



Mortgages for first time buyers

We're with you every
step of the way

The **co-operative** bank

Here for you for life

So, you're thinking about **buying your first home**. That's great – it's a really exciting time, but it can sometimes be a bit daunting too. That's why we've put together this guide with hints and tips on how to find your perfect property and arrange your **mortgage deal**.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE



What is a mortgage?

A mortgage is a loan to help you buy a property. Your lender will charge you a rate of interest on the amount you borrow and you'll need to contribute toward the purchase price with a deposit. A mortgage is secured against your property so your lender has a legal right to repossess your home if you don't keep up with your mortgage repayments.

How do I find the right mortgage deal?

The perfect mortgage for you will depend on your financial and personal circumstances. As well as the type of mortgage you want, you'll need to decide how you want to pay any fees, if applicable, and how many years you want to take your mortgage over – this is known as the term of your mortgage. You also need to think about your budget and how you'll manage your monthly repayments. The key thing to remember is the longer your mortgage term, the greater the amount of interest you'll pay over the life of the mortgage.

Different types of mortgages

The Co-operative Bank provides a fully advised mortgage service. Our expert advisers can guide you through the different types of mortgage we offer and help you choose which product best matches your needs from our range of Britannia mortgages from The Co-operative Bank.

You can find out more about our range of mortgages by visiting co-operativebank.co.uk/mortgages

Some of the types of mortgage you can choose from are:

	<p>Fixed Rate Mortgages</p> <p>With a fixed rate mortgage your interest rate stays the same for a fixed deal period, for example, three years. This can make it easier to manage your budget because your monthly payment will stay the same. Once your deal period has ended, many lenders will transfer you to their standard variable rate (SVR). You should check what happens at the end of your fixed rate deal with your mortgage lender.</p>
	<p>Variable Rate Mortgages</p> <p>With a variable rate mortgage, the amount you pay each month may go up and down, depending on the interest rate.</p> <p>There are a wide range of options to choose from, including:</p>
<p>Tracker</p>	<p>A variable rate mortgage where the rate of interest tracks the Bank of England's Base Rate or a rate indicated by your mortgage lender.</p> <p>Once your Tracker rate deal is over, many lenders will transfer you to their standard variable rate (SVR). You should check what happens at the end of your tracker rate deal with your mortgage lender.</p>
<p>Standard Variable Rate (SVR)</p>	<p>This rate is set by the lender and you will often be switched onto an SVR automatically at the end of your current deal if you haven't switched.</p>

Although not available through The Co-operative Bank, other mortgage options include:

<p>Capped</p>	<p>Even though the interest rate is variable, your lender caps the maximum level it could rise to and agrees it won't go above this for the duration of your deal.</p>
<p>Offset</p>	<p>You only pay interest on the difference between the balance of your mortgage and your savings. When 'offsetting' you don't earn interest on your savings, but you will reduce the amount of interest you pay on your mortgage instead. This may be a fixed or variable rate.</p>
<p>Discount</p>	<p>A discounted rate applied by the lender to their SVR for a set period of time. Make a note of your lender's SVR before you take out the mortgage though, as this is what you'll pay once your discount ends.</p>

Repayment types

There are also two options on how you pay back your loan:

	<p>Capital and interest</p> <p>Also known as a Repayment mortgage, this is where the monthly payments you make go towards paying off both the amount you borrowed, as well as the interest on the loan.</p>
	<p>Interest only</p> <p>With this option your monthly payments will be smaller as you're only paying the interest charged on your mortgage. If this is the repayment type you decide to go for, it is important to plan how you will repay the outstanding balance, as it is your responsibility to have enough funds available to pay your mortgage at the end of its term. The Co-operative Bank does not offer interest only mortgages.</p>

To help **first time buyers** to get their foot on the property ladder The Co-operative Bank offers a range of **90% Loan-to-value (LTV) mortgages**, as well as a range of other deals.

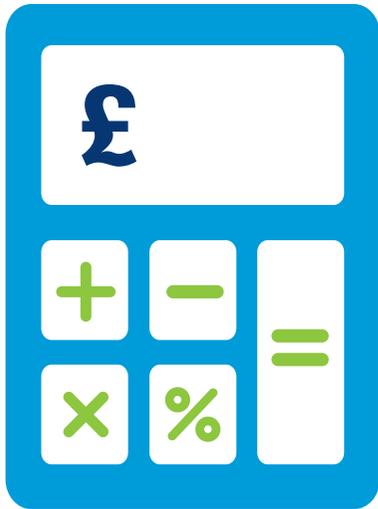
(Britannia mortgages provided by The Co-operative Bank.)

