



The really useful guide to buying your first home

The Cumberland 

8 easy steps to owning your own home



Save up a deposit

How much do you need?
10-15%; local factors
in your favour.

View more on page 2-3



Start finding the perfect property

Study the market; list your
criteria; viewings; energy
performance certificate;
Home Reports

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Work out what you can afford

Mortgage advisor and meeting, credit check

What mortgage suits you? pros and cons

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Making an offer

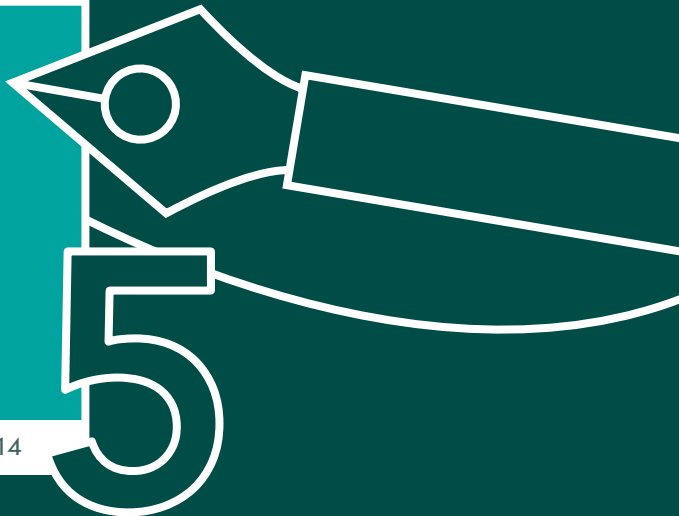
Tactics for making an offer - what you need to consider; evaluations; how to make a bid

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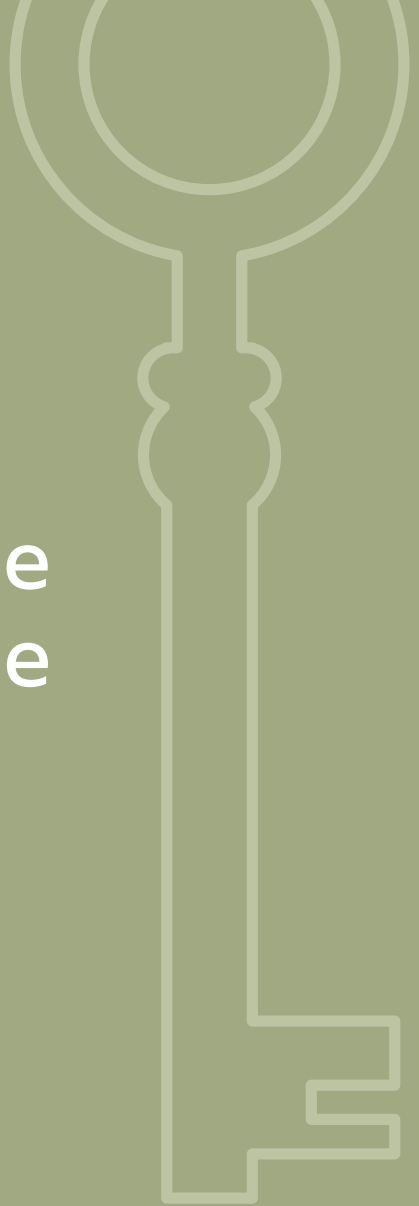
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Welcome to our first-time buyer's guide

If you're thinking of buying your first house or flat we'd like to help. We've created this guide to take you through the steps from saving a deposit to picking up the keys.



Save up a deposit



(The hard part)

Getting together a deposit can take a lot of willpower and sacrifices along the way as you build up enough savings to secure a mortgage. Even if you already have some money put aside or some generous relatives to help you, saving for a deposit can seem tough.

You are going to need to save at least 10-15% of the cost of your first home and it's worth remembering that the more that you can afford to put down for your deposit, the less you'll need to borrow from a mortgage lender, which is going to save you a lot more money in the long run.



Now good news!

Thankfully, there are factors in your favour which can give you some encouragement as you save for your deposit.

House prices in many areas of our region are relatively low which in turn reduces the size of the deposit you are going to need.



