however, it can give you an idea of how much you can borrow.

By following these steps, you can better position yourself as a reliable candidate for a mortgage. ◆

>> NEED PROFESSIONAL HELP TO GUIDE YOU THROUGH FINDING YOUR MORTGAGE? <<
Embarking on the mortgage application journey can be a significant step, and we're here to guide you through it. Whether you're a first-time home buyer or planning to refinance, we're here to simplify the process. For more information, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

TIME TO LOCK IN ANOTHER MORTGAGE RATE NOW?

Lenders have been continually reassessing and adjusting mortgage products



VENTURING INTO THE mortgage world can feel like stepping into a roaring tempest. Whether you're a prospective buyer or about to remortgage, the current dynamics in the mortgage market are likely causing some unease.

Lenders have abruptly withdrawn some mortgage products due to high inflation and potential further interest rate hikes. Those on the verge of finalising a deal may be left wondering if their intended mortgage will be the next to disappear.

SHRINKING MORTGAGE OPTIONS

Since the ongoing uncertainty around inflation, lenders have been continually reassessing and adjusting their mortgages, often leading to withdrawn deals. The rapid changes have left many scrambling to keep pace. The concern isn't merely the shrinking mortgage options but the abrupt withdrawal that could jeopardise ongoing mortgage applications.

The past few months have been challenging, with numerous deals withdrawn and mortgages repriced upwards. In these uncertain times, one thing is sure – anyone remortgaging now will face higher interest rates than their previous deal, which is why it is essential to obtain professional mortgage advice.

SELLING AND BUYING SIMULTANEOUSLY

This is particularly true for those coming off a two-year fixed rate (or even a five-year fix), as these deals were secured when rates were low. Our advice for those whose mortgages are due to end between now and the year's end is to start preparing now. Shopping around up to six months before your current deal ends means you could lock in a rate now. This will be beneficial if rates continue to climb.

However, if rates drop, you still have the chance to review the deal, ensuring there won't be any cost implications. If you're relocating, you're likely selling and buying simultaneously. This means you might feel the pressure of mortgage uncertainty and its potential impact on your property chain.

SEEK PROFESSIONAL MORTGAGE ADVICE

Despite the chaos, first-time buyers are the least affected by the rates as they have yet to be used to a particular monthly payment. Property prices are stabilising, so they can buy for less, although the difficulty with deposits remains. First-time buyers should seek professional mortgage advice now more than ever. Advisers have a duty of care to ensure they are doing the best for them, both now and for their future intentions.

This consumer duty adds extra protection for the consumer. When remortgaging in the future, these first-time buyers will hopefully face lower rates. They can either reduce monthly payments or the term, or reconsider borrowing options to increase their mortgage. ◆

>> READY TO REVIEW YOUR MORTGAGE OPTIONS? <<

To discover how much you might be able to borrow and explore strategies for reducing your mortgage expenses, or for further information, please get in touch with **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Planning to put your property on the market?

Follow our guide to helping you navigate the selling process

“Getting an accurate market valuation of your property is crucial. Use online valuation tools for a quick estimate, or book an appointment with a local expert.”

SELLING YOUR PROPERTY is a significant undertaking. It’s not just about deciding on a selling price; it involves multiple steps and considerations that require careful thought and planning. Here’s our step-by-step selling guide.

DECIDING TO SELL YOUR PROPERTY

Before putting your property on the market, assess whether it’s the right time to sell. The property market fluctuates, and what might seem like a booming market may not apply to your local area. Consult property market guides and reliable news sources for information. Before contacting agents, do some research on your own. Look at the prices of similar properties in your area to get an idea of what your property might be worth.

FINDING THE MARKET VALUE OF YOUR PROPERTY

Getting an accurate market valuation of your property is crucial. Use online valuation tools for a quick estimate, or book an appointment with a local expert.

CHOOSING AN ESTATE AGENT

When choosing an estate agent, ask plenty of questions to ensure they can get you the best price for your home. Check their professionalism, reputation in your area and reviews.

DECIDING ON A SELLING PRICE

The valuation you receive from your estate agent will guide you on the price to list your property. This doesn’t have to be the final selling price. Tools like demand calculators can help you gauge the number of potential buyers for your property.

OBTAINING AN EPC

Before selling your home, you’ll need a valid Energy Performance Certificate (EPC). Check if your current EPC is valid or needs updating due to recent energy efficiency improvements.

PREPARING YOUR HOME FOR SALE

Before listing your property, tidy up and declutter to make a good impression on potential buyers. Think about staging your home to maximise space and appeal.

CHOOSING A CONVEYANCER OR SOLICITOR

A solicitor or conveyancer with experience in property conveyancing and a solid understanding of property marketing in your area is essential. They’ll handle contract drafting and review, local searches, Land Registry correspondence, fund management and provide legal advice.

COMPLETING PAPERWORK

Prepare necessary documents such as proof of address, identity, guarantees for appliances or building work, service records and electrical certificates. You’ll also need to complete a TA10 ‘Fittings and Contents’ form and provide the title deeds once an offer is accepted.

ARRANGING VIEWINGS

Arrange property viewings either yourself or through your estate agent. Ensure your property is clean and tidy for each viewing.

ACCEPTING AN OFFER

Once you receive an offer you’re happy with, inform your estate agent and discuss all details, including estimated dates for exchange and completion.

COMPLETING THE SALE

After accepting an offer, finalise details about the contract, including what’s included in the sale price. Your estate agent will write to all parties to confirm the agreed price and any conditions of the sale.

The final stages of selling a house, namely contract exchange and completion, are legally binding events that

solidify the deal. Here's a brief overview of what to expect during these stages.

EXCHANGE OF CONTRACTS

Exchanging contracts is a pivotal moment in the property-selling process. At this stage, the buyer pays a deposit, typically 10% of the sale price, and both parties commit to the transaction. After contracts are exchanged, neither the buyer nor the seller can back out without potentially facing significant financial penalties.

Before contracts can be exchanged, several conditions must be met:

- Preliminary inquiries and local searches have been completed, and the results are satisfactory.
- The list of fixtures and fittings to be included in the sale has been agreed upon.
- The buyers have a confirmed mortgage offer.

COMPLETION

The completion date is when the funds are transferred from the buyer to the seller, finalising the sale. This date is typically influenced by the property chain's length and removal services' availability.

MOVING OUT

Often, but not always, the completion date is also the moving date. It's the day when you need to vacate your sold property and, if you're purchasing a new home, move into it. Be sure to leave the property in the contract's agreed-upon condition, including any fixtures and fittings included in the sale.

Once you've moved out, all keys to the property should be given to the estate agent, who will then pass them on to the buyer. This marks the end of your responsibilities as the seller and the beginning of the buyer's ownership. ◆

>> WANT TO UNDERSTAND YOUR MORTGAGE OPTIONS FOR YOUR NEXT MOVE? <<

Embarking on buying a new home should be exciting, but understanding your mortgage options can sometimes feel overwhelming. We're here to help simplify this process for you. If you are moving up the property ladder, we're committed to helping you secure the right mortgage for your new home. For more information, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

First impressions count

Kerb appeal should never be overlooked when selling your property

THE INITIAL IMPRESSION of your home can very often seal the deal for potential buyers. Many usually decide within the first few minutes of visiting a home. That's why kerb appeal should never be overlooked.

The term 'kerb appeal' refers to the attractiveness of your home as viewed from the street. The exterior of your property establishes the expectation for what's beyond the front door and can often influence the perception of potential buyers towards your property.

If you plan to list your home or if it's been on the market for some time, reviewing our checklist and identifying possible enhancements to boost your home's appeal could make all the difference.

Our tips to help improve your home's kerb appeal for potential buyers:

Refurbish your front door: The front door is a central focal point for buyers to pay attention to. Consider repainting it in a classic colour such as navy, olive green or charcoal grey if it's wooden. Clean plastic or composite doors with specialist products. Remember to polish metal letterboxes, house numbers and door-knockers.

Check the doorbell: Make sure your doorbell is functioning correctly. Consider replacing it if needed. There are plenty of affordable, wire-free options available.

Clean the windows: A professional window cleaning service can help enhance the appearance of your home. Cleaning window frames can also make a big difference.

Clean driveways and patios: A powerful jet wash can make paved or concrete driveways and paths look new. Keep patios, decking and rendered surfaces clean by removing moss, dirt and weeds.

Plant up the front garden: A well-maintained garden with colourful plants can add a welcoming touch. Potted flowers on your doorstep or a hanging basket look inviting. If there's a lawn, keep the grass short and well-fed.

Consider exterior lighting: A well-lit entrance feels safe and welcoming. Consider adding matching wall lights near your front door.

Repaint external walls: Just like the interior, the exterior of your house also benefits from a fresh coat of paint. If your home is brick, a jet wash can help freshen it up.

Enhance boundary lines: Ensure the boundaries of your property are clear and appealing. Perhaps wooden fences and gates could use a fresh coat of varnish, while metalwork may need repainting. Keep hedges trim and neat.

Hide the bins: Tidy up wheelie bins and recycling cartons and place them in a suitable location. Consider getting a shed to house them.

Sweep your street: Even though it's the council's responsibility, picking up rubbish near your front garden can make a good impression. You could also sweep leaves and give the pavement a jet wash.

Remember, the exterior of your home serves as a preview of what lies within. The next time you approach your home, try to see it from the perspective of a visitor or potential buyer. ◆

Do you need an Energy Performance Certificate (EPC)?

Enhancing energy efficiency and reducing running costs for prospective buyers

ARE YOU PLANNING to sell your property in England, Wales or Northern Ireland? If so, you must commission an Energy Performance Certificate (EPC) before listing your property. Prospective buyers may request to see this certificate.

In Scotland, sellers are required to furnish a comprehensive 'home report'. This report includes an EPC, a survey and a property questionnaire, providing a more detailed home analysis.

ENERGY EFFICIENCY

An EPC is a document that ranks properties based on their energy efficiency. Properties with the highest energy efficiencies are rated A, while those with the lowest are rated G. EPCs provide information about a property's energy use and costs and offer suggestions on enhancing energy efficiency and reducing running costs.

These recommendations can range from installing insulation to switching to energy-saving lightbulbs. The EPC will estimate the costs of these improvements and the potential savings on energy bills after making these upgrades. Listed buildings do not require an EPC because improvements like installing double glazing, which could alter the building's original features, are often not allowed.

LEGAL REQUIREMENT

You can check if your property already has a valid EPC by checking the government's EPC register in England and Wales, the Scottish EPC register or the Northern Ireland EPC register. EPCs have been a legal requirement since 2008 and are valid for ten years.

Failure to acquire an EPC when selling or renting out your property could result in a fine of up to £5,000, with proposals to increase this to £30,000 from 2025.

VARIOUS FACTORS

To get an EPC, you can either go through your estate agent or arrange one independently by finding local Energy Assessors in your area. While you can book your EPC online, a physical survey of your home is required. The cost of an EPC ranges between £60 and £120, depending on the size, location and type of your property.

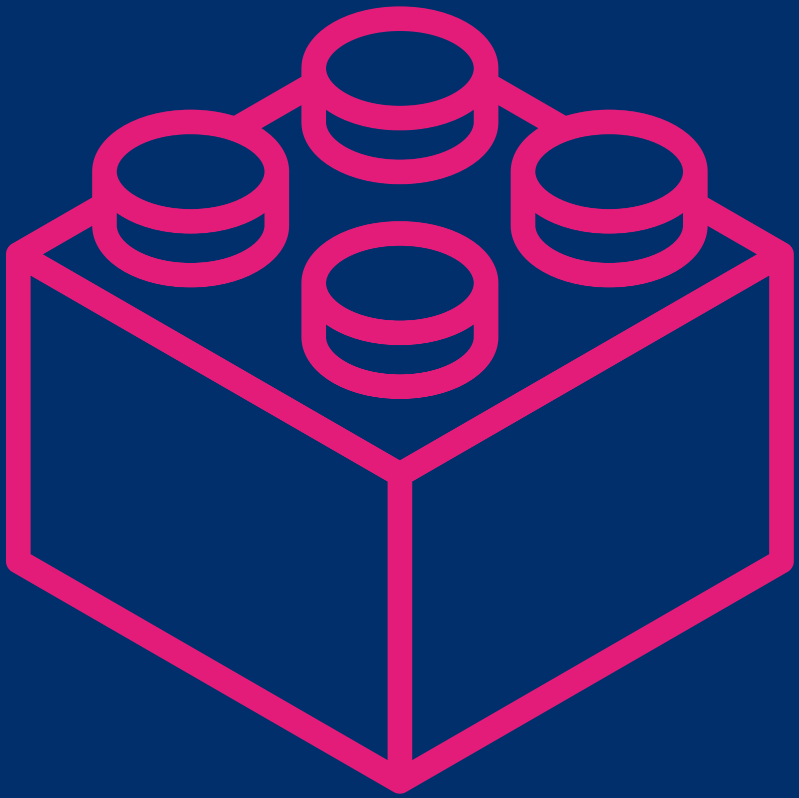
The EPC assessment typically takes about an hour, and you'll receive your certificate within a week. During the evaluation, the accredited domestic energy assessor will examine various factors such as the property size, insulation type and amount, heating system, window glazing and lighting type to determine your house's energy efficiency.

RATING IMPROVEMENTS

If you believe there's an error in your EPC or want to challenge your rating, contact the energy assessor who carried out the report. If dissatisfied with their response, you can appeal to the accreditation scheme the assessor is licensed by.

After implementing energy efficiency improvements, getting a new EPC is not mandatory. However, if you aim to improve your rating, getting a new EPC after the changes might be beneficial to track the impact of your improvements. For consistency, consider using the same assessor or firm for the assessments before and after the improvements. ◆

>> READY TO TALK MORTGAGES? <<
If you want to arrange another mortgage, we'll help you understand the options available and explain how much you could afford to borrow. To discuss your options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.



Getting a Decision in Principle (DIP)

Assessing your income, spending habits, credit score and other factors

"Having a DIP can make house-hunting more accessible, giving you a clear idea of your budget. You can also show it to estate agents to demonstrate that you're a serious buyer."

IF YOU ARE planning on buying your first home or selling an existing property to move on to your next home, a Decision in Principle (DIP), also known as an Agreement in Principle, Mortgage in Principle or a Mortgage Promise, is a document that indicates a sum of money that a lender is likely willing to offer you.

This amount is based on the preliminary information you've provided to them. Although having a DIP is not legally mandated, more and more estate agents increasingly require potential buyers to have one as it demonstrates their serious intent and financial capability. The amount you're eventually offered could change following a more thorough assessment of your income, spending habits, credit score and other factors.

SOFT CREDIT CHECK

The application for a DIP may involve a soft credit check, which doesn't impact your credit score. Several factors are considered during this process, including any debts or missed payments, inconsistencies in your file, and whether you meet the lender's specific criteria.

Having a DIP can make house-hunting more accessible, giving you a clear idea of your budget. You can also show it to estate agents to demonstrate that you're a serious buyer. Typically, a DIP lasts between 60 to 90 days, depending on the lender's policy.

OFFICIAL MORTGAGE OFFER

Once you've found a property you're interested in and made an offer within the range of your DIP, you'll need to return to your mortgage lender and submit a full mortgage application. If approved, you'll receive an official mortgage offer. This document outlines the amount the lender is willing to loan you for your chosen property and will be shared with your solicitor or a licensed conveyancer.

Your official mortgage offer might differ from your DIP due to the results of the affordability assessment or mortgage valuation. For instance, the offer might be adjusted if the property's value is lower than the amount in your DIP.

