

Steps to buying your own home



Despite sky-high property prices, the recent Bank of England interest rates do offer sunshine for first-time buyers.

In 1989, the Bank of England's rate rose to 15%. Today's rate, whilst expected to fluctuate, is lower.

Buyers today also have another big advantage – the constant accessibility of the internet.



1. CHECK YOUR CREDIT REPORT

It's easy to check your credit report online and it could be free in some cases. There are a number of factors that determine your overall credit score, but if you've ever had a loan or credit card and have kept up with your repayments, your credit score will most likely be fairly healthy.



2. KNOW WHAT YOU CAN AFFORD

It's tempting to jump straight onto property search sites to find your dream home, but it's key to take the time in advance to work out how much you could afford to borrow for a mortgage.



3. FIGURE OUT WHICH TYPE OF MORTGAGE YOU WANT

These days, there are far more options for buyers:

- Tracker mortgages
- Fixed-rate mortgages
- Discounted variable rate
- Capped rate mortgages
- Offset mortgages



4. WORK OUT YOUR DEPOSIT

A larger deposit may help you find a lower interest rate, at the same time, you may want to be prepared to hold some money back in case you wish to complete work on your new home.

Other costs you may not have thought about include furniture, curtains, entertainment systems etc. And don't forget to budget in the moving costs!



5. GET A DECISION IN PRINCIPLE FROM YOUR LENDER

Once you decide to make an offer for a potential property, getting a decision in principle (DIP), whilst it won't increase the chances of being accepted, can give you confidence of what you could potentially borrow.

A decision in principle refers to an initial agreement from the lender based on your basic information however does not always conclude that the mortgage will be approved.

Think carefully before securing other debts against your property. Your property may be repossessed if you do not keep up repayments on your mortgages.