Our top saving tips

- 1** If it's feasible then how about moving back in with your parents for six months? Or a supportive friend or favourite aunt?
- 2** We all love a night of Netflix or creating the perfect playlist on Spotify. But all your monthly subscriptions and direct debits can add up to a significant amount. Could you swap your pricey gym membership for a run in the park? Because even cancelling a couple of your monthly direct debits could help you save a little more – take time to consider your commitments.
- 3** Keep an eye on extra treats - just one takeaway coffee a day can add up to £59 per month!
- 4** Set up a savings account or ISA, which means that you can put away a little of your pay every month for emergencies and big occasions such as saving for your first home.
- 5** Take a day off work to review your regular payments. Switching mobile contracts, car insurance and energy suppliers could be a big help.

Finding the perfect property

2

Looking for your property and imagining yourself in your new home is the fun part of being a first-time buyer.

You might want to start by familiarising yourself with the market before making any decisions. What is for sale? What are the prices like? Browsing websites and the property pages of your local newspaper will give you a good idea of what's on offer and what you might be able to afford – something you should establish before starting off your search.

Create a list of all your criteria, including the areas you would like to live, and any properties that meet most or all of them are the ones you should arrange viewings for. Anyone will tell you that you don't settle for the first house you see – viewing more will give you something to compare it with. If you've never owned a property before, it is difficult to know what you're looking for. This is where we can be a big help, because we know exactly what to look for!



What should I look out for?

1 When you arrive, look at what condition the outside of the property is in. What condition are the neighbouring homes? What is the parking situation?

2 Once inside, you have to use your imagination a little: envisage yourself in the home and what the home will look like with your furniture. If the décor isn't to your taste, how much work it will take to put it right.

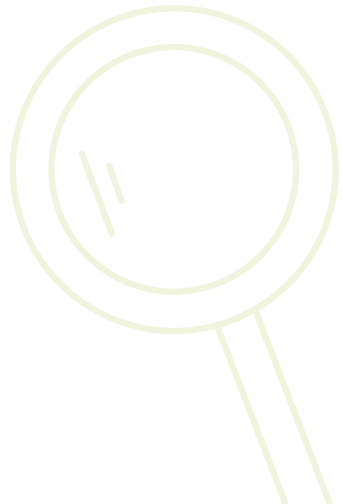
3 Is there plenty of storage space, an attic, a basement or a shed? A bath, a shower, or both?

4 Take someone along with you to spot anything you might miss, and make notes of all the pros and cons so that you can compare them when you've completed all your viewings.

5 Then view the main contenders again if necessary - your agent won't mind at all, because they want you to be certain before you put in an offer.

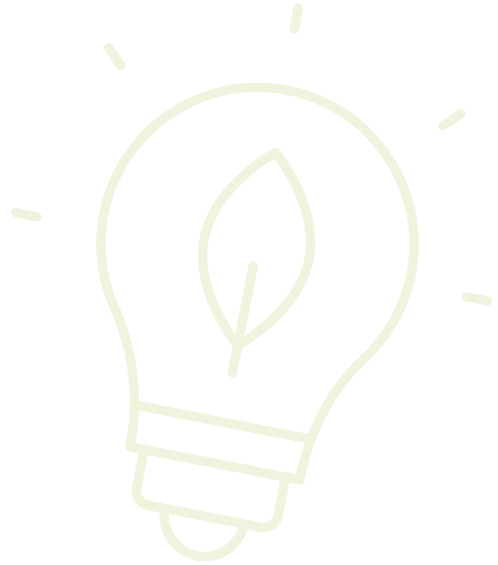
6 Go back at a different time of day and focus on things such as traffic noises, and ask questions about things like the boiler and the kitchen appliances that will be sold with the house. This is your opportunity to look out for things that are more specific, like how many sockets in each room, if there is an internet connection in place, even test to see what the water pressure is like.

7 Don't forget to think through what it's going to be like to live in the area and consider things like your journey to work or schools and other services in the area.



Energy Performance Certificate

It is sometimes an afterthought, but you should always ask to see the Energy Performance Certificate. Every seller must have one, and it will give you information on the property's current energy use and also recommendations to make the property more energy efficient.