PROOF OF INCOME

Applying for a DIP is typically straightforward and can be done online the same day you apply. However, the application process can vary by lender, with some preferring phone or in-branch applications.

You'll likely need to provide proof of income, such as payslips or bank statements, proof of your current address, and proof of identity, like a passport or driver's licence. You may also need to provide two years' worth of accounts if you're self-employed. ◆

>> READY TO SECURE THE RIGHT MORTGAGE FOR YOUR NEXT HOME? <<

We understand the significance of securing the right mortgage, so we are committed to helping you discover the right deal for your unique requirements. Contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

HOW MUCH COULD YOU BORROW FOR YOUR NEXT HOME?

Everything's easier when you know how to make the move

PURCHASING YOUR next property is a significant step, involving a substantial, long-term financial commitment. Navigating the mortgage landscape consists in finding a delicate equilibrium. You need to borrow sufficiently to finance your next dream home while ensuring the repayments don't become overwhelming.

Existing homebuyers often rely on substantial deposits to demonstrate their ability to manage their next mortgage effectively. The larger the deposit, the more likely you'll be approved, as it reduces the lender's risk and shows financial responsibility on your part.

"It's important not to overstretch your finances to the point where you can't enjoy life's pleasures."

INCOME AND EXPENDITURE

It's important not to overstretch your finances to the point where you can't enjoy life's pleasures. Consider all your yearly expenses to ensure you stay within your means. Consider your assets like savings, which could be used for your deposit, and your income and expenditure. If you have equity in your current property, it is considered an asset, even if it's not fully paid off.

The amount you can borrow for your next mortgage will vary by lender and is calculated based on factors such as your income, the size of your deposit, regular expenditure and credit rating. Remember, the actual loan amounts and affordability criteria will differ across lenders. We will obtain accurate figures from any potential lender before you commit to a mortgage.

APPROPRIATE MORTGAGE PRODUCT

Current mortgage rules ensure that customers only borrow what they can comfortably afford. Therefore, you must detail your income and spending when applying for a mortgage. This process ultimately benefits you, as it helps us advise you on the most appropriate mortgage product.

Beyond the mortgage cost, there are other expenses to consider when buying your next property. These include building insurance, Stamp Duty Land Tax (or similar taxes in Scotland or Wales), moving costs, estate agency fees, solicitor's fees, surveyor costs and charges associated with getting a mortgage.

CONSIDER ALL POSSIBILITIES

We will give you an accurate estimate of what you could borrow. Also, speaking to us if you're self-employed or investing in a buy-to-let property will provide you with valuable insights into your options. It's not just about the sum you can borrow; you should also consider how much your mortgage might cost you monthly.

Finally, remember to consider all possibilities. Unexpected events can happen; you must think through different scenarios and what you're comfortable with. We'll also be able to discuss your options and advise cover in the event of redundancy, serious illness or death. ◆

>> LOOKING FOR YOUR NEXT MORTGAGE? <<

Get an idea of what you could borrow. To discuss your situation, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

SELLING YOUR HOME THIS SUMMER

Don't overlook this opportune time to list your property for sale

"The favourable weather conditions during the summer will also enhance your home's aesthetic appeal. Bright sunlight can make your home look more extensive and more inviting in photos."

THE SUMMER MONTHS bring a sense of urgency to the housing market that could work in your favour if you plan to sell your property. Buyers who may yet have to secure a home during the busy spring season are often keen to finalise a deal before the onset of the new school year in the autumn. Many may want to ensure their families are settled well before the new academic year starts.

Moreover, the summer months typically increase the number of homes listed on the market. This surge in availability attracts a larger pool of potential buyers. With more options, buyers are motivated to decide promptly to secure their preferred property before someone else does.

PRIME TIME TO SELL A PROPERTY

While it's true that in the past, summer was often overlooked as a prime time to sell a property, this is no longer the case. The old perception was based on the belief that potential buyers would be too busy with summer holidays or juggling childcare during school holidays to focus on searching for a new home. However, modern trends and behaviours have shifted significantly.

The summer months can be an opportune time to list your property. With the advent of online property listings, potential buyers can easily browse properties from anywhere, even on holiday. Moreover, the school summer holiday break can give families more flexibility to explore new neighbourhoods and consider their living situations without the rush of school schedules.

BLOOMING FLOWERS AND LUSH GREENERY

The favourable weather conditions during the summer will also enhance your home's aesthetic appeal. Bright sunlight can make your home look more extensive and more inviting in photos. Kerb appeal is a significant factor. The first impression of your property, whether online or in person, is crucial. A property surrounded by blooming flowers and lush greenery is far more inviting than one with bare branches and a muddy lawn.

Moreover, the prolonged hours of sunlight during summer offer more opportunities for property viewings. It's not ideal for anyone to explore a property in the darkness, so make the most out of the extended daylight to highlight your home's features.

ATTRACT THE PERFECT BUYER

When selling your property during the summer months, setting the right price is all the more critical. This season's unique dynamics, coupled with the general competition in the market, necessitate a thoughtful pricing strategy. A competitive and well-considered asking price will attract the right buyer and increases the likelihood of receiving multiple offers. This scenario could also lead to a bidding war, increasing the final sale price.

Finally, once you have sold your property, the moving day for you and your buyer will likely be easier in the summer months. Imagine moving on a warm, bright morning versus a cold, rainy winter afternoon. So, if you're considering selling your home, don't discount the summer months. With the right approach and preparation, you can attract the perfect buyer for your property. It's all about setting a realistic price, making necessary repairs and creating a strong first impression. ◆

>> LOOKING TO MAKE YOUR NEXT MOVE? <<

Discuss your mortgage options if you plan to upgrade, downsize or relocate. To learn more about how we could help you with your next move, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Moving costs increase by 24%

Understanding the costs associated with moving home

WHETHER IT'S YOUR first time stepping out into a place of your own or you're a seasoned mover, understanding the costs associated with moving home is crucial. There's nothing quite like the excitement of opening a new chapter in a new location, but keeping a clear head regarding the financial implications is equally essential.

Moving home is a significant life event, and being prepared for the expenses can ensure a smoother transition to your new abode. According to a recent study, the cost of moving home in the UK has seen a significant 24% increase over the past four years [1]. The research reveals that an extra £1,962 is needed to avert unforeseen expenses, a substantial leap from £1,584 in 2019.

While most individuals moving house budget for deposits, stamp duty and legal fees, it's the additional costs associated with the logistics of moving that often push buyers and renters beyond their financial boundaries.

PRICIEST CITY FOR RELOCATING OUTSIDE OF LONDON

The study examined quotes for various moving services across the country, concluding that, on average, Britons must allocate an additional £1,962 to cover essential costs such as removal services and postal redirection when moving house.

Among the cities, Swansea boasts the lowest moving costs, followed by Belfast and Edinburgh. In contrast, the data shows that Londoners face the highest moving expenses, particularly in North London, the most expensive area to relocate. Brighton emerged as the priciest city for relocating outside London.

In the last decade, the data highlighted incidents related to moving home, leading to an average claim cost of £1,349. Damaged sofas, televisions and fridges are among the most common items claimed, along with items lost in transit or stolen from garages or vans.

ENGAGING A PROFESSIONAL REMOVAL COMPANY

Interestingly, the study found that 44% of movers admit to budgeting less than £1,000 for the moving process – a potential shortfall of almost £1,000 based on the insurer's research of the average cost of moving.

Regarding home removals, the average cost of engaging a professional removal company in the UK is £486, with Exeter being the most expensive city for this service. However, 58% of movers reported using a professional remover or 'man with a van' during their last move, recognising the benefit of expert packing and moving services despite the higher cost.

IMPORTANCE OF PLANNING AND BUDGETING

Meanwhile, those who chose to hire and drive a van paid considerably less, with Plymouth offering the best deal at £71 per day, compared to Edinburgh's steep £237. Furthermore, nearly half of the movers (45%) said they would hire a professional decorator for their new property, while 48% would opt for a professional cleaner.

The research underscored the importance of planning and budgeting for the moving process, including ensuring home insurance covers the belongings during the move. The study also highlighted the need to understand what loss and damage any hired removal companies cover.

The key message is clear: moving home can be costly and stressful, but it can be managed effectively with careful planning and budgeting. ◆

>> LOOKING FOR HELP TO GUIDE YOU ON YOUR JOURNEY? <<

Home is where your story begins, and we're here to guide you on the journey. To discover the right mortgage option to step into the home where your next chapter awaits, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Admiral gathered quotes for each service from three suppliers in 23 locations across the UK. An average was then recorded for each location and each service, and a national average was calculated. The research was completed throughout February and March 2023. Average cost based on combining services in each location.

Property chains

Problems and common causes of delays and failed sales

"A property chain is a term used to describe a situation where multiple home buyers and sellers are interlinked, each depending on the other for their respective property transactions to complete successfully."

IF YOU'RE NAVIGATING the world of home buying for the first time, a term you might encounter is 'property chain'. A property chain is a term used to describe a situation where multiple home buyers and sellers are interlinked, each depending on the other for their respective property transactions to complete successfully.

An individual in the market initiates this chain to buy but has nothing to sell. This person is usually a first-time home buyer. On the other end of the spectrum is someone selling a property but not looking to buy another one. An example could be a retiree planning to move in with their family.

The crucial 'links' that connect these two ends are composed of individuals looking to sell their current property and purchase a new one. These participants play a significant role in the chain, as their transactions directly impact the others involved.

Here's an example of what a short property chain looks like:

- A first-time buyer (you) who is only buying.
- A homeowner is selling their home to you and buying a new one from a retiree.
- A retiree sells their home to the homeowner and moves in with their own family.

This is considered a two-person chain as it involves two home purchases.

A significant issue with property chains is that if one transaction fails, it can cause the entire chain to collapse.

This could happen due to various reasons:

Inability to secure a mortgage: Stricter lending criteria can lead to failed mortgage applications, breaking the property chain.

Problems with a property report: If a survey reveals severe issues with the property and the seller refuses to adjust the price accordingly, the sale might fall through.

Gazumping: This occurs when a seller accepts a higher offer from another buyer after initially agreeing to a lower one. It's legal in England and Wales but less common in Scotland.

Change of mind: The buyer or seller may withdraw from the transaction, causing the chain to break.

Change in personal circumstances: Issues such as illness or relationship changes can affect a party's ability to buy or sell, disrupting the chain.

Breaking the chain can result in lost opportunities, unexpected fees and failure to sell at the desired price. Unfortunately, costs such as valuation, survey, conveyancing and brokerage fees are not refundable, leading to substantial financial loss.

Now, let's answer some common questions about property chains:

Q: What do 'chain-free property' or 'no chain' mean?
A: Being chain-free means buying a home without waiting for other transactions to complete. However, even if individual buyers or sellers are chain-free, a property transaction can still be part of a chain unless both parties are chain-free.

Q: How long does buying a home with no property chain take?
A: Without a property chain, the process can take anywhere from four weeks to three months. Properties sold without a chain are in high demand due to the speed and certainty they offer, resulting in faster sales.

Q: What is the average length of a property chain?
A: The duration of a property chain can vary widely. Depending on market conditions, selling a house can take around 130 to 200 days. However, the length of the chain doesn't necessarily determine the timeline. A chain involving many properties might proceed smoothly, while a shorter chain could face numerous delays and potential failure. Each property chain is unique. ◆

HOLIDAY LETS REQUIRED TO SEEK PLANNING PERMISSION

Concern over locals being displaced from their communities

ACCORDING TO A recent announcement by Housing Secretary Michael Gove, UK homeowners who wish to rent their properties as holiday lets will soon need to seek planning permission. This move aims to alleviate housing pressure in popular tourist areas by allowing councils to prohibit future holiday lets if there's insufficient affordable housing available.

The government also plans to launch a consultation on establishing a compulsory registration scheme for holiday lets. Such a scheme would grant local councils visibility on the proportion of local housing stock occupied by temporary lets.

AFFORDABLE LOCAL HOMES

This measure is intended to address concerns in locations like Cornwall, the Lake District, Norfolk and parts of London where new properties are being acquired for profit through private rentals on platforms like Airbnb.

Mr Gove expressed concern over locals being displaced from their communities due to the profitability of short-term lets for landlords. He emphasised the importance of ensuring residents access affordable local homes and prioritised families eager to rent or purchase their home near their workplace.

SIX-FOLD INCREASE

This initiative follows a campaign by Tory MPs demanding changes to planning concessions in the Levelling Up and Regeneration Bill. The government expects to show figures indicating a six-fold increase in short-term listings in places like Cornwall over the past five years.

Research from the government suggests that since 2014, entire home listings in London have surged by 571%, with nearly 45,000 whole properties available for rent. Approximately one in ten hosts rent more than one property.

PLANNING PERMISSION

However, the government does not aim to prevent homeowners from renting out individual rooms or their entire property for short-term lets, provided it's for a limited period. A rental duration of 30 and 90 days is expected before homeowners apply for planning permission for a use change.

The proposed amendments will create a planning-use class for short-term lets not used as primary residences. New permitted development rights will also be introduced, meaning planning permission won't be needed in areas where local authorities choose to refrain from enforcing these planning controls. These changes will not affect hotels, hostels or B&Bs. ◆

“According to a recent announcement by Housing Secretary Michael Gove, UK homeowners who wish to rent their properties as holiday lets will soon need to seek planning permission.”

Smart home technology

Increased security, comfort, convenience and peace of mind

IN 2023, SMART HOMES have become a common sight in neighbourhoods. As we continue to embrace digitalisation, more and more households are transitioning towards a future where internet-enabled devices reign supreme.

The evolution of smart home technology has enabled homeowners to automate and control nearly every aspect of their homes. This has increased security, comfort, convenience and peace of mind.

Here are some of the most popular smart home technologies:

Voice-activated assistants and entertainment systems: Devices like Amazon's Alexa or Google Home have become popular. These devices allow users to control other smart home devices with voice commands, making it easier to adjust the temperature, turn off lights, play music, set reminders and more. They also act as intermediaries to compatible smart home technology like soundbars, smart TVs and computers.

Smart energy and thermostats: Smart thermostats are an excellent way to reduce energy bills while maintaining a comfortable home temperature. They learn your schedule and preferences, adjusting the temperature automatically to save on heating and energy costs. Users can control them with smartphones or voice assistants, allowing for easy adjustments from anywhere.

Smart lighting: Smart lighting allows users to control their home lighting in more ways than just turning them on or off. Users can adjust brightness and colour and schedule lights to turn on at specific times. This contributes to the ambience and helps conserve energy by using lights only when needed.

Smart security systems: These systems include more than just alarms. They also encompass sensors, smart cameras, keyless locks and video doorbells that enhance home security, especially while homeowners are away.

Smart appliances and functional extras: From smart fridges to smart ovens and washing machines, these appliances offer significant benefits. Users can control them remotely, programme washing cycles or customise reminders to order shopping when the fridge empties. There are also innovative smart appliances like smart shower heads, robot cleaners and smart lawnmowers that help with water consumption, cleaning and garden maintenance.

UPGRADING YOUR HOME WITH GAME-CHANGING TECHNOLOGY

As technology evolves, more off-the-shelf smart home products are likely to become more readily available. Now is an excellent time to start upgrading your home with this game-changing technology that makes life easier, saves energy and maximises return on investment.

With smart technology advancing so rapidly, it can be challenging to keep up with the broad range of products that could be utilised in your home. But fear not, because these excellent innovative ideas are worth considering if you want to upgrade your home's technology. ◆

"The evolution of smart home technology has enabled homeowners to automate and control nearly every aspect of their homes. This has increased security, comfort, convenience and peace of mind."

Outgrowing your space?

You've got a choice: relocate or renovate

DECIDING BETWEEN IMPROVING your existing home or purchasing a new one can take time and effort. If your family is expanding, your workspace is spilling onto the kitchen table or your bathroom feels more like a closet, it might be time to upgrade your living arrangements.

But should you renovate your existing home or pack up and move to a new one? This is a significant decision that requires careful thought. Here are some factors to help you navigate this important life choice.

It's essential to consider the two main factors: the financial impact and the potential inconvenience.

FINANCIAL CONSIDERATIONS

Ask yourself these questions: Will the value of my home increase at least as much as the cost of improvements? Will buying another property cost more or less than any renovations?

CONVENIENCE FACTORS

Consider the disruption that renovations can cause. Can you live in the property while work is being done? Would it be easier to relocate to a home that meets your needs?

KNOWING YOUR PROPERTY'S WORTH

To make an informed decision, estimate your home's worth after the planned renovations. Be aware of your area's property 'ceiling', i.e. the highest price properties like yours can reach. For example, if adding bedrooms and living spaces could align your home with larger, more expensive properties in your neighbourhood, it might be a sound investment.

PLANNING AND EXECUTION

Renovations involve detailed planning, including cost estimates, obtaining planning permission, meeting building regulations and hiring reliable contractors. This process can be time-consuming and may entail unexpected expenses.

PROPERTY VALUE CAP

Even with high-quality renovations, there may be a limit to how much someone will pay for your property based on its location and comparison to neighbouring homes. Adding more rooms might not translate into a higher value if the local market has many larger properties but fewer three-bedroom houses.

"If you choose to move and buy an improved home, you can avoid the stress of renovation work. You can enjoy your new space, especially if it's a newly built property."

LOCAL MARKET KNOWLEDGE

An experienced local estate agent can provide insights into your residential area's average values and price ceilings. They can also help you understand whether selling your current home would be more cost-effective and finding a new one that suits your future needs.

ENJOYMENT FACTOR

If you choose to move and buy an improved home, you can avoid the stress of renovation work. You can enjoy your new space, especially if it's a newly built property.

STEPS TO DECIDE

- Identify all the changes your home needs. Do they require planning permission or are they minor changes?
- Compare the costs of making these changes to the costs of moving.
- Look at the cost of properties that meet your needs in your preferred area. Consider whether any available new builds offer energy efficiency and lower running costs.

PLAN THOROUGHLY AND SEEK PROFESSIONAL ADVICE

The decision to renovate or relocate largely depends on your circumstances, budget and tolerance for disruption. Whatever path you choose, plan thoroughly and seek professional advice to make the process as smooth as possible. ◆

HOME BUYING OR HEARTBREAKING?

A large number of homeowners end relationships while searching for a shared abode

A SURPRISING NUMBER of young British homeowners under 25 have experienced relationship breakups while hunting for a house to purchase together. The research reveals that this scenario has been encountered by six out of ten individuals in this demographic[1].

Interestingly, many assumed their partners would contribute more financially towards the home purchase but still expected to hold equal ownership. It's noteworthy that, on average, Britons spend more time planning a vacation than they do a home purchase, despite the latter being over 200 times more costly.

ADDITIONAL EXPENSES

The lack of agreement on the right place to live has forced nearly half of the people to relocate, resulting in significant additional expenses. The research indicates that around 22% of British homeowners have ended a relationship while looking for a home to buy together.

Young Britons under 25 are particularly prone to this situation, with 61% having experienced a breakup during home-buying. The main causes for these breakups are financial secrets revealed during the home search (34%) and heavy discussions about future plans, such as having children (19%).

FINANCIAL COMMITMENTS

One partner's obsession over money and ownership triggered the breakdown for 23% of respondents, while 10% ended the relationship because of financial commitments related to home buying.

In addition to causing breakups, financial disagreements also lead to quarrels among couples who manage to stay together. Almost half (47%) of couples who bought a home together experienced fights, with 40% of all couples having disagreements about finances.

LACK OF COMMUNICATION

These issues often arise from incorrect assumptions one or both partners make about each other's financial contributions. This lack of communication leads to severe consequences, like relocating because they couldn't agree on a suitable place, which incurs high costs.

Couples need to have open conversations about finances and future plans before deciding to buy a home together.
While potentially uncomfortable, these discussions can strengthen the relationship and improve connectivity. ◆

>> READY TO DISCUSS YOUR UNIQUE MORTGAGE REQUIREMENTS? <<
Choosing the right mortgage isn't just about finding the lowest interest rate; it's about finding the best fit for your financial situation. To discuss your unique requirements, please get in touch with **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:
[1] Reach by Zoopla 1 June 2023.

"Young Britons under 25 are particularly prone to this situation, with 61% having experienced a breakup during home-buying."

PLANNING PERMISSION

How to confidently navigate your home renovation or expansion project

“Not all home or garden improvements require planning permission. Many projects can be executed under Permitted Development Rights.”

UNDERTAKING A HOME renovation or expansion project is an exciting endeavour. However, it’s essential to understand the legal aspects, including whether you need planning permission or building regulations approval.

Planning permission is likely required if you’re embarking on significant changes to your home. Certain developments fall under Permitted Development Rights (PDR), but it’s always prudent to confirm. Proceeding without the necessary permissions can lead to complications and added costs.

LOCALITY IS BENEFICIAL

When working with architects, they often submit the plans on your behalf. Engaging one with a solid track record in securing planning permission in your locality is beneficial. Alternatively, a competent planning consultant can assist with obtaining planning permission and understanding local planning restrictions and preferences.

Not all home or garden improvements require planning permission. Many projects can be executed under Permitted Development Rights. These government-established rules allow various alterations without needing to apply for planning permission.

PERMITTED DEVELOPMENT

Permitted development offers a clear idea of what can be constructed without a full planning application’s subjectivity. It’s particularly beneficial for residents in areas known for high planning refusals, providing direction and a starting point for their vision.

Common renovations under permitted development include rear extensions, loft extensions and outbuildings. While these extensions typically require building regulations approval, full planning permission isn’t usually necessary, especially if you’re not altering your existing roof shape.

Here are some examples of when you can use Permitted Development Rights:

- Single-story extensions up to 6 metres on terraced and semi-detached homes
- Single-story extensions up to 8 metres on detached homes
- Extensions up to 4 metres in height, or 3 metres if it’s within 2 metres of a property boundary
- Double height extensions up to 3 metres in depth, as long as it’s no closer than 7 metres to the property’s rear boundary

The extension mustn’t cover more than half of the garden, and construction should use materials similar to the original building.

However, there are instances where you cannot use Permitted Development Rights. These include:

- If your home has been extended since 1948
- If your home is listed or on ‘designated land’ (conservation area)
- If your property is a flat or maisonette

In these cases, you will need to apply for planning permission.

APPLYING FOR PLANNING PERMISSION

Most planning applications are submitted online through platforms like the Planning Portal. If your project requires planning permission and building regulations, you might have to make two separate applications.

Before submitting your application, meeting with your local authority may be worthwhile to address potential concerns about your work. This service may have a fee, but it could help streamline the process.

Your application should include detailed drawings and comprehensive information on the materials you plan to use and any necessary reinforcements.

“Before submitting your application, meeting with your local authority may be worthwhile to address potential concerns about your work. This service may have a fee, but it could help streamline the process.”

PRE-APPLICATIONS: WHAT ARE THEY?

A pre-application involves a formal meeting with a planning officer to discuss your project’s feasibility and potential issues that could arise with your planning application. This proactive step allows you to explore innovative ideas without risk, anticipate changes before making your official application and reduce response time on your official application.

BUILDING REGULATIONS APPROVAL

Even if full planning permission isn’t needed, significant works, including extensions, usually require building regulations approval. This includes all new buildings, garages that aren’t fully detached and under 30 square metres, all sizes of extensions, roof extensions, balconies and roof terraces, basements and basement extensions, and some conservatories and porches.

WHEN DO YOU NEED PLANNING PERMISSION FOR YOUR PROJECT?

Planning permission is a requirement for various types of building projects. Whether you’re constructing a new home, subdividing your existing property, or making changes to listed buildings or those in designated areas, you’ll need planning permission.

Likewise, if you’re considering adding large outbuildings or extensions to your property, you must secure planning permission. However, it’s not just these big projects that require permission – there are some less obvious cases where planning permission is necessary.

Here are some examples:

Sheds and summer houses: If these structures exceed 4m in height with a pitched roof or 3m with a flat roof, they require planning permission.

Fences and trellises: Any fencing, including trellises, that exceeds 2m in height requires planning permission, especially if it’s adjacent to a neighbouring highway.

Changes in conservation areas: If your property is in a conservation area, any alterations to windows and doors that don’t align with the area’s character require planning permission.

Driveways and patios: These require planning permission if constructed using impermeable materials like concrete, tarmac or clay.

Tree houses: While they may seem harmless, tree houses can infringe on a neighbour’s privacy and thus require planning permission.

Raised timber decking: You’ll need planning permission if your decking is more than 30cm above ground level.

Remember, it’s always better to check if your project needs planning permission before starting work to avoid legal issues.

PLANNING APPLICATION TIMELINE

On average, your local authority takes around eight weeks to grant planning permission. Once granted, the consent lasts approximately three years from its date.

By understanding the ins and outs of planning permissions and building regulations, you can confidently navigate your home renovation or expansion project, ensuring a smooth and successful process. ◆

ECO-FRIENDLY TECHNOLOGIES IN YOUR HOME

How to generate and store power from renewable sources

RENEWABLE ENERGY SOLUTIONS are eco-friendly technologies that can be installed in your home, allowing you to generate and store power from renewable sources. They utilise infinite natural resources, such as sun, wind, air, water and biomass, to create energy. Examples include solar photovoltaic (PV) panels and air-source heat pumps.

Integrating renewable energy solutions into your home benefits you and the environment. These systems help reduce reliance on fossil fuels, enhance energy efficiency and save money on energy bills. Moreover, they contribute to the global fight against climate change by lowering carbon emissions and reducing your carbon footprint.

TYPES OF RENEWABLE ENERGY SOLUTIONS

Solar panels and battery storage: Solar panels convert the sun's energy into electricity to power your home, appliances and devices. Any excess power can be stored in solar batteries during nighttime or sold into the national electricity grid as part of the government's Smart Export Guarantee (SEG). Solar energy can also provide hot water and heating throughout the year.

Air source heat pumps: If you're considering replacing your boiler, an air source heat pump could be a great alternative. They absorb ambient air from outside, converting it into gas through a refrigerant liquid, which is then compressed to generate heat for your home and hot water supply.

OTHER SUSTAINABILITY MEASURES

Alongside renewable energy generation, there are other ways to make your home and lifestyle more sustainable:

More efficient boilers: Installing an A-rated energy-efficient gas boiler can significantly reduce gas or oil consumption.

Electric vehicle chargers: With the UK banning the sale of new conventional petrol and diesel cars and vans from 2030, investing in an electric vehicle and an at-home charger can help reduce air pollution and cut your carbon footprint.

FUNDING RENEWABLE ENERGY SOLUTIONS

Installing these renewable solutions can be expensive. Fortunately, various funding schemes are available to help make these energy-efficient home improvements more affordable. Some of these include the Local Authority Delivery (LAD), Home Upgrade Grant (HUG), Social Housing Decarbonisation Fund (SHDF), Boiler Upgrade Scheme, Homes for Living, and the Energy Company Obligation (ECO).

The ECO is a domestic energy efficiency funding programme directed by the government and delivered through the Green Levy by energy companies. From April 2022 to March 2026, ECO4 offers £1 billion per annum worth of funding to eligible households. Its primary goals are to support low-income families, reduce fuel poverty and improve community energy efficiency.

MAXIMISING YOUR HOME'S SUSTAINABILITY

Before you utilise renewable technologies for your home, optimising your home for energy efficiency is vital. This is the first step towards a more sustainable home. Consider sourcing your energy from suppliers who offer 100% renewable electricity. This is a simple yet effective way to reduce your carbon footprint.

ENERGY CONSUMPTION

Investing in a smart meter can provide an in-depth understanding of energy consumption. These devices display your energy usage in real-time, helping you identify when and where energy is used in your home. You can pinpoint areas for improvements or reductions by tracking your energy consumption and expenditure. This knowledge can also remind you to switch off lights and heating when unnecessary.

Generating clean energy is great, but it's futile if this energy is wasted through poor insulation. Make sure your walls and loft are well-insulated to prevent heat loss. Additionally, consider implementing other energy-saving measures like draught-proofing and installing smart thermostats.

GOVERNMENT GRANTS

Once you've taken these steps, you can explore which renewable solutions best suit your home. Remember to investigate whether you qualify for government grants that could subsidise the cost of these installations.

Remember, sustainability is not just a trend; it's a crucial weapon in the battle against climate change. By making small changes to your lifestyle and home, you can contribute significantly to this global fight. ◆

>> WANT TO DISCUSS SECURING THE RIGHT MORTGAGE FOR YOUR NEEDS? <<

Whether you're embarking on the exciting journey of purchasing your first home or looking to remortgage, securing the right mortgage is crucial. To find the right solution for your needs, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] LifeSearch – Hidden costs in first-time home buying – 01/11/22.

IS YOUR HOME AS ENERGY-EFFICIENT AS POSSIBLE?

Understanding the importance of a good EPC rating

LAST APRIL, a significant 54% increase in the energy price cap led to a substantial rise in household energy bills. This increase meant the average home saw yearly energy costs jump from £1,300 to £2,000.

By October, another rise in the price cap led to an additional increase, with the average household's energy bills nearing £3,000. The start of 2023 saw yet another increase in the energy price cap, reaching an annual level of £4,279 for an average dual-fuel household paying by direct debit, based on typical usage.

MAKING SOME IMPROVEMENTS

With these increases in mind, ensuring your home is as energy-efficient as possible is more crucial than ever. Whether you plan to sell, rent or stay put, making some improvements now could save you hundreds of pounds in the long run.

A good Energy Performance Certificate (EPC) rating is more important than ever. An EPC rating is essentially a review of a property's energy efficiency. It is a mandatory requirement when selling or renting out homes. This certificate remains valid for a decade.

ATTRACTIVE TO BUYERS AND RENTERS

An EPC certificate grades a property's energy performance on a scale ranging from A to G, with A being the most efficient and G the least. A property with an EPC rating of C or above is generally considered good. At the same time, the average home in the UK has a rating of D. New-build homes usually have higher scores as they are approximately 60% more energy efficient than older homes.

Higher EPC-rated buildings are more attractive to buyers and renters due to their lower running costs, particularly amidst soaring energy costs. By the end of 2025, landlords must ensure that their rented properties have an EPC rating of C or above. The EPC rating of any property listed for sale or rent can be found on the respective listings pages or through the government's website for properties not currently on the market.

CURRENT AND POTENTIAL COSTS

An EPC rating is determined by a government-approved energy assessor who evaluates the energy consumption per square metre and the amount of carbon dioxide the home produces. The assessment includes a measured survey of the property, examining the lighting, heating and hot water systems.

The resulting certificate outlines the current costs and the potential costs of running the home if energy-saving improvements recommended by the assessor are implemented. It also provides the property's overall rating from grades A to G.

WAYS TO IMPROVE YOUR EPC RATING

Improving your EPC rating can involve several steps, including:

- Using energy-efficient light bulbs, which can reduce lighting costs by up to 90%
- Insulating your loft, preventing up to 25% of your heating from escaping through the roof
- Considering cavity wall insulation to stop 35% of your heating from leaving your home
- Replacing your old boiler with an energy-efficient one, drastically decreasing fuel bills
- Investing in double or triple-glazed windows
- Sealing draughty parts of the house, such as floorboards, windows and the front door
- Using an environmentally friendly air/ground source heat pump

UPDATING YOUR EPC RATING AFTER HOME IMPROVEMENTS

If you've improved your home and wish to reassess its EPC rating, you can book an assessor through the government's website if you live in England, Wales or Northern Ireland. The process varies for those residing in Scotland.