Home Reports (Scotland only)

Almost all houses for sale in Scotland must be marketed with a Home Report. A Home Report is a pack of three documents: a Single Survey, an Energy Report and a Property Questionnaire. This report must be made available on request to prospective buyers of the property.

The Single Survey contains an assessment by a surveyor of the condition of the home, a valuation and an accessibility audit for people with particular needs.

The Energy Report contains an assessment by a surveyor of the energy efficiency of the home and its environmental impact. It also recommends ways to improve its energy efficiency.

The Property Questionnaire is completed by the seller of the home. It contains additional details about the home, such as Council Tax banding and other items of information that will be useful to buyers.

How much can I afford to borrow?

3

Before you start searching for your first home the key question you need answering will be about the size of mortgage that you can afford.

This is where a mortgage advisor can help you. If you are starting to think about buying your first home, we suggest you book a chat with one of our mortgage experts, to give you some guidance. We will explain how the process works and give you an idea of what monthly payments might look like for different mortgages.

If your plans are more advanced we can sit down with you to work out your mortgage affordability. We'll discuss your savings for a deposit, your income and whether you are buying a home with another person. We'll also

review your monthly outgoings and commitments such as car finance or student loans and after a credit check, we should be in a position to give you an 'agreement in principle' on a mortgage. You can then show this to estate agents and other parties as proof that you are likely to get a mortgage.

You can now begin the exciting part of being a first-time buyer: choosing your home, looking through the local newspaper's property pages or scrolling through websites - with the full confidence that you can afford a mortgage that will buy you a good home.

At The Cumberland, we do not use credit scoring or other rigid models to decide on mortgage offers, but pride ourselves in working with you to decide on the mortgage that's right for you and will see you moving into your first home.



Use our online calculator to work out what you can afford
cumberland.co.uk/mortgages/calculator

What should I bring to my first mortgage meeting?

- ✓ Proof of ID
- ✓ Last two payslips
- ✓ Last three months bank statements

Ryan McCubbin – Qualified
Mortgage and Protection Advisor



Watch our video guide to your first appointment
cumberland.co.uk/mortgages/first-time-buyers

Making an offer



This is where things start to get really exciting - or nerve-racking, depending on your circumstances.

You've looked around and fallen in love with a house that you've already started to imagine yourself in. Now it's time to make an offer and see if you can reach an agreement with the seller, but what price should you bid?

If you're discussing your first house purchase with friends and family you'll probably get lots of conflicting advice about making an offer, but there are some key factors that can help you decide on your tactics.

The valuation might influence whether you are prepared to match the seller's asking price. If it has highlighted that some work needs doing on the house now or in the near future you might think that is a reason to make an offer below the asking price to reflect the extra expense you're likely to have to rectify the issue.

Alternatively, if you believe that other people are interested in the same property you might consider matching the asking price straight away and in return asking for the house to be taken off the market.

You might also like to research similar house prices, using websites such as Zoopla and Rightmove to see the prices paid for similar properties in the area. You can also check how long the property has been on the market because if the house has been on sale for some time the sellers might consider a lower offer.

Don't forget that as a first-time buyer you are in a strong position. Sellers know that you do not have your own property to sell so they have a good chance of a speedy sale.

So if you've decided on your offer after weighing up all those factors it's time to make your bid which will probably happen along the following lines:

- 1 You telephone the estate agent selling the property and tell them you want to make an offer and the price you are willing to pay.
- 2 You'll then have to wait for the estate agent to discuss this with the seller. They might call back to accept the offer or if not you will be given a chance to increase your offer.
- 3 Make your offer in writing and make sure that you get confirmation from the estate agent.
- 4 Now's the time to ask the seller to take the property off the market, to prevent other potential buyers from 'gazumping' you with a higher offer.



Finalising the mortgage



Getting your first mortgage is easier than you think and we are here to guide you through the process.

By the time it comes to applying for a mortgage, you should have already spoken to one of our mortgage advisors at an earlier stage and are likely to have an agreement in principle.

Once our mortgage advisor has completed all of the details on your application, they will then ask you to sign it. At that point we'll get the process started straight away. We will arrange for a mortgage valuation to be carried out on your property. This will confirm whether the property is suitable for us to lend on.

This is also the point where you have to arrange for a conveyancer to get the legal work started for you – of course, we can suggest a few conveyancers for you to contact.