FINANCIAL ASSISTANCE FOR IMPROVING YOUR EPC RATING

There are financial aid options available to improve your EPC rating. For instance, under the Energy Company Obligation scheme, energy companies will cover the cost of insulation, glazing and even new boilers for people claiming certain benefits.

The Boiler Upgrade Scheme offers property owners £5,000 towards buying and installing an air source heat pump or biomass boiler. Grants averaging £10,000 are also available for certain households to improve energy efficiency under the Green Homes Grant Local Authority Delivery Scheme. ◆

‘Friday afternoon fraud’

Guarding your home purchase against conveyancing fraud

"In 2022 alone, UK Finance reported that over £1.2 billion was stolen through authorised and unauthorised fraudulent payments. The report highlighted that 78% of APP fraud cases start online, while 18% begin via telecommunications."

CONVEYANCING FRAUD, often called 'Friday afternoon fraud', is a scam that capitalises on the fact that many property sales are completed on a Friday. Fraudsters infiltrate email communications between homebuyers and conveyancers, waiting for the right moment to strike.

The criminals typically stay quiet until just before the exchange of contracts or completion – when a substantial sum of money is due for transfer from the buyer to their conveyancer. At this critical moment, the scammer sends a fraudulent yet convincing email to the homebuyer, purporting to be from the conveyancer. This email contains altered bank account details for the deposit transfer.

BUYER REALISES SOMETHING'S AMISS

Once the homebuyer unknowingly transfers funds into this fraudulent account, the scammers quickly drain and shut it down. When the buyer realises something's amiss, the criminals have already dispersed the money to various other accounts, often overseas.

These scams are known as authorised push payments (APPs). In these cases, the victim is tricked into authorising a payment, making them liable for the cost of the fraud. APP fraud isn't limited to email – it can also occur over the phone or in person.

HIGH-PRESSURE ENVIRONMENT OF PROPERTY EXCHANGES

In 2022 alone, UK Finance reported that over £1.2 billion was stolen through authorised and unauthorised fraudulent payments. The report highlighted that 78% of APP fraud cases start online, while 18% begin via telecommunications.

To safeguard yourself against conveyancing fraud, remember never to rush into transferring money if something seems off. Fraudsters exploit the high-pressure environment of property exchanges to confuse victims into making mistakes.

PREVENT FALLING INTO THE TRAP OF SCAMMERS

Always enquire about the procedures your conveyancer has in place to protect clients from scams. No question is too trivial when it comes to securing your funds. When it's time to transfer money, never rely solely on email communications. Always confirm the bank details with your conveyancer using a phone number you know is accurate.

While taking these precautions might seem cumbersome, especially when time is of the essence, they are crucial to prevent falling into the trap of scammers. Remember, it's better to take the time to verify details than to risk losing a significant amount of money to fraudsters. ◆

HOUSING CHALLENGES

UK government's handling under scrutiny

ONLY 21% OF HOMEOWNERS IN THE UK believe that the government is taking sufficient measures to address the country's housing crisis, according to a recent study[1]. The survey revealed widespread concerns about the lack of affordable housing, deemed one of the most pressing social issues by 69% of respondents.

Only 28% of homeowners think the government has adequately supported mortgage holders during this time. The past year has witnessed numerous changes in the post of housing minister, with only 20% of homeowners aware that Rachel Maclean MP has been serving in the role since February.

MANDATORY HOUSEBUILDING TARGETS

This period also saw the government abandon its mandatory housebuilding targets in December 2022. Consequently, 58% of homeowners believe the government prioritises property taxation and regulation over new home construction.

Despite concerns about the housing challenges in the next year due to high inflation and rising interest rates (a fear held by 31% of homeowners), over half (52%) still view property as a secure investment in the current climate.

TOP OF THE GOVERNMENT'S AGENDA

The housing crisis is a significant issue in the UK, and the research shows that there is a lack of confidence among homeowners and homebuyers that the government is addressing it. Leadership changes have brought about new priorities, which could be causing turbulence.

With rapidly rising interest rates, some homeowners feel left behind. Therefore, the study highlights that supporting mortgage holders and promoting housebuilding should be at the top of the government's agenda. On a positive note, homeowners see the property market as a safe investment. As prices rise again, it is crucial for lenders to offer flexible products to enable the market's resurgence in the coming months. ◆

Source data:

[1] Market Financial Solutions (MFS) survey of 1,323 UK homeowners 31/05/23.

GROWING TREND OF ADULT CHILDREN LIVING AT HOME

Young people face challenges trying to step onto the property ladder

A RECENT SURGE IN adult children living with their parents is a growing trend, not just a result of the COVID-19 pandemic. The latest Census data reveals that the number of families in England and Wales with adult children living with their parents rose 13.6% between the 2011 Census and Census 2021 to nearly 3.8 million[1].

In 2021, around 1 in every 4.5 families (22.4%) had an adult child, up from 1 in 5 (21.2%) in 2011. The total number of adult children living with their parents increased by 14.7% in the same period from around 4.2 million in the 2011 Census to about 4.9 million in Census 2021.

Rising housing and rental prices nationwide have significantly affected this trend. Young people find making their initial foray into the housing market increasingly challenging.

FAMILY ASSISTANCE

Interestingly, the Bank of Mum & Dad (BOMAD) is crucial for many young adults who leave their parental homes. In 2022 alone, BOMAD gifts and loans totalled £8.8 billion, an increase of nearly £4 billion since 2019 due to stricter mortgage markets and higher deposit requirements.

Around 170,000 first-time buyers in 2022 received family assistance to get their mortgage, accounting for about 46 per cent of all mortgaged first-time buyers. This figure is projected to rise to 61 per cent in 2023, implying that only 2 out of 5 first-time buyers will likely access the market without help.

NEED FOR AFFORDABLE HOMES

These affordability pressures underscore the ongoing need to construct new and affordable homes for first-time buyers, especially now that the government's Help to Buy scheme has ended. The increasing number of adult children living at home indicates the challenges young people face when stepping onto the property ladder.

The average (median) age of adult children living with their parents in England and Wales in 2021 was 24 years, one year older than in 2011. Adult children were the oldest in London, where the average age was 25. The median age in every other English region and Wales was 24. ◆

>> READY TO TURN THE KEY IN YOUR NEW HOME'S FRONT DOOR? <<

Buying your first property doesn't have to be an overwhelming experience. With the right first-time buyer mortgage deal and a clear understanding of your financial standing, you'll be well on your way to turning the key in your new home's front door. To learn more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Office for National Statistics Census 2021in England and Wales 10/05/23.

MAXIMISING YOUR HOME EQUITY

A potential goldmine for retirement

IN RECENT YEARS, homeowners in England and Wales have seen a significant increase in home equity. According to data, homeowners in England and Wales could unlock the equivalent of five years' worth of retirement income through equity release[1].

This is due to an impressive 22% surge in median house prices since 2017, translating to an average rise of £12k in just five years. This equity growth could allow homeowners to tap into their home's value and bolster their retirement income if appropriate.

CONSISTENT GROWTH IN HOUSE PRICES

Wales, in particular, has witnessed a staggering rise in house prices, which are growing three times faster than the national average. As a result, homeowners in Wales are experiencing the most substantial potential growth.

Up to September 2022, the latest ONS data indicates that despite market volatility, there was still an average increase of 2% over the last year. This consistent growth in house prices means that homeowners could access an average of £67,200 via equity release. This sum equates to five years of retirement income, highlighted in the PLSA's 'Retirement Living Standards' report published in January 2023.

MOST SUBSTANTIAL INCREASES

Equity release provides a tax-free income stream, with repayment only required when the last homeowner passes away or moves into long-term care.

The data shows that homeowners in Wales have seen the most substantial increases in potential equity release, with an average rise of 6% in the last year and 32% over the past five years. Local authorities with the most significant growth in potential property wealth include Blaenau Gwent (51%), Leicester (45%) and Manchester (43%).

MOST VALUABLE ASSETS

For many homeowners over 55, their property remains one of their most valuable assets. Therefore, it's unsurprising that an increasing number of individuals are considering how their home equity could contribute to their long-term financial planning.

While equity release may not be suitable for everyone, it can significantly impact retirement, making exploring all options with a qualified professional financial adviser essential. Whether downsizing to free up funds or to release money tied up in your home through products like lifetime mortgages, planning how your property could play a role in your financial future is becoming increasingly common. ◆

>> READY TO REVIEW YOUR OPTIONS? <<

With myriad options available, it's crucial to understand what each one offers and how it can suit your unique needs. For more information, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] The average equity release customer accessed 24% of the value of their home in 2022, according to Legal & General Home Finance data. Based on average property values across local authorities in England and Wales as per Office for National Statistics, House price statistics for small areas in England and Wales: year ending September 2022 (released March 2023), this would mean a median average of £67,200 worth of equity could be released from a property, 30/05/23.

According to the PLSA's most recent 'Retirement Living Standards' report published in January 2023, the minimum standard of income for a single person (living outside London) is £12,800 per annum. These are current figures at the time of publication but are subject to review annually. The comparison with property wealth assumes no Income Tax is payable, as the amount released from equity release is tax-free.

What fees should I expect when buying and selling my home?

Plan and budget for these expenses ahead of time to ensure a smooth and stress-free process

THE COST OF moving home can vary substantially based on several factors, with one of the most significant being whether you're a first-time home buyer or concurrently buying and selling a property.

As a first-time home buyer, you typically look at costs associated with securing a mortgage, paying for inspections and surveys, and dealing with legal fees. There are also the actual moving costs to consider, including hiring a moving company or renting a moving van, along with potential storage fees if you have items that won't fit into your new home immediately.

SELLING A HOME WHILE BUYING A NEW ONE

If you're selling a home while buying a new one, you'll have to account for all the above costs plus additional ones. These can include estate agent fees for selling your current property, potential home staging costs to make your house more appealing to buyers, and possibly even temporary housing if there's a gap between your move-out and move-in dates.

Despite these costs, don't be discouraged. Remember, investing in a home is a significant financial step that can provide long-term benefits. It's crucial to plan and budget for these expenses ahead of time to ensure a smooth and stress-free moving process.

SO, WHAT ARE THESE POTENTIAL COSTS?

MORTGAGE FEES

Mortgage arrangement fee: This is a fee charged by some lenders for setting up your mortgage. You can either pay this upfront or add it to your mortgage balance, although adding it means you'll pay interest, which could increase your overall repayments. Typically, these fees range from £999 to £1,999.

Mortgage adviser fee: Engaging a professional mortgage adviser to help you navigate the complexities of finding a suitable home loan can be an excellent decision. You or the lender will pay this, typically calculated as a percentage of the loan amount.

Mortgage application fee: Some mortgages come with an application fee, which is typically non-refundable. This fee ranges from £100 to £300.

VALUATION FEES

Lenders may also charge a fee for assessing the property's worth to ensure it matches the loan amount. The cost, around £300 to £1,500, depends on your property's value.

STAMP DUTY

In England and Northern Ireland, first-time buyers are exempt from stamp duty on properties under £425,000. For properties between £425,000 and £625,000, stamp duty is payable only on the portion above £425,000. In Scotland, first-time buyers don't pay Land and Buildings Transaction Tax (LBTT) on the first £175,000 of the property. Land Transaction Tax (LTT) applies to properties over £225,000 in Wales.

SURVEYS

RICS HOME SURVEY – LEVEL 2

This survey is suitable for properties in reasonable condition. It aims to pinpoint structural issues such as subsidence and dampness, revealing problems not immediately apparent from a casual inspection. Whenever applicable, the report will include suggestions for repairs, which could be used to negotiate down the property's price. The starting cost for this survey is around £400.

RICS HOME SURVEY – LEVEL 3

Also known as a building survey, this is a more comprehensive option, suitable for older or larger buildings or those with unconventional features. This survey starts from around £630.

CONVEYANCER/SOLICITOR FEES

A conveyancer or solicitor handles the legal paperwork during a property transaction. The cost for these services can range between £800 and £1,500. The exact amount may depend on the complexity of the transaction and the professional's rate.

ELECTRONIC PAYMENTS

Your lender will likely use the Clearing House Automated Payment System (CHAPS), an electronic payment method, to send funds to your solicitor. This service can cost up to £50.

MOVING COSTS

The cost of moving varies depending on whether you do it yourself, hire a van or employ a removal firm. Doing it yourself is free while hiring a van can start from around £65 per day. A removal firm could charge between £350 and £2,750, depending on factors such as property size and distance.

STORAGE COSTS

If you have items that won't fit into your new home, you may need to rent a storage unit. Prices for this service depend on the unit's size.

PET/KENNEL COSTS

During the move, your pets might need to stay at a kennel, which can cost around £22 per day for dogs and £12 per day for cats.

LEASEHOLDER FEES

As a leaseholder, you own the property, not the land or building it's in. Leaseholder charges vary and often include maintenance costs for communal areas.

ESTATE RENT CHARGE

In freehold residential developments, an estate rent charge is used to secure contributions for maintaining communal areas.

LAND REGISTRY FEES

The Land Registry is responsible for transferring property ownership, and the cost depends on the property's value. For example, properties valued between £100,001 and £200,000 could cost around £200.

INSURANCE COSTS

You'll need to have buildings insurance in place as soon as you exchange contracts. This insurance typically covers damages like burst pipes. Contents insurance, on the other hand, covers your belongings. Both types of insurance require careful consideration and multiple quotes to ensure proper coverage.

Finally, life insurance could pay off your mortgage if you pass away, providing security for any dependents. The cost for this type of insurance varies, so obtaining several quotes is advisable. ◆

Evolving needs

What is the most desired property type
among home movers?

"People moving houses in Northern England were more inclined towards semi-detached homes, whereas, in London, flats were the most common choice, accounting for 37% of purchases."

IN THE PAST year, detached houses have emerged as the most desired property type among home movers, making up 32% of sales, according to a new survey[1]. This preference marks an increase compared to a decade ago when detached homes accounted for 25% of sales. The highest concentration of movers opting for detached houses was seen in the East Midlands (45%), followed by Northern Ireland (42%).

People moving houses in Northern England were more inclined towards semi-detached homes, whereas, in London, flats were the most common choice, accounting for 37% of purchases. Across the UK, semi-detached houses comprised 28% of sales in the past year, while terraced houses and flats accounted for 21% and 12%, respectively. Bungalows made up the remaining 7%.

LIFESTYLE PREFERENCES

The popularity of detached homes is likely due to changing work arrangements and lifestyle preferences. As more businesses adopt flexible working policies, individuals seek homes that offer more space and better suit their evolving needs. Terraced homes, on the other hand, are increasingly viewed as an entry point into the housing market.

Interestingly, the average age of home movers in the UK has decreased to 39, one year younger than the previous year and two years younger than in 2013. This trend could be attributed to the shift towards remote work, allowing younger homeowners to purchase homes in locations previously considered impractical due to commuting constraints.

AVERAGE DEPOSIT

According to Halifax, the average price for a home in the UK has increased by 10% over the last year, reaching £428,647. The South East saw the highest price rise, with the average home costing £591,247, marking a 12% increase. The average deposit made by a home mover has also risen, standing at £150,497, a 47% increase since 2018.

Despite these trends, the number of home moves recorded in the first half of 2023 is down nearly 30% from the previous year, with 112,459 transactions. This figure is the lowest recorded by the Halifax Home Mover Review. First-time buyer numbers also dropped during this period, with 121,712 first-time mortgages completed, around a third fewer than the previous year. ◆

Source data:
[1] This research is based on data from the Halifax housing statistics database as well as UK Finance House Prices. The prices used in this research are simple arithmetic ('crude') averages based on 12 months rolling to March in each period. These prices are not standardised and, therefore, can be affected by changes in the sample from period to period. Historic figures on the number of home movers and first-time buyers – who bought with mortgage finance – have been sourced from UK Finance 31/05/23.

TENANCY DEPOSIT PROTECTION SCHEME

Addressing concerns and ensuring fairness
in the rental marketplace

RENTING A PROPERTY often involves a security deposit, a financial cushion landlords require to protect against potential lease violations. It's a common practice and an integral part of the tenant-landlord agreement.

The government stepped in to address concerns and ensure fairness in the rental marketplace. They've introduced measures to safeguard these deposits and ensure they are well protected throughout the tenancy period.

DURATION OF THE TENANCY

This is where the concept of a Tenancy Deposit Protection (TPD) scheme comes into play. This scheme serves as a neutral third party, holding on to the deposit for the duration of the tenancy. It ensures that the money isn't misused or unfairly withheld by the landlord or letting agency.

When it's time to move out, provided tenants have met all the lease agreement terms, the scheme guarantees they receive what is rightfully theirs. It removes the worry about losing deposits and helps make the renting process more transparent and trustworthy.

RENTAL DEPOSITS SAFELY STORED

Imagine a Tenancy Deposit Protection scheme as a secure vault where rental deposits are safely stored. It's like an impartial middleman between the landlord and the tenant when a lease agreement is signed.

As per the Tenant Fees Act, landlords can take up to five weeks' worth of rent as a deposit. This money must be placed within a government-backed Tenancy Deposit Protection scheme within 30 days of receiving it [1].

SAFETY NET FOR LANDLORDS

The primary purpose of this scheme is to ensure that tenants get their deposit back, provided they adhere to the conditions of the tenancy agreement, cause no damage to the property and pay their rent and bills on time. The deposit serves as a safety net for landlords against potential damages, cleaning costs or unpaid bills.

There are two types of protection schemes: Custodial and Insurance. In a custodial scheme, the landlord hands over the deposit to the scheme for safekeeping during the lease period. On the other hand, in an insurance scheme, the landlord or agent keeps the deposit but pays a premium to the scheme to insure it.

DISPUTE RESOLUTION SERVICE

In England and Wales, landlords can use the following schemes: Deposit Protection Service (DPS), MyDeposits, or the Tenancy Deposit Scheme. If the property is located in Northern Ireland or Scotland, separate schemes are available.

Once the tenancy ends, the deposit should be returned within ten days of both parties agreeing to refund the amount. The beauty of a Tenancy Deposit Protection scheme is that it also offers a dispute resolution service if the tenant and landlord cannot agree on the refund amount. Thus, it ensures fairness and peace of mind for both parties involved in the rental agreement. ◆

>> NEED A MORTGAGE TO HELP SECURE YOUR PROPERTY INVESTMENT? <<

Maybe you've spotted a property in the perfect location that you envision as an income-generating rental property, or perhaps you've recently inherited a family home that holds sentimental value but isn't quite right for your personal living needs. Regardless of your circumstances or level of landlord experience, stepping into the world of property investment can be exciting. To discuss your options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Landbay Partners Limited (Landbay) – collated views of 700 landlords – 08/02/23.

MAKING BUY-TO-LET WORK FOR YOU

A steady stream of passive income, a diversified investment portfolio and greater financial independence

ENTERING THE WORLD OF being a landlord is a journey filled with anticipation and responsibilities. It's about adding a property to your portfolio and managing finances, understanding tax implications and maintaining your property.

But let's remember the exciting part, the potential for a steady stream of passive income, a diversified investment portfolio and greater financial independence. Before diving into the buy-to-let market, familiarising yourself with every aspect of the process is essential. From the initial investment to ongoing maintenance, there's much to consider.

STAYING CURRENT WITH BUY-TO-LET REGULATIONS

As a landlord, adherence to numerous legal requirements is a must. These laws, particularly those related to tenants' rights, have seen significant changes in recent years. Staying current with these changes can make you a more effective landlord and your properties more appealing to potential tenants.

Electrical Safety Standards: New regulations enacted in April 2021 mandate that landlords ensure all fixed electrical installations and wiring are inspected and tested by a certified electrician.

Right to Rent: Landlords must verify if a potential tenant is legally allowed to rent a property in England. This typically involves checking passports and other identification documents to confirm a tenant's immigration status.

Eviction Rights: s2(a) of the Renters Reform Bill removes Section 21 from the Housing Act 1988 as part of abolishing Assured Shorthold Tenancies and deleting Chapter 2, Part I of the 1988 Act, including Section 21 along with it. It's crucial to familiarise yourself with the latest legislation before drafting a tenancy agreement.

MAKING YOUR BUY-TO-LET MORTGAGE DEAL WORK FOR YOU

Choosing the right buy-to-let mortgage can significantly impact your success as a landlord. Whether you're a seasoned property investor or a first-time landlord, finding a deal that fits your current and future needs is crucial.

A buy-to-let mortgage carries its own distinct set of rules and requirements, vastly different from the mortgage you may have on your personal residence. One of the key differences lies in how the borrowing amount is determined.

Unlike a traditional home mortgage, the amount you can borrow with a buy-to-let mortgage is significantly influenced by the projected rental income from the property. This expected income becomes crucial in deciding the loan amount, although other income you receive may also be considered under certain conditions.

To give you an idea, many lenders require that your rental income surpasses your mortgage payment by 25% to 45%. This ensures a sufficient buffer to manage unexpected expenses or vacancies without defaulting on mortgage payments.

Furthermore, the eligibility criteria for a buy-to-let mortgage can differ from those of a standard mortgage. Professional mortgage advice will provide a comprehensive illustration outlining repayment costs, charges and terms. This guidance can help you make an informed decision.

CHOOSING A LETTABLE PROPERTY

When investing in rental property, understanding tenant demand is key. The property size should match what renters in the area are looking for. Are smaller residences in high demand, or are larger homes lacking supply? Answering these questions will help you choose a property that will be easier to let.

LOCATION MATTERS

The property's location is also a vital factor. Researching the local area's popularity among prospective tenants can inform your buying decision. You can conduct this research independently or enlist a specialist letting agent's help. Local estate agents, employers and local authorities can provide valuable insights about the rental market in the area. Local newspapers can also present a wealth of information about rental housing demand and supply.

OPT FOR LOW-MAINTENANCE PROPERTIES

A well-maintained property is more attractive to tenants and easier to manage. If you're short on time or not interested in DIY, a newer property may fit you better. These properties often require less maintenance and repairs, reducing your overall responsibilities as a landlord.

CONSIDER PROFESSIONAL PROPERTY MANAGEMENT

Managing a rental property involves dealing with maintenance issues, tenant disputes, etc. If you're not up for the challenge, consider hiring a letting agent who will offer various lettings packages to suit your needs.

Full Management: Taking care of every aspect of the letting experience.

Rent Protection: This typically includes advertising, conducting viewings, performing reference checks on tenants, preparing tenancy agreements, managing any rental arrears and providing monthly and annual statements.

Let Only: Handling advertising, viewings, reference checks and tenancy paperwork, leaving you to deal with rent arrears, disputes and maintenance issues.

By considering these factors, you can ensure your buy-to-let mortgage deal is fit for purpose and leads to a sustainable and profitable rental business.

UNDERSTANDING TOTAL INSURANCE-ASSOCIATED COSTS

As a landlord, it's crucial to account for all potential costs associated with your property beyond just your mortgage payments. Here are some expenses you should factor into your budget:

Buildings insurance: This insurance covers the structure of your property against damages.

Contents insurance: If your property is furnished, consider this type of insurance, which protects the items inside your property.

Maintenance costs: These are the costs associated with the upkeep and repair of your property.

Vacancy periods or non-payment: There may be periods when your property is vacant or tenants fail to pay rent, leading to a loss of income.

Interest rate increases: A rise in interest rates

could lead to higher mortgage repayments, which you may not be able to offset with rental yield increases or rent hikes immediately.

Knowing these costs can help you plan your budget more effectively, ensuring your property investment remains profitable and sustainable.

UNDERSTANDING TAX RESPONSIBILITIES

Owning and renting out property can be profitable, but it's important to understand that these earnings are subject to taxation. However, some of the expenses you accrue as a landlord can be deducted from your tax liability. Here are the primary taxes you'll need to be aware of:

Income Tax: This is levied on the income you generate from your rental property.

Stamp Duty: This tax is applicable when you purchase your property.

Capital Gains Tax: Upon selling your property, you may have to pay this tax on any profit you make.

GRASPING THE CONCEPT OF RENTAL YIELD

Your rental yield is critical in assessing if your buy-to-let property venture is financially viable. Divide the annual rental income by the amount of the property cost plus any renovation or refurbishment costs multiplied by 100. The resulting percentage is your rental yield.

A good benchmark to aim for is a rental yield of 7%. This should provide sufficient cash flow to cover mortgage and maintenance expenses while generating a reasonable profit. Understanding your rental yield can guide your investment decisions and help ensure the sustainability of your property investment. ◆

>> READY TO EXPLORE YOUR BUY-TO-LET MORTGAGE OPTIONS? <<

Becoming a buy-to-let landlord may seem daunting initially, but it can be an exciting and rewarding venture with careful planning and a clear understanding of the responsibilities. To learn more and discuss your financing options, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

MANAGING THE CHALLENGE OF RENT ARREARS AS A LANDLORD

The cost of living has the potential to push more renters into financial difficulty

"Establish a repayment plan if the tenant's inability to pay rent is a one-off occurrence."

THE RISING COST of living can push more renters into financial difficulty, causing them to fall behind on their rent payments. This can pose a significant challenge for landlords who depend on rental income.

Rent arrears is an intricate issue that requires careful handling from both emotional and legal perspectives. It refers to the situation where tenants are behind on their rent payments. This could lead to severe consequences for the tenant, including possible eviction if they miss payments.

ROLE OF A GUARANTOR

A guarantor pledges to cover the rent if the tenant fails to

do so. They legally commit to paying the agreed costs, providing a safety net for landlords. While the choice of a guarantor is largely up to the landlord's discretion, most are over 21 years old, have a solid credit history and can demonstrate financial stability.

MANAGING RENT PAYMENTS: A FOUR-STEP APPROACH

1. Open communication: Initiate a conversation with your tenant to understand their circumstances better and ensure they comprehend the gravity of missing rent payments. An empathetic approach can often lead to productive outcomes.

2. Reduction in payments: If your tenant is nearing the end of their lease but struggling financially, consider lowering their payments temporarily. This ensures continued rental income while preventing a last-minute scramble for new tenants.

3. Repayment plan: Establish a repayment plan if the tenant's inability to pay rent is a one-off occurrence. This allows the tenant to repay the outstanding rent with regular monthly payments gradually.

4. Mutually terminating the tenancy: If the tenant cannot afford the rent for the remaining lease period, consider mutually agreeing to terminate the tenancy. This enables the tenant to find affordable housing while allowing you to secure tenants who can comfortably pay the rent.

UNDERSTANDING YOUR OPTIONS

Remember, any agreements made should be documented in writing and, if temporary, should clearly state the start and end dates. It's always advisable to seek legal counsel when drafting contracts or agreements.

Navigating rent arrears can be a challenging journey for landlords, but by understanding your options and taking a proactive, empathetic approach, you can deal with this difficult situation effectively.

MANAGING THESE DIFFICULT SCENARIOS

Despite directing tenants to available resources, there may still be instances where they struggle to meet their rental obligations. It's important to remember that mediation or eviction may become necessary in these situations.

However, always aim for a solution that benefits both parties. Open communication, temporary payment reductions and repayment plans are often effective. In some cases, mutually agreeing to terminate the tenancy can be a viable option. The goal is to manage these problematic scenarios effectively and empathetically. ◆

>> WANT TO CHOOSE A BUY-TO-LET MORTGAGE? <<

Are you looking for that buy-to-let? Or want to switch to a new deal or borrow more. We'll discuss your options. To learn more, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

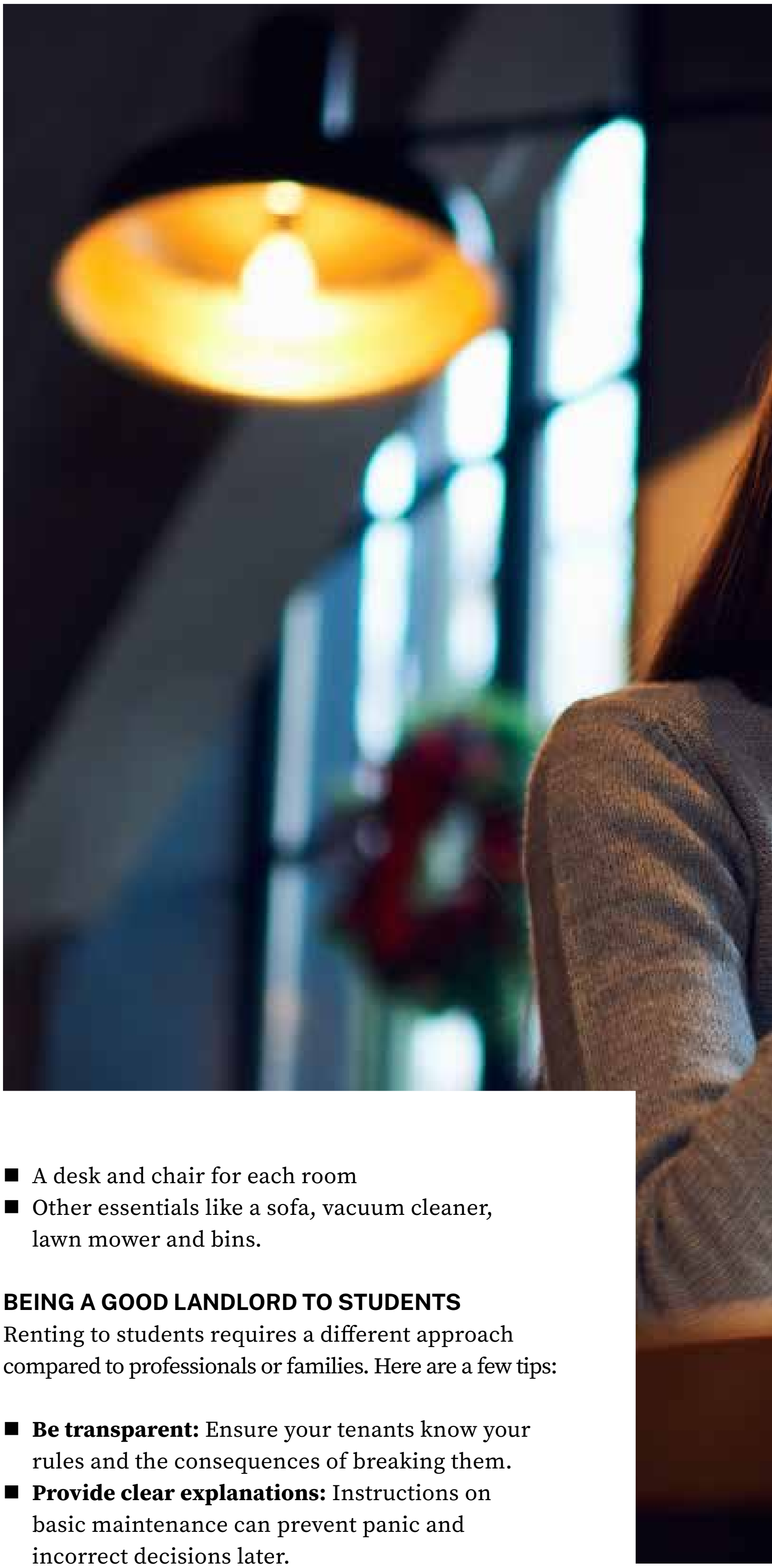
INVESTING IN STUDENT BUY-TO-LETS

How to best serve tenants and make the most of this lucrative market

CAPITALISING ON THE student market can be an excellent opportunity for a landlord. However, you must understand and adapt to their unique needs for a smooth renting experience. This article considers how to serve your student tenants best and make the most of this lucrative market.