The mortgage offer

Once your application has been processed, you will then receive a mortgage offer. Success! This means that your mortgage has been agreed.

Check over the details in the offer carefully to make sure that it matches what you agreed with the mortgage advisor. After you have received a binding mortgage offer, you have at least seven days to think about whether or not this is the right mortgage for you.

A copy of this offer will also be sent to your conveyancer, together with instructions from us for them to act upon. Now you need to let your conveyancer know that you are ready to go ahead – most of the work from this point is in the hands of your conveyancer, and they should aim to complete the purchase for you as quickly as possible.



Signing the contract

In England, once your conveyancer has completed all the necessary checks, you will be asked to sign a contract. When you have signed and exchanged this contract, you are legally bound to buy the property.

You can pull out and cancel your mortgage application at any stage before you have exchanged contracts, but you might lose some of the money depending on how far through the process you are. It is better to cancel now though than risk committing to a mortgage that you might not be able to afford.

If you discover any problems at this stage you should discuss them with your conveyancer and take their advice.

At this stage, you may be asked to pay a deposit of at least 5% of the property price. You'll also be asked to agree a date when your conveyancer will finalise all of the paperwork and send the balance of the money to the seller's conveyancer.

This is what people call the "completion date" and will normally be the day when you can move in. Remember the process is different if you are buying a property in Scotland.

What to bring to your application meeting



ALLOW 1 HOUR



Proof of identity

Passport or driving licence.



Proof of your current address

Sometimes tricky if you are not a home owner already, but tax statements, and physical bank statements are accepted, as well as utility bills if you are renting.



Payslips

Usually your most recent two payslips.



Council tax statement

If you have rented, then you will have received this. It can be acquired from your local council office.



Bank statements

Most lenders require the past three months' bank statements.



Life Assurance

If you have Life Assurance we will need to see the policy.

Self employed?



Business Accounts

Bring two years of accounts with you.



Bank Statements

Most lenders will want to see 6 months of statements for your business account.



SA302s or TYOs

Tax Year Overviews – showing drawings figures, averaged or average of last 2 P60s if you've just become self-employed but previously employed in same role.



Year End Accounts

Certified. Bring the last two years with you.



Management Info

For current trading period, in detail.



Projections / Forecast

Detailed information (including details of reasonable assumptions made).



Business Overview

Information about what the business does, location, type of customers and how long it has been trading.



Impact of Covid19

Information about how trading has been affected by Covid19.



If we need any additional information, our mortgage advisors will chat through this with you.

Valuations, surveys and conveyancing



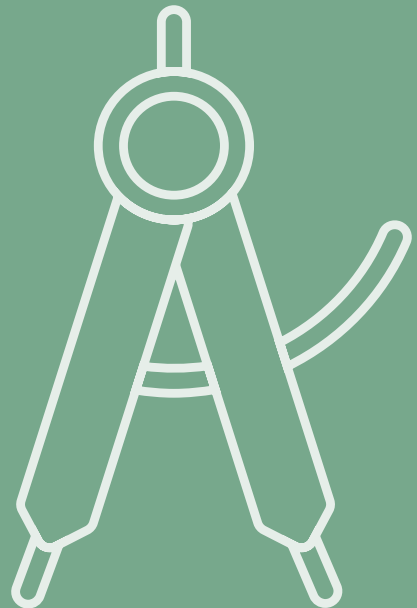
A key part of buying your home is the survey which needs to be carried out on the property. This is to make sure that the value of the property covers your mortgage and, of course, that it does not have any major problems.

There are three main types of valuations and surveys that you can choose from – our mortgage advisors will help you decide which is right for you.

Mortgage Valuation Report

The most basic valuation, it is designed simply to allow us to assess how suitable the property is as security for the proposed mortgage loan.

Usually less than 20 minutes in length, this shouldn't be confused with a survey – it is for the benefit of the mortgage lender. You should not rely solely on this report when buying a home as it is a very limited inspection that will not flag up any serious faults with the house.



Exchanging contracts

7

In England, once your conveyancer has completed all the legal processes and necessary checks, you will be asked to sign a contract.