DEBUNKING STUDENT TENANT STEREOTYPES

Contrary to popular belief, not all students are party animals who will damage your property. Most students invest a considerable budget in rent and are keen on protecting their deposit. Hence, they're likely to treat your property with respect and care.



"With understanding and flexibility, you can make the most of this market and create a beneficial arrangement for you and your tenants."

WHY RENT TO STUDENTS?

Renting to students can be more profitable than traditional tenants for several reasons:

- High demand in student areas ensures consistent occupancy.
- Student tenancies typically last at least 12 months, providing stability.
- A property can house multiple students, maximising earnings.
- Students usually are okay with outdated furniture or decor, reducing renovation costs.

IDEAL PROPERTIES FOR STUDENTS

The perfect student accommodation typically includes three bedrooms and large communal spaces. Additional bathrooms or toilets and good transport links to the nearest campus are also beneficial.

HOMES OF MULTIPLE OCCUPANCY (HMO)

Students often prefer an HMO contract as it allows them individual responsibility for their rooms and deposits. This arrangement makes subletting easier during the summer holidays, and replacing a single tenant is simpler than replacing all.

FURNISHING FOR STUDENT TENANTS

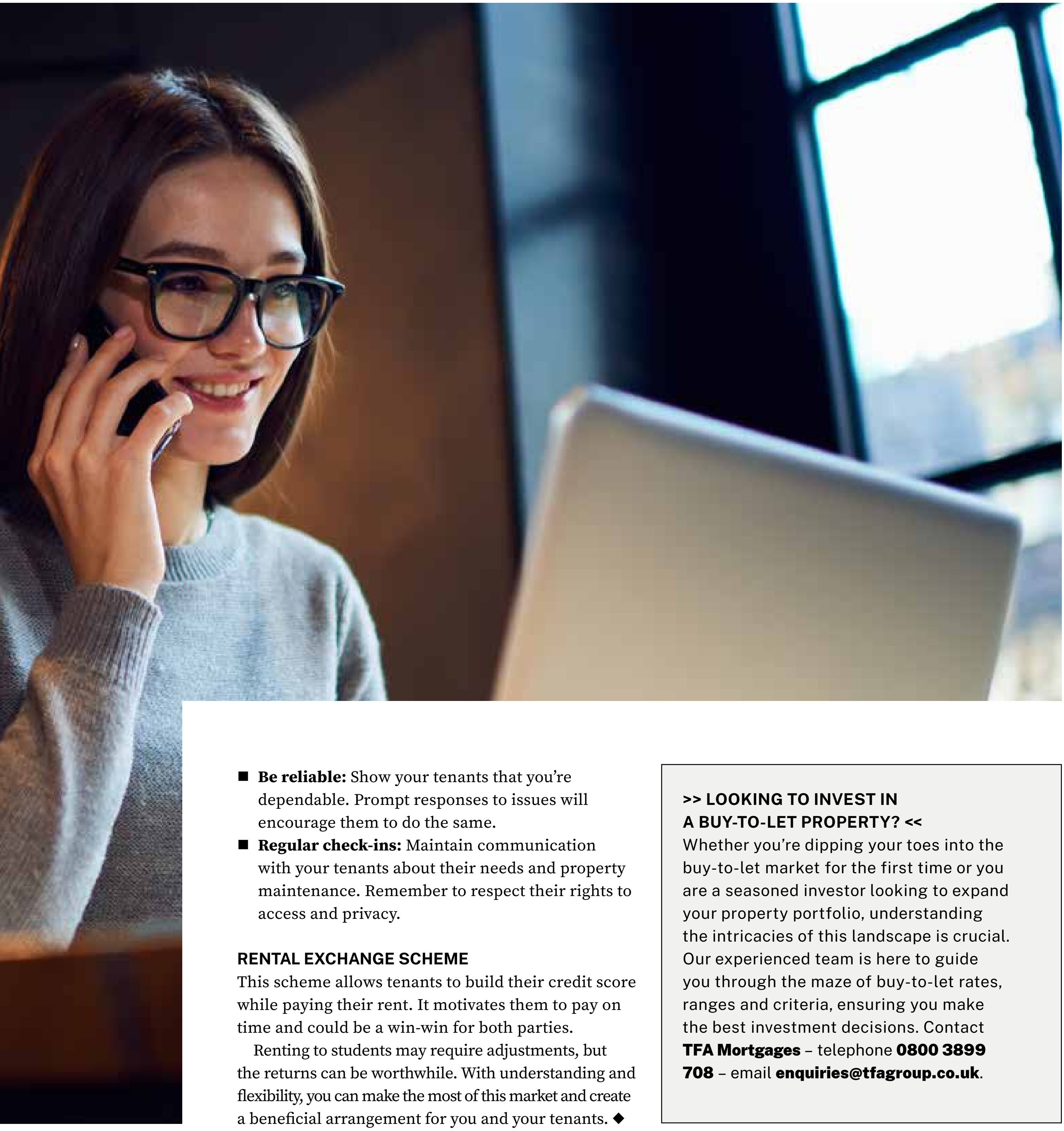
Student tenants usually expect a fully or partially furnished property. If you're renting to students, consider including:

- Appliances like washing machines, fridge freezers, oven/hob
- Basic furnishings include carpets/curtains/lampshades, beds and wardrobes.
- A desk and chair for each room
- Other essentials like a sofa, vacuum cleaner, lawn mower and bins.

BEING A GOOD LANDLORD TO STUDENTS

Renting to students requires a different approach compared to professionals or families. Here are a few tips:

- **Be transparent:** Ensure your tenants know your rules and the consequences of breaking them.
- **Provide clear explanations:** Instructions on basic maintenance can prevent panic and incorrect decisions later.



- **Be reliable:** Show your tenants that you're dependable. Prompt responses to issues will encourage them to do the same.
- **Regular check-ins:** Maintain communication with your tenants about their needs and property maintenance. Remember to respect their rights to access and privacy.

RENTAL EXCHANGE SCHEME

This scheme allows tenants to build their credit score while paying their rent. It motivates them to pay on time and could be a win-win for both parties.

Renting to students may require adjustments, but the returns can be worthwhile. With understanding and flexibility, you can make the most of this market and create a beneficial arrangement for you and your tenants. ◆

Landlords eyeing portfolio expansion

New report highlights regional disparities in rental affordability

A RECENT SURVEY has revealed intriguing insights into landlords' plans across England and Wales[1]. According to the findings, approximately 60% of landlords are considering expanding their portfolios within the next two years.

Interestingly, terraced properties are the most sought-after choice for investment, with 70% of the respondents expressing their intention to acquire this property type.

ROBUST EXPANSION PLANS

Despite the robust expansion plans, there is a preference for familiar territories among the landlords. The survey found that only 21% of those planning to invest in the next two years are considering buying in a new area.

The survey collated responses from over 2,000 landlords and was conducted to coincide with the release of the new interactive Annual Index Report. This report provides an extensive overview of rental details in England and Wales for 2022.

HIGHLIGHTS REGIONAL DISPARITIES

The 2022 report highlights regional disparities in rental affordability. Yorkshire and Humberside emerged as the most affordable region for renting property, with average monthly rents reaching £614

> **“Rental costs in the capital also witnessed a significant surge, increasing by 11.52% in the same period, taking the average rent to £1,541 per month.”**

by the end of the year – a 5.5% increase from 2021.

On the other hand, excluding London, the South East was deemed the least affordable region for renters, with average rents hitting £1,015 per month – a rise of 5.52% compared to the previous year.

PURCHASING INTENTIONS OF LANDLORDS

Rental costs in the capital also witnessed a significant surge, increasing by 11.52% in the same period, taking the average rent to £1,541 per month.

The survey helps gain insight into the purchasing intentions of landlords across England and Wales. It’s interesting to note that most landlords who intend to increase their portfolios are considering doing so over the next two years.

CURRENT STATE OF RENTAL AFFORDABILITY

Financial pressures on landlords may mean they look further afield to buy property to suit their budgets and to find the best rental yields.

These findings provide a comprehensive snapshot of landlords’ intentions and the current state of rental affordability across different regions. With landlords keen on expanding their portfolios, watching how these trends develop in the coming years will be interesting. ◆

Source data:

[1] Deposit Protection Service (DPS) survey collated from the responses from over 2,000 landlords, published 12/06/2023.

BUYING OR SELLING A PROPERTY WITH SITTING TENANTS

Understanding their rights is essential before sealing the deal

"Most tenants will have a contract or tenancy agreement that outlines what happens if their landlord sells the property."

WITH THE ESCALATING cost of living crisis, some landlords are reassessing their property portfolios. They are considering whether to buy new properties or sell existing ones. However, it's crucial to remember that there are rights in place for tenants currently residing in these properties.

If you're planning to buy or sell a property with sitting tenants, understanding their rights is essential before sealing the deal. The tenants' rights may vary depending on locations, so always verify these with your local authority. Tenants' rights are quite different in Scotland as they have open-ended tenancies rather than ones for a fixed time period.

UNDERSTANDING A SITTING TENANT

A sitting tenant refers to an individual already residing in the property when it's being sold. If they have an ongoing contract, usually, a sitting tenant will retain their right to live in the property even after it's sold. Hence, the new owner must be prepared to take over the contract and see it through to completion.

Sitting tenants can be a boon for some buyers as they eliminate the need to search for tenants. If the sitting tenant has been there for a long time, this may offer a reliable income stream. Conversely, other buyers might view it negatively if they wish to renovate the property or use it differently.

RIGHTS OF A SITTING TENANT

Most tenants will have a contract or tenancy agreement that outlines what happens if their landlord sells the property. As a buyer, you effectively take over that contract and must adhere to its terms until it is fulfilled.

If the tenancy agreement has no sitting tenant clause, then the default sitting tenant legislation applies.

Typically, a sitting tenant will have the following rights:

- The tenant retains the right to live in the property even when the new landlord assumes management if they have an existing tenancy agreement with the current landlord.
- The sitting tenant currently has the right to stay there until the tenancy ends or they are evicted.
- Sitting tenants cannot be evicted just because you

want to do something else with the space. It will only be permitted if they violate the terms of their existing tenancy.

- You cannot charge a sitting tenant for any services or work that the previous landlord has already charged for them.

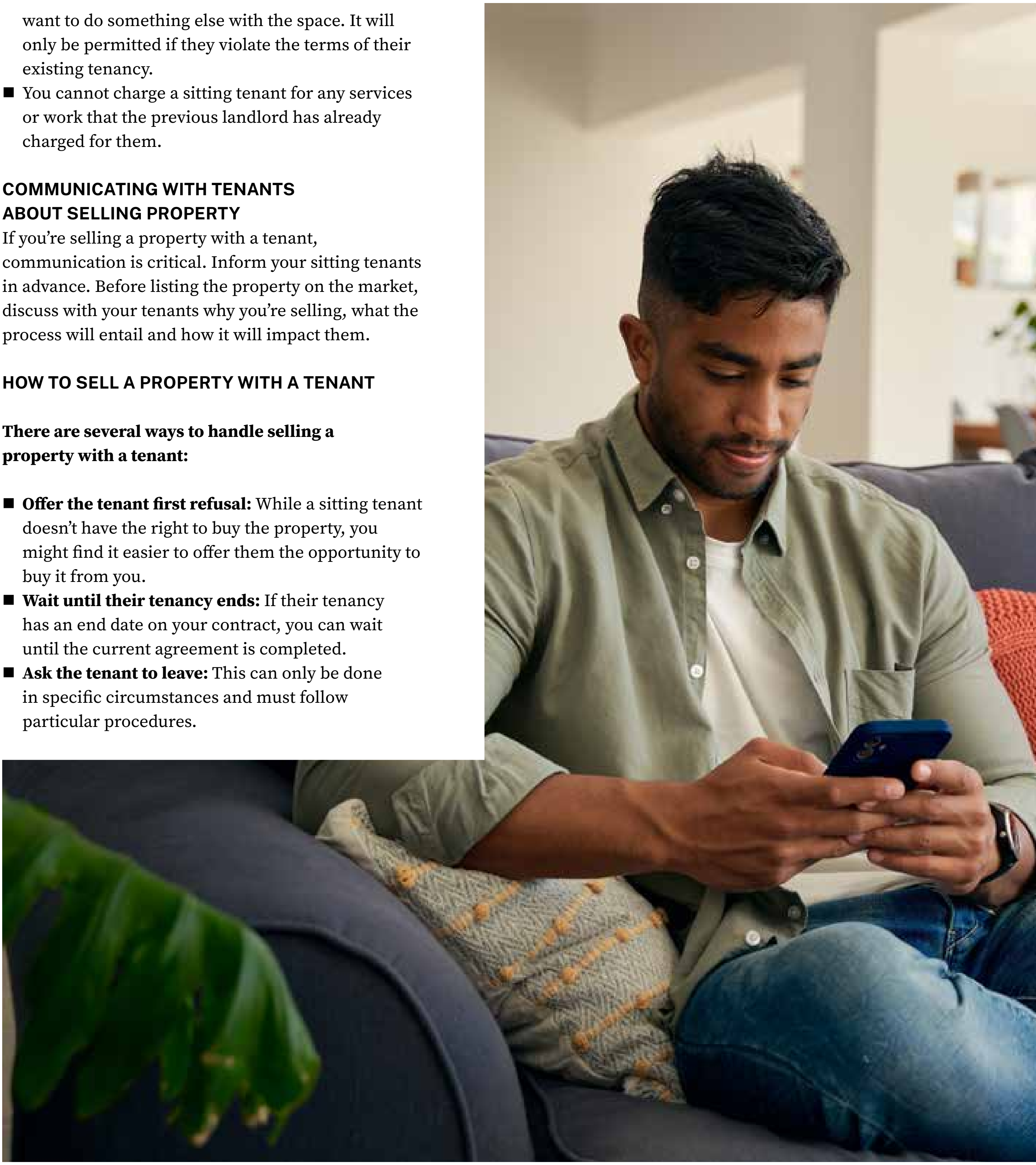
COMMUNICATING WITH TENANTS ABOUT SELLING PROPERTY

If you're selling a property with a tenant, communication is critical. Inform your sitting tenants in advance. Before listing the property on the market, discuss with your tenants why you're selling, what the process will entail and how it will impact them.

HOW TO SELL A PROPERTY WITH A TENANT

There are several ways to handle selling a property with a tenant:

- **Offer the tenant first refusal:** While a sitting tenant doesn't have the right to buy the property, you might find it easier to offer them the opportunity to buy it from you.
- **Wait until their tenancy ends:** If their tenancy has an end date on your contract, you can wait until the current agreement is completed.
- **Ask the tenant to leave:** This can only be done in specific circumstances and must follow particular procedures.



- **Sell with a sitting tenant:** Selling a property with a sitting tenant can be advantageous. The buyer takes over the existing contract. This method ensures that your rental income continues uninterrupted throughout the sale process.

MINIMAL DISRUPTION AND UPHOLDING THE RIGHTS OF TENANTS

The rising cost of living crisis presents a unique challenge for landlords and tenants alike. By understanding and respecting the rights of sitting tenants, landlords can navigate this situation with minimal disruption and uphold the rights of their tenants. ◆

>> READY TO BUY YOUR FIRST RENTAL PROPERTY OR SWITCH LENDERS FOR A MORE COMPETITIVE DEAL?<<

If you're considering investing in property as a landlord, a crucial step is securing the right financing. Whether buying your first rental property or switching lenders for a more competitive deal, it's all about choosing the right financial product that aligns with your goals and risk profile. To discuss your options, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

“Property investment demands substantial research, effort and commitment. Each new purchase equips you with more experience and knowledge.”

HOW TO OPTIMISE YOUR INVESTMENT’S POTENTIAL

The defining factors in turning a profit from letting your property

WHILE A BUY-TO-LET investment property can be a lucrative venture, it's not always guaranteed success. Rising house prices and fluctuating government policies have made achieving profitability in the private rental sector challenging.

However, don't despair just yet. By implementing some strategic measures, you can enhance your property's appeal to tenants, minimise expenses and optimise your investment's potential. These can be the defining factors in turning a profit from letting your property. However, it's important to remember the long-term implications of your choices and their impact on your tenants.

STRATEGIES TO CONSIDER WHEN AIMING TO BOOST YOUR RENTAL YIELD:

Smart investments: Property investment demands substantial research, effort and commitment. Each new purchase equips you with more experience and knowledge. Nonetheless, every property should be treated as a business venture, requiring scrutiny of each potential investment and negotiation opportunities to maximise returns.

Evaluate expenses: Examine your fixed costs, such as mortgage payments, insurance premiums and leasehold fees. Try shopping around for better deals on your mortgage and building insurance.

Target emerging areas: Identify locations that promise higher rental yields. Upcoming towns and cities with planned regeneration and government investment are often good bets. Major infrastructure projects can boost certain areas, increasing capital growth and future rental values.

Rent evaluation: While charging higher rent seems easy to improve rental yield, fairness and reasonability must be considered. Consult a letting agent to assess the market rate for similar properties in your area – you might be undercharging or overcharging your tenants.

Property refurbishment: Ensuring your property is in good condition justifies any intended rent increase. Refurbishing and redecorating your property also helps establish long-term tenancies, as it shows your care for your tenants and encourages them to reciprocate the respect.

Long-term tenants: One effective way to boost rental yield and cut costs is to retain the same tenants longer. This eliminates one-off costs associated with frequent tenant changes and reduces maintenance expenses.

Pet-friendly properties: Becoming pet-friendly could make your property more attractive and unique. Despite the dwindling number of pet-friendly rentals, prospective tenants could be willing to pay a premium to keep their pets.

Energy efficiency: Enhancing your property's energy efficiency can reduce energy bills and make your tenants more willing to pay a bit extra. A property with lower heating costs can be a great selling point.

Property extension: Consider adding more rentable rooms or increasing the living space. For instance, an attic could be transformed into an additional bedroom. This option may only be available to some landlords, but it's worth considering if feasible. ◆

>> TIME TO TALK BUY-TO-LET MORTGAGE OPTIONS?<<
Whether you're venturing into the rental market for the first time or looking to grow your existing property portfolio, we can assist you with your buy-to-let mortgage options. For more information, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

HOW TO SELECT THE RIGHT INVESTMENT PROPERTY

What kind of buy-to-let property are you considering?

GENERATING A PROFIT from rental properties can be approached in two primary ways, each with its own unique strategy and considerations.

The first method is to invest in a property expecting its value to increase over time. In this case, rental income covers your ongoing costs, such as mortgage payments, property taxes and maintenance expenses. The real profit comes when you sell the property, ideally at a significantly higher price than what you initially paid. This strategy requires a keen understanding of the real estate market and the factors influencing property values.

GENERATING A STEADY INCOME STREAM

The second approach focuses on generating a steady income stream through rent. Here, the goal is to secure reliable tenants who pay their rent on time, providing a regular income that exceeds your property-related expenses. Over time, this surplus income becomes your profit. This strategy may not offer the large, one-time payout of the appreciation method, but it provides a more consistent income and can be less risky if property values fluctuate.

In either scenario, successful property investment requires careful management of costs and a thorough understanding of your legal obligations as a landlord. Investing in all expenses, including mortgage repayments, insurance, property taxes and maintenance costs, is essential to ensure your rental income covers these outlays and leaves room for a profit.

ATTRACTING POTENTIAL TENANTS

Additionally, being a landlord comes with legal responsibilities, such as ensuring the property meets health and safety standards and respecting tenant rights. Failure to meet these obligations can result in costly fines or legal disputes.

So selecting the perfect property for your buy-to-let investment is a critical step in ensuring the success of your venture. The ideal property will consistently attract potential tenants and generate a steady stream of rental income, enabling you to maintain a healthy balance sheet.

Here are some key considerations to help you make an informed decision:

ESTABLISH YOUR BUDGET
Your budget will dictate the range of properties you can afford. Conduct thorough research on property prices and average rents in your target areas to identify suitable properties within your budget. Avoid overstretching your finances, as this may leave you vulnerable to unexpected expenses or periods without tenancy.

CONSIDER BUY-TO-LET MORTGAGES
Incorporate mortgage costs into your financial planning. If you're considering a buy-to-let mortgage, contact us for further discussions on your financing needs.

IDENTIFY YOUR TARGET TENANTS
The type of tenants you aim to attract will significantly influence your choice of location. Young professionals prioritise convenient transport and leisure facilities, while families prefer proximity to schools. Property near universities or colleges will be ideal if you're targeting students. Property type also matters – for instance, families might choose something other than city apartments.

EVALUATE PROPERTY LAYOUT
The property's layout is essential, especially if you plan to rent out shared spaces.

CONSIDER OUTDOOR SPACE
A garden or outdoor space can enhance your property's appeal, particularly to families. However, maintaining such spaces can be expensive, so opt for low-maintenance options.

CONSIDER PROPERTY AGE
Newer properties typically require less maintenance, which could make them more appealing to potential tenants. On the other hand, older properties offer unique charm and history, which can also be attractive. If you're willing to invest in renovations, you can purchase an older property at a lower cost.

STRATEGIC ENDEAVOUR
Profiting from renting out property is about more than just choosing the right property and waiting for the money to roll in. It's a strategic endeavour that requires financial savvy, careful planning and a willingness to fulfil the duties of a landlord.

Additionally, exploring the world of property investment can be complex. It's important to seek professional advice and compare different mortgage options to ensure you make an informed decision that aligns with your financial goals. ◆

"Profiting from renting out property is about more than just choosing the right property and waiting for the money to roll in. It's a strategic endeavour that requires financial savvy, careful planning and a willingness to fulfil the duties of a landlord.."

>> WANT TO LEARN MORE ABOUT YOUR BUY-TO-LET MORTGAGE OPTIONS?<<
Investing in a property can be a lucrative venture, but it also comes with challenges. If you're considering becoming a landlord or are seeking information about buy-to-let mortgages, understanding your options is vital. For more information, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Take it to the max

Tips to maximise rental yield from
your property portfolio

“Rental yields may be lower in areas with higher anticipated house price growth—for instance, London and the South East of England.”

RENTAL YIELD IS a significant parameter for landlords as it represents the annual rental income as a percentage of the total property investment. A 6% to 8% benchmark is typically deemed acceptable when evaluating rental yield. However, it’s important to note that this can fluctuate significantly based on geographical location.

Rental yields may be lower in areas with higher anticipated house price growth – for instance, London and the South East of England. This is primarily due to inflated sale prices in these regions, driven by the potential for significant capital gains. Interestingly, rent levels in these areas remain relatively stable, which could affect the rental yield.

RENTAL INCOME AND CAPITAL APPRECIATION

So, while potential investors might be drawn to areas with high property value growth, they should also consider the impact on rental yield. Balancing these factors can help investors make informed decisions that maximise rental income and capital appreciation.

The gross rental yield is calculated by dividing the annual rental income by the property purchase price and multiplying it by 100. However, net rental yield considers all expenses in letting the property, resulting in a lower figure.

To enhance rental yield, landlords can consider several strategies:

Invest wisely: Every property investment should be treated as a business decision, requiring thorough research and negotiation for maximum returns.

Review outgoings: Fixed costs like mortgage payments, insurance premiums and leasehold fees should be scrutinised to identify potential savings.

Invest in emerging areas: Locations with planned regeneration, government investment or major infrastructure projects can offer higher yields. University towns, which allow for Houses of Multiple Occupation (HMOs), can yield higher returns despite higher tenant turnover.

Re-assess rent: Charging higher rent can improve yield but should be reasonable and fair. A letting agent can assist with assessing market rates.

Refurbish/redecorate property: Improving the property condition can justify rent increases and encourage long-term tenancies.

Aim for long-term tenants: Longer tenancies reduce costs associated with regular tenant changes and high maintenance expenses.

Consider allowing pets: Becoming pet-friendly can make your property more appealing and command a higher rent.

Improve energy efficiency: A more energy-efficient property can reduce energy bills, making tenants more willing to pay a bit extra.

Extend your property: If space permits, adding more rentable rooms or increasing living space can boost rental income.

POTENTIAL RETURNS ON DIFFERENT PROPERTIES

Rental yield is an essential tool for comparing potential returns on different properties. For instance, if a flat in one area projects an 8% rental yield and another in another part of town offers 6%, the former might be a better investment, assuming affordability and tenant demand are consistent.

However, using rental yield to compare property investment with other investment forms, such as stocks and shares, is more complex. This is because buy-to-let investments often come with numerous one-time and recurring expenses. These can include maintenance costs, property management fees, insurance and mortgage interest.

COMPREHENSIVE FINANCIAL ANALYSIS

Therefore, when contemplating a foray into the landlord business, factoring in these additional costs is crucial. A comprehensive financial analysis will provide a more accurate picture of the potential return on investment and help make an informed decision.

Improving rental yield involves a combination of smart investment, cost management and property enhancements. It’s essential to consider both short-term gains and long-term impacts on tenants. ◆

RENTERS REFORM BILL

New rules might have unexpected benefits

THE PENDING CHANGES to eviction rules in the private rented sector have sparked considerable debate. The Renters Reform Bill, expected to be finalised this year, proposes abolishing Section 21 ‘no-fault’ evictions, drawing concern from landlords and property investors.

Landlords can use Section 21 to repossess their properties without requiring tenant fault, leading to criticism about potential misuse. The proposed changes will necessitate using Section 8, regarded as a more complex process, for regaining possession.

PROTECTING RESPONSIBLE RENTERS WHO MEET THEIR OBLIGATIONS

However, these new rules might have unexpected benefits. For tenants, eliminating Section 21 could prevent unfair evictions, protecting responsible renters who meet their obligations. It could also discourage landlords from evicting existing tenants to secure higher rent from new occupants.

Some experts believe the changes could also benefit landlords. Most reasons for current evictions – such as rent arrears or property damage – are already grounds under Section 8. The proposed reforms aim to streamline the Section 8 process, making it quicker and more efficient and strengthening landlords’ power to evict.

USHERING IN POSITIVE CHANGES FOR LANDLORDS AND TENANTS

Under the new rules, landlords can give two months’ notice to sell their property or move back in. Other grounds for eviction will have varying notice lengths. Furthermore, the reforms promise an enhanced anti-social behaviour action plan and new mandatory grounds for eviction, such as selling the property or moving in a family member.

With rising rents and declining house prices, this could be an opportune time for landlords. The competitive housing market might encourage tenants to stay longer in properties and comply with tenancy terms more strictly. Thus, while the abolition of Section 21 might initially seem unfavourable to landlords, it could usher in positive changes for landlords and tenants. ◆

‘MORTGAGE PRISONERS’

Many landlords cannot remortgage at current rent levels

THE GOVERNMENT’S COMMITMENT to assisting homeowners struggling with their borrowing is commendable. Additionally, extending similar support to landlords with buy-to-let mortgages could safeguard thousands of tenants.

However, measures to alleviate pressure on borrowers in the mainstream mortgage market have yet to be extended to those with buy-to-let mortgages. Private landlords currently provide housing for over five million households in the UK.

OUTSTANDING MORTGAGE DEBT

Current data from UK Finance indicates that there are approximately 1.3 million landlords in the UK with outstanding fixed rate buy-to-let mortgages, about 290,000 with tracker mortgages and 360,000 on their lender’s standard variable rate.

This constitutes a significant portion of all outstanding mortgage debt across the UK. With interest rates recently increasing from 4.5% to 5%, many individuals with mortgages may face rising costs immediately or in the future.

TENANT DEMAND REMAINS HIGH

The UK housing market has largely remained resilient in recent years, but the latest rise in interest rates is likely to hit owners hardest. Tenant demand remains high, driving up rents, but the situation is more challenging for landlords and homeowners.

OUTSTANDING MORTGAGE BALANCE

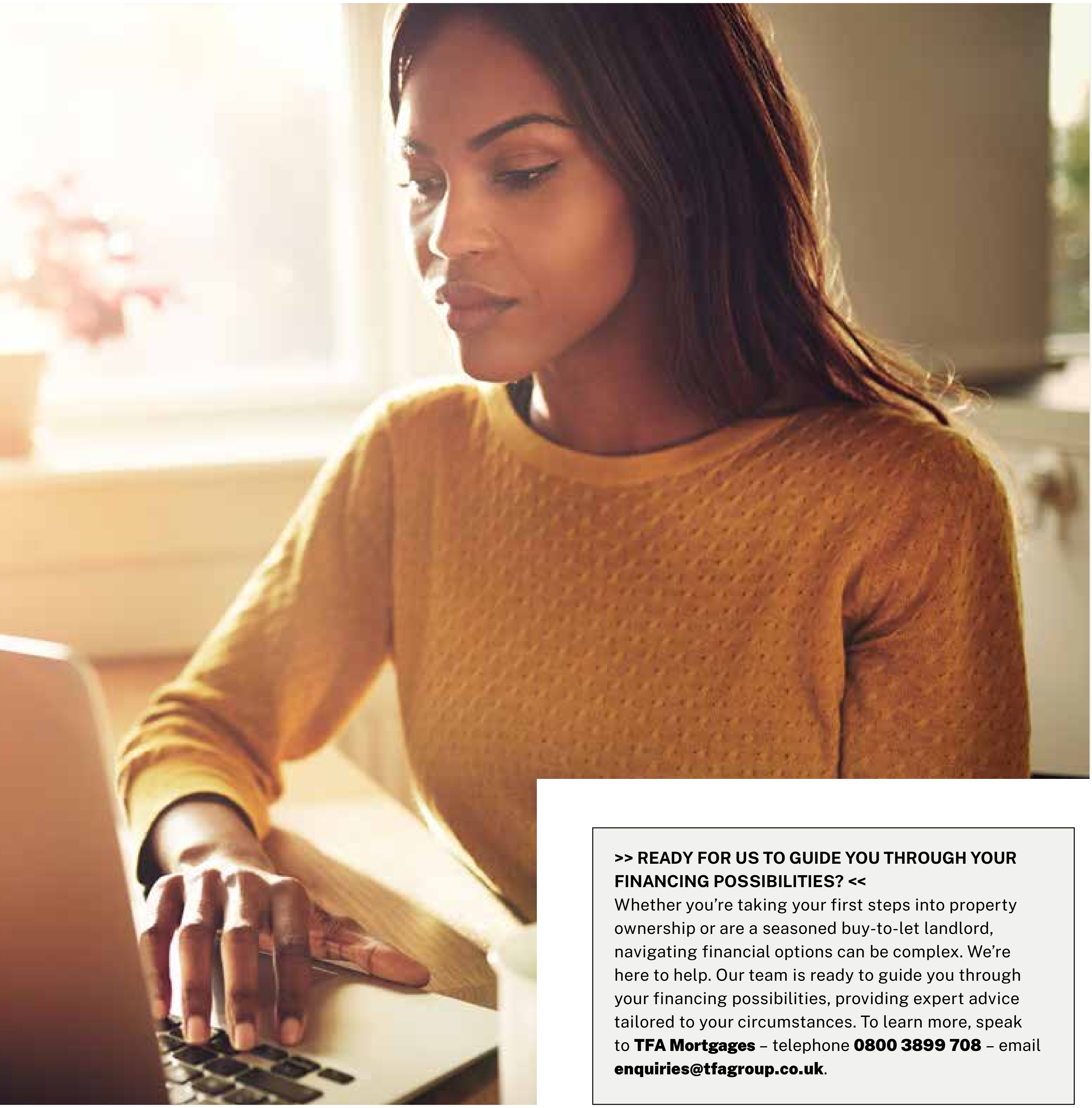
As landlords can no longer claim the same mortgage interest tax relief level as before, some increased costs of their buy-to-let mortgages will inevitably be passed on to tenants. This, coupled with stricter affordability rules, means many landlords cannot remortgage at current rent levels, leaving them on their lender’s standard variable rate, which can approach 10%. This situation creates ‘mortgage prisoners’, who may need to sell or significantly increase rent.