By this stage, your mortgage will have been approved, your solicitor is happy with the results of the surveys, you've agreed on which fixtures and fittings will remain with the house, and the seller is ready to pass over the deed. When you have signed and exchanged this contract, you are agreeing to become the legal owner of the house and are legally bound to buy the property. Both buyer and seller sign identical contracts, before being formally exchanged by the solicitors.

Your conveyancer will finalise all of the paperwork and transfer the balance of the money to the seller's conveyancer.

This is also where you pay the mortgage deposit, and the lender will usually

insist that you get a home insurance policy. It's not a legal requirement like it is for cars, but almost all lenders will withhold a mortgage until insurance is in place because, at the end of the day, they are investing a large amount of money in the house and they want to make sure it is protected.

Getting an insurance quote is often as easy as searching for home insurance lenders online, where you will fill in several questions that seek to establish how secure the property is, how close to a water course it is, or if there are any nearby trees. If you've had a survey done, all this information should be in there.

Your policy should be ready to start on the completion date.



The property buying process works differently in Scotland:

You should get a solicitor organised before you start looking for a property as the process can move on very quickly. Once you find somewhere that you like, you can instruct your solicitor to inform the seller's solicitor that you are potentially interested in buying, or discuss directly yourself with the selling agent. You can request a copy of the Home Report (if the property has one), which may influence the amount you are prepared to offer.

They will confirm the asking price and invite you to make an offer on the property. This needs to be backed up with a written offer, prepared by your solicitor and passed to the vendor's solicitor for acceptance.

You should apply for your mortgage and get this agreed before you make an offer.

You may also need a valuation or survey carried out before you make a formal written offer as not all mortgage lenders will accept the generic mortgage valuation included in the Home Report.

Sometimes, the seller/selling agent will publish a closing date for all offers. In this case, your solicitor will need to submit your offer before this date, together with a proposed "date of entry" (the date you would be able to complete the purchase).

If your offer is successful, the solicitors exchange letters agreeing various matters and the date of entry.

In due course, you will then sign the required documents and, once the correct funds have been passed to the seller's solicitor, you will get the keys.

The big move



On the contract you signed will be a completion date – that’s normally the date when you can pick the keys up from the estate agent and move in.

This can be any time after the contracts are exchanged, and it is mutually agreed by all parties – it can even be the same day - but two weeks is the most common time period to have to wait.

It is important to remember that you will need time to pack up your belongings, acquire essential furniture you may be missing, and arrange transport for the big day – so give yourself enough time before the completion date. The seller will also need time to move out and clean up.





Read what our customers say about us
feefo.com/reviews/cumberland-building-society



Before moving day arrives, there is lots to be done:

Contact your mover

Now that you have a confirmed date to move, you should organise a removal firm as soon as possible – it is unlikely they can make themselves available at the last minute. Also let any friends and family know so they can give you a helping hand.

Getting connected

As soon as you know your completion date, you should notify your utility companies or get set up with a new one. You don't want to spend the first days and weeks in your home having to deal with forms and phone calls – that's something else you'll need to do in advance; setting up a phone line! If you're planning on having broadband, you'll most likely need a landline, so check that the new house is ready to receive that. Some companies may take up to a month to complete the setting-up process.

Informing of your new address

Anyone you regularly receive post from is generally worth informing of your move, but the key people to update are your doctors, dentists and opticians, who can simply update their systems or help you transfer to a practice in your new area. You must inform the DVLA of your new address so they can send you a new licence – this can be done at most Post Offices or online via the DVLA.

Your local council will need to know about your move so they can set you up with council tax.

Also, if you're fond of ordering items online, remember to change the default delivery addresses on your favourite sites!

Packing up

When you are packing up your belongings, bear in mind how they will be stored in transit, and what will happen when you move in. Anything prone to damage should be wrapped and padded, while it also makes sense to pack in an organised fashion rather than throwing everything into a box and spending days looking for things when you start to unpack in your new home.

Moving day

It is normal practice for you to get the keys for your new property after lunchtime on the day of completion (in Scotland date of entry), to enable the people you are buying from to have time to move out and clean before they leave. On the morning of completion day, your solicitor/conveyancer will receive the money from us and transfer the balance to the seller's solicitor/conveyancer. This will complete the legal process.