Due to property investment dynamics, many landlords choose interest-only buy-to-let mortgages. The property is the endowment, and any outstanding mortgage balance is paid off upon the property’s sale, usually at a profit.

REQUESTING LENDER SUPPORT

According to the National Residential Landlords Association, around 85% of buy-to-let mortgages are interest-only. Therefore, they could be most affected by rising mortgage rates, adding further pressure on renters and landlords.

Government measures for homeowners include requesting lender support, temporarily switching to interest-only, or moving to a new deal without a new affordability check at the end of their fixed rate. The question is, when will this be extended to landlords to ensure the stability of the rental market? ◆



>> READY FOR US TO GUIDE YOU THROUGH YOUR FINANCING POSSIBILITIES? <<
Whether you're taking your first steps into property ownership or are a seasoned buy-to-let landlord, navigating financial options can be complex. We're here to help. Our team is ready to guide you through your financing possibilities, providing expert advice tailored to your circumstances. To learn more, speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Investors showing cautious optimism

Adjusting property portfolios and finances to navigate potential challenges

“Many investors intend to invest heavily to ensure their portfolios meet required energy efficiency ratings. Over half (55%) plan to spend £100,000 or more on upgrades or energy-efficient investments in the coming year.”

ADAPTING TO MARKET shifts is critical for the success of property investors. According to a recent report, many are showing cautious optimism while adjusting their portfolios and finances to navigate potential challenges in the sector[1].

In response to recent increases in mortgage interest rates, 91% of property investors are focusing on debt reduction. This strategy can offset some of the costs associated with higher borrowing expenses. With property prices no longer rising as they did post-COVID, many investors are shifting their focus to monthly rental yields. Lowering mortgage expenses can positively impact their overall income.

INCREASING PORTFOLIO SIZES THIS YEAR

The survey, which included responses from 200 professional landlords across different sectors in the UK, indicated that 59% plan to increase their portfolio size this year, highlighting continued interest in UK property.

Around 27% intended to maintain their current portfolio size, while 9% planned to sell all their assets. A small percentage (5%) aimed to reduce their portfolio size. Regarding residential property demand, 40% of investors expected significant growth over the next year, while half predicted a slight increase. This expectation could be due to the ongoing supply shortage leading to high competition in the market.

FUTURE-PROOFING PORTFOLIOS

Property investors are also considering future-proofing their portfolios in light of government proposals for net-zero carbon emissions. Despite the challenges, many are preparing for the legal obligation to offer private rented sector housing with a C-rated energy performance certificate (EPC).

However, awareness still needs to improve, with only 52% of respondents familiar with the government plans. Yet, many investors intend to invest heavily to ensure their portfolios meet required energy efficiency ratings. Over half (55%) plan to spend £100,000 or more on upgrades or energy-efficient investments in the coming year.

GOVERNMENT’S GREEN TARGETS

Most surveyed investors (92%) believe their property portfolio value will increase by at least 5% over the next 12 months, which could help offset the costs of meeting the government’s green targets.

Many experts are forecasting that with the rise in interest rates, it’s hard to foresee residential prices stabilising soon. However, the peak of interest rates projected in August could pave the way for price recovery by autumn and early 2024. ◆

>> READY TO GET AN IDEA OF HOW MUCH YOU CAN BORROW? <<

If you’re considering becoming a buy-to-let landlord or looking to expand or improve your current portfolio, there’s much to consider. With some lenders offering discounted deals for those with more energy-efficient properties, we can help you review your mortgage options. Are you ready to start a conversation? Speak to **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Source data:

[1] Handelsbanken Professional Landlords Survey – June 2023.

SIGNIFICANT ADVANCEMENTS IN BUILDING SAFETY LEGISLATION

Requirements underscore that tenant safety should always be a landlord's primary concern

IN LIGHT OF RECENT changes in legislation, for landlords who own a House in Multiple Occupation (HMO) or an apartment within a larger complex, it's essential to understand the main aspects of building safety. These points will help ensure the wellbeing of all occupants and adherence to legal requirements.

The Building Safety Act 2022 and Fire Safety Regulations 2022 are significant advancements in building safety legislation.

EWS1 form might be necessary to sell or remortgage your property: Not all buildings require this form, but it certifies the safety of a building's external walls. A professional needs to evaluate the facility to confirm the cladding's appropriateness or if repairs are needed. This form is valid for five years.

'Qualifying leaseholder' may not have to cover the cost of remedial works: Under the Building Safety Act, if your leasehold flat is in a building taller than five storeys or 11 meters and you don't own more than three UK residential properties, the building owner can't charge you for remedial works on unsafe cladding.

Appointment of a 'Responsible Person' is required for multi-occupied buildings: This person or entity, such as a managing agent or residents' management company, is in charge of ensuring specific fire safety duties. For example, they must display fire safety instructions and provide information about fire doors to residents.

Existing fire safety regulations for HMOs remain the same: While a Responsible Person needs to be appointed for HMOs under the new rules, other existing laws still apply. These include performing a written risk assessment, checking the electrical installation every five years and installing compliant internal fire doors.

Assess the services your managing agent provides: It's crucial to understand the level of responsibility your letting agent is willing to take on, especially in the case of HMOs.

ENSURE YOUR PROPERTY COMPLIES WITH LEGISLATION

Lastly, these new regulations might increase legal fees for work on leasehold properties. Some legal companies have stopped dealing with flats in high-rise buildings because they can't obtain indemnity insurance. Therefore, be prepared for potentially higher conveyancing fees when buying or selling a leasehold property.

Due to the complexity of these new rules, especially for high-rise properties, seeking expert professional advice is essential. These requirements underscore that tenant safety should always be a landlord's primary concern. Always ensure your property complies with legislation. ◆

> "Under the Building Safety Act, if your leasehold flat is in a building taller than five storeys or 11 meters and you don't own more than three UK residential properties, the building owner can't charge you for remedial works on unsafe cladding."

>> ARE YOU CONSIDERING INVESTING IN A PROPERTY FOR RENTAL PURPOSES? <<
Explore the most suitable buy-to-let mortgage options tailored to your needs and circumstances. To learn more about how we can help, whether you want to ask us more or arrange an appointment, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

LIFE CAN BE UNPREDICTABLE

Understanding the options associated with protecting your ability to keep your home

HOMEOWNERS HAVE MANY financial responsibilities, including a mortgage, their most significant monthly outlay. Understandably, some people may hesitate to pay extra to protect these payments in case of illness or death. This is particularly true if they're relatively young and still in their first home.

However, the recent pandemic has shown us that life can be unpredictable. Illnesses or accidents can occur unexpectedly, preventing us from working and earning an income. Therefore, it's crucial to understand the options and costs associated with protecting your ability to keep your home, even in the face of adverse events.

WHY CONSIDER PROTECTING YOUR MORTGAGE PAYMENTS?

If you have dependents or a partner who earns significantly less than you do, knowing that your mortgage payments are secure in case you're unable to work can alleviate stress during difficult times. The last thing anyone would want is for a loved one to be forced to sell or rent out their property because they cannot keep up with the mortgage payments.

However, if you live in your property and don't have any dependents, critical illness cover might be sufficient. Also, some employers offer 'death in service' policies and comprehensive sickness coverage, which could eliminate the need for personal policies.

HOW CAN YOU INSURE YOUR MORTGAGE PAYMENTS?

There are several ways to protect your mortgage payments:

INCOME PROTECTION INSURANCE

This can support you if you're unable to work due to illness or an accident. Unlike other types of insurance, income protection insurance provides regular payments that replace a portion of your income during this challenging time. Here's a closer look at how it works.

It is designed to provide financial support when you cannot earn an income due to sickness or injury. It typically pays out between 50% and 65% of your income, ensuring you can still cover your living expenses even when you can't work.

The payout continues until you can resume work or until you retire, pass away or reach the end of the policy term, whichever comes first. This means you have ongoing coverage throughout your working life for peace of mind.

One of the critical aspects of income protection insurance is its comprehensive coverage. It covers most illnesses that leave you unable to work, either in the short or long term, depending on the type of policy and its definition of incapacity. This wideranging protection makes it a valuable addition to your financial plan.

Another important feature is that you can claim as many times as you need while the policy lasts. This is unlike other types of insurance, where there might be restrictions on the number of claims. Income protection insurance usually includes a waiting period known as the 'deferred' period. This is when you have to wait before the payments start after making a claim. Typical waiting periods are 4, 13 or 26 weeks, or even up to a year.

The length of the waiting period affects the cost of your premiums. The longer you can wait before receiving benefits, the lower your monthly premiums will be. This allows you to tailor the policy to your financial situation and needs.

CRITICAL ILLNESS COVER

This cover is insurance that provides financial support if you're diagnosed with a severe specific condition. It offers a tax-free, one-off payment that can be used to cover treatment costs, mortgage or rent payments, or modifications to your home, like wheelchair access.

Critical illness insurance pays out if you're diagnosed with one of the specific medical conditions or injuries listed in the policy. The payout is made once, and after this, the policy ends. This means it's crucial to understand precisely what conditions are covered under your policy.

The list of covered conditions can vary significantly between different insurers. Some comprehensive policies cover 50 or more conditions, while others might be more limited.

Typically, the specified conditions that might be covered include:

- Stroke
- Heart attack
- Certain types and stages of cancer
- Conditions such as multiple sclerosis
- Major organ transplant
- Parkinson's disease
- Alzheimer's disease
- Traumatic head injury

Most policies will also consider permanent disabilities resulting from injury or illness. Some policies offer a smaller payment for less severe conditions or if one of your children has one of the specified conditions. Not all conditions are covered under critical illness insurance.

If you cannot work due to a severe illness, you might assume that your employer will continue to provide some income level or that you can rely on state benefits. However, employees are usually moved on to Statutory Sick Pay within six months, and more than state benefits might be needed to replace your income if you can no longer work.

Critical illness cover can provide a much-needed financial lifeline in these situations, helping you maintain your lifestyle and meet your financial commitments without adding extra stress during an already challenging time. Always ensure you fully understand the terms of your policy, including what illnesses and conditions are covered, before making a purchase.

PAYMENT PROTECTION INSURANCE

How would you manage your mortgage or credit card repayments if you lost your job? Redundancy insurance might be worth considering. While no policy can provide fail-safe redundancy cover, some could help you through a difficult period. However, it's crucial to understand what you're buying to prevent investing in an unsuitable product.

Different types of redundancy insurance:

Mortgage Payment Protection Insurance (MPPI): Often taken out alongside a mortgage, this insurance typically starts paying your mortgage repayments three months after your earnings stop. It continues to pay out for up to 12 months, helping you keep your home during a challenging period.

Short-Term Income Protection Insurance (STIP): This insurance replaces a proportion of your income for a fixed period (usually 12 or 24 months). It's important to distinguish this from other income protection policies, which generally won't pay out if you lose your job.

Redundancy insurance can be a lifeline during tough times, but ensuring your chosen policy suits your needs is crucial. Always check the terms and conditions, including any exclusions, waiting periods and the duration of payouts.

Furthermore, consider whether the policy covers only specific debts, like a mortgage or loan, or if it provides a replacement income. The latter can be more flexible, allowing you to decide where to allocate the funds.

Remember that redundancy insurance is typically designed to cover short-term financial gaps. There may be better solutions for long-term unemployment or career changes. Always consider your circumstances and seek professional advice when necessary.

LIFE INSURANCE

Life insurance is designed to provide peace of mind that your dependents, such as your children or partner, will be financially secure in the event of your premature death. When purchasing life insurance, several factors need consideration, such as the type of policy you want, when you need it and how to buy it.

Life insurance pays a lump sum or regular payments upon your death. This provides your dependents with financial support after you're gone, helping them manage without your income. The amount of money paid out depends on the level of cover you buy. The higher the cover, the larger the payout. However, this also means higher premiums, so balancing affordability and ensuring your loved ones are adequately provided for is crucial.

One of the advantages of life insurance is its flexibility. You decide how the payout is made, whether it will cover specific payments like mortgage or rent, or if it's intended to leave your family with an inheritance. This allows you to tailor the policy to your family's needs and circumstances. Choosing the right policy is one of the most important decisions when buying life insurance.

There are various types of life insurance policies, including:

Term Life Insurance: This policy covers you for a specific period (the 'term'). If you die during the term, the policy pays out to your dependents.

Whole Life Insurance: This policy covers your entire life and guarantees a payout upon your death, as long as you continue to pay your premiums.

Income Protection Life Insurance: Instead of a lump sum, this policy pays out a regular income to your dependents upon your death.

Generally, it's worth considering life insurance if your death would cause financial strain to your dependents. This could be the case if you have young children, a partner who relies on your income or a family living in a house with a mortgage that you pay.

ACCUMULATING SIGNIFICANT SAVINGS

Alternatively, you could save money to cover payments in worst-case scenarios. However, this might only cover some costs, especially if the primary mortgage payer becomes ill or passes away before accumulating significant savings.

HOW MUCH DOES IT COST?

The cost of protecting your mortgage payments varies depending on the type of protection chosen, your age, health status and occupation. Younger, healthier individuals with safer jobs generally pay less. ◆

>> WANT TO ENSURE YOUR COVER IS TAILORED TO YOUR NEEDS? <<

Protection is fundamental. Although it's very easy to put off or avoid, it answers one of our most basic desires – to keep safe all we hold dear. Our good health is our most precious asset. It's often something we take for granted. We can help you navigate the pros and cons of protecting your mortgage, yourself and your family and ensure your policy is as tailored to your needs as possible, keeping costs low. To discuss your requirements, contact **TFA Mortgages** – telephone **0800 3899 708** – email **enquiries@tfagroup.co.uk**.

Property jargon buster

NEED CLARIFICATION on 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 are likely to encounter as you search for your new home in 2023.

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
On 23 September 2022, the government increased the nil-rate threshold of Stamp Duty Land Tax (SDLT) from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland and increased the nil-rate threshold paid by first-time buyers from £300,000 to £425,000.

The maximum purchase price for First-Time Buyers' Relief was increased from £500,000 to £625,000. Following the Autumn Statement 2022 this is now a temporary SDLT reduction. The SDLT cut will remain in place until 31 March 2025.

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**.