Moving checklist

- Give notice to your landlord if you rent
- Book a mover
- Speak to utility companies
- Update addresses
 - DVLA
 - Bank
 - Council
 - Doctors / Dentist
 - Employer
- Redirect mail

FAQs

How much deposit do I need to buy a house?

Before you even start looking at properties, you should save for a deposit.

Generally, you need to save at least 10% of the cost of the home, but the larger percentage you have saved, the more mortgage deals will be available to you.

How negotiable are house prices when making an offer?

Depending how long the property has been on the market, the seller could become increasingly keen to sell.

Both parties should be and usually are flexible, and if you can demonstrate to the estate agent that you are in a position to move quickly, for example you have raised a deposit, the seller may be more inclined to accept.

How do I know I am getting a fair deal?

Do your research. Check to see what other houses have sold for in the area and on the same street.

What extra costs should I budget for?

On top of your deposit and monthly mortgage repayment, remember, there are plenty of other costs that need budgeting for.

These include:

- The cost of a survey
- Solicitor or conveyancer fee
- Hiring a removal firm
- Buildings and contents insurance
- Initial repairs and refurbishment, as well as new furniture and appliances
- Mortgage arrangement fees

What does the estate agent do?

The estate agent should provide you with all of the relevant information about making an offer for the property. Remember, they act for the seller and not for you. To get a price that you are happy with you may have to be prepared to negotiate.

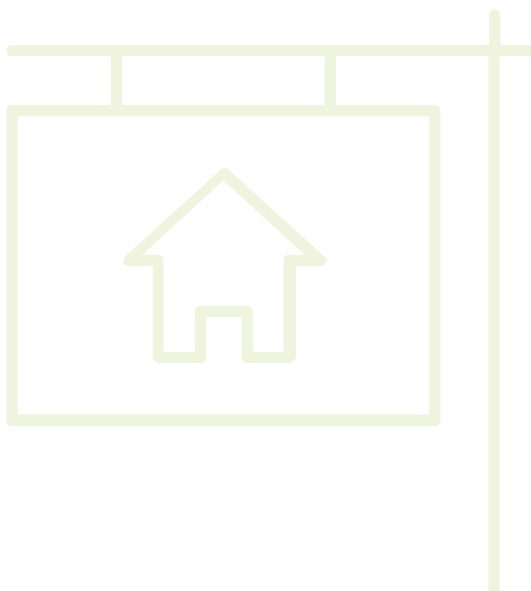
If my offer has been accepted, can the seller change their mind?

There is always a possibility of gazumping; this is where the seller of the property goes back on their agreement with the buyer and accepts a higher offer from someone else. This is perfectly legal in England even after your offer has been accepted, except if you have bought at auction or with a sealed bid.

Gazundering also exists, where the buyer forces the seller to accept a lower offer. This generally takes place just before everything is about to be finalised and the buyer threatens to pull out of the purchase if the seller does not accept the lower offer.

What is the Help to Buy: Equity Loan Scheme?

With a Help to Buy: Equity Loan the Government lends you up to 20% of the cost of your newly built home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest. You won't be charged loan fees on the 20% loan for the first five years of owning your home. The scheme is open to both first-time buyers and movers, and restricted to new-build homes. Under this scheme, the buyer is only required to raise 5% of the property value as a deposit. Find out more at cumberland.co.uk/mortgages/help-to-buy





FAQs

What other financial products do I need to consider?

Our mortgage and protection advisor will be available to discuss all the products with you in more detail, but it is important that your house and mortgage are protected against all eventualities.

The most common products that buyers should consider are:

Buildings & Contents Insurance

This helps protect you against certain damage/theft happening to the property and its contents. Buildings insurance is compulsory on any mortgaged property.

Life Assurance / Critical Illness

Simply put, this is designed to help your family meet the mortgage responsibility should you die. You can also take critical illness cover as well, which would repay your new mortgage in the event of certain critical illnesses.

How much can I borrow?

It really depends on your personal circumstances, such as your income and personal living expenses.

What if my circumstances change?

Once your mortgage begins, you're not obliged to tell your lender of any changes in your circumstances - provided you are able to maintain your monthly mortgage payments. If you are likely to struggle, however, you should inform them immediately - they should be able to help you rather than leaving the situation to worsen or lead to missed payments.



Jargon buster

Arrangement Fee

This is a fee you pay to the lender to secure a particular mortgage deal.

Annual Percentage Rate of Charge (APRC)

The APRC is an annual percentage which shows the total cost of the mortgage, including the product interest rate and other charges, like arrangement and valuation fees. As all lenders have to provide an APRC, this is a useful way to compare mortgage products from different lenders.

Bank of England Base Rate

The interest rate set by the Bank of England which is used by lenders to set their mortgage rates.

Completion

On completion day, your new mortgage starts. If you are buying a new property, this is when you'll get the keys to your new home and the ownership of the property transfers from the seller to you.

Credit Rating or Score

This is an electronic points rating which is determined by how you have historically conducted any credit, for example, loans, credit cards and mortgages. If you've kept up repayments on any credit you've had, you'll usually have a higher credit rating. If you've failed to meet any payments, or, say, have a default or a County Court Judgement, your credit rating is likely to be lower.

Early Repayment Charge (ERC)

This is what you may have to pay if you fully or partially repay your mortgage early.

The amount of any Early Repayment Charge will be displayed on your Mortgage Illustration, which you'll receive if you apply for a mortgage.

Equity

The difference between the value of the property and the amount of any loan secured against it.

Fixed Rate

With a fixed rate mortgage, your interest rate is fixed for an agreed period. Your monthly payments will stay the same and you'll know exactly how much you're going to pay each month for a set amount of time regardless of any changes to interest rates.

Interest-Only

With interest-only, you pay interest over the life of the mortgage and pay off the amount you have borrowed as a lump sum from a suitable repayment strategy, such as an investment plan, at the end of the mortgage.

Loan To Value (LTV)

This is the mortgage amount as a percentage of either the property value or purchase price, whichever is lower.

Mortgage Illustration

This document shows all the key information you need when choosing a mortgage, including the monthly mortgage payment, APRC, product information and details of any fees. Legally, different lenders must issue Mortgage Illustrations in the same format so you can use them to compare different mortgages easily.

Porting Your Mortgage

This is the process of transferring your existing mortgage product to a new property. When you port your mortgage, you may require additional borrowing and for this you may require an additional mortgage product.

Repayment

With a repayment mortgage, each monthly payment you make consists of two parts, interest on the loan and repayment of part of the capital of the loan. With this type of mortgage you gradually pay off the amount you have borrowed, as well as the interest, over the term of the mortgage.



Jargon buster

Remortgage

This is where you transfer your existing mortgage to a different lender. You may also be able to increase the amount of your mortgage to raise money for other purposes, for example, home improvements.

Standard Variable Mortgage Rate

The standard variable mortgage rate is set by your current provider, which you could pay if you do not switch to a new deal when your existing product deal ends.

Term

The length of time over which your mortgage is to be repaid.



Why choose The Cumberland?

We'll be there every step of the way – we've helped thousands of first time buyers to move into their dream home, we can guide you, give you advice and answer questions you have.

★ Up to 90% mortgages

We make buying your first home easier, by only requiring 10% deposit. We also offer the Help to Buy: Equity Loan scheme where the Government lend you up to 20% of the cost of your newly built home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest. Find out more at cumberland.co.uk/mortgages/help-to-buy

★ Free valuation

We offer a free basic valuation of the property included on first-time buyer mortgages.

★ Local, friendly mortgage and protection advisors

No question is too small, we'll do all that we can to help you buy your dream home.

★ £1,000 cashback

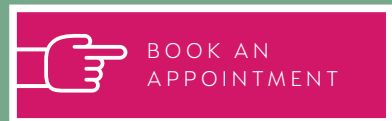
On selected first-time buyer mortgages, we'll give you £1,000 cashback on completion – put it towards redecorating or treating yourself.

★ Evening and weekend appointments

We've appointments available on evenings and weekends to suit your availability.

★ Easy to contact

Our branches and web chat are available 6 days a week, and our customer services team are available 7 days a week. We're here to help when you need us most.



Call us: 01228 403141
Find us online: cumberland.co.uk

Terms and conditions apply. Your mortgage is secured on your home. Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

Notes

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Any questions?

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Can we help?

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