How much deposit do I need?

How much deposit you have will affect which mortgage deals you may be eligible for. When looking at how much you can borrow, your mortgage lender views your deposit as a percentage of the value of the property you want to buy. For example, if a lender is advertising a 90% LTV deal, you will need to pay 10% deposit of the purchase price.

Deposit examples

Percentage	House Price	Deposit
10%	£150,000	£15,000
15%	£150,000	£22,500
20%	£150,000	£30,000



How much can I afford?

How much you can afford depends on:

- Your age
- How big your deposit is
- How much you earn
- How much you spend each month
- Your overall credit rating

Your lender will use this to assess if you will be able to afford your mortgage.

All mortgage applications are subject to an affordability assessment.

Find out your credit rating by clicking on the links below:

Experian: www.experian.co.uk

Equifax: www.equifax.co.uk

There may be a charge by the providers of these services.

Are there any extra costs?

There's also some extra costs you'll need to think about:

- Application fee – this is usually paid on application but it can sometimes be added to your mortgage (subject to lending criteria) so you won't need to find the money upfront. If you're adding it to your mortgage remember that you'll pay interest on your fee over the full term of your mortgage. A booking fee may also be required. This is payable on application and is usually non-refundable.
- Valuation of your property.
- Legal and conveyancing fees.
- Stamp duty.
- Land Registry fees* – Visit landregistry.gov.uk for more information.
- Local authority search fees.*
- Other search fees and disbursements.*
- Removal fees – contact removal companies for guide quotations.
- Higher lending charge (HLC) – some lenders may charge a HLC if you are borrowing above a certain Loan to Value (LTV) (This is not applicable at The Co-operative Bank).

*Your solicitor will usually take care of these for you and roll them into the final payment.



How do I apply for a mortgage?

Once you're ready to buy, it's time to arrange your mortgage. The first step is to get a Key Facts illustration which shows the monthly payment, features, fees and charges of your mortgage. This helps you to compare your mortgage with others from different lenders.

Decision in principle

Your lender might give you a decision in principle. This is your lender saying that based on their initial checks they will lend you the money to buy your property. Remember though – getting a decision in principle isn't the same as getting a mortgage offer and doesn't guarantee you a mortgage offer.



For this you will need to show original copies of:

- If you're employed – your last three months' payslips plus your latest full month's bank statement.
- If you're self employed – your last three years' accounts, your last three years tax assessments forms (SA302) plus your latest full months bank statement.
- Proof of identity such as your passport.
- Proof of your address, such as a utility bill addressed to you at your address.



Buying a property

How do I find my property?

You need to start by working out what kind of property is right for you (house, flat etc), what kind of location and what kind of price range you can afford. You also need to think about how flexible you are prepared to be.

How do you find an estate agent?

Drive around the local area that you're looking to buy in and place your name on mailing lists so that you're advised when new properties are coming onto the market. You can do a lot of searching on the internet, but registering with local Estate Agents will help you get more personal assistance and will support you in refining your search. Estate Agents will also be able to liaise with sellers on your behalf.

You can also search for estate agents on the NAEA website. **Visit:** naea.co.uk or rightmove.co.uk



What should I look for when I view a property?

Here are some immediate things you may like to consider, but you'll probably have plenty more of your own. You can use our notes section at the back of this guide so you can record your answers to these questions or make any other notes on your property viewing.



The Area

- Do you want to live in the city or the countryside?
- How big does the house and/or garden need to be?
- How close are public transport networks/local schools /shopping centres/bars?
- How far away is your job and can you get there easily?
- Do you want a bustling neighbourhood or a peaceful one?
- Are there, or could there be, developments nearby?
- What are the local amenities like?
- Are the local schools good?
- Is the surrounding area run down?
- What's the condition of neighbouring properties?
- What's the crime level like in the area?
- What are the neighbours like?



The House Outside

- Is there off-road parking? If not, can you park outside the house?
- Do you need a permit to park?
- Is there a burglar alarm fitted?
- Does the property have good door and window locks?
- Are there any slates missing on the roof?
- What state is the chimney in?
- Does the roof sag? (This could be a sign of subsidence.)
- Is there any guttering missing?
- Are there any cracks in the walls?
- Can you see damp above soil level?
- Is the house double-glazed?



The House Inside

- Check which council tax band you will be in.
- What are the average costs for bills (for example gas, water and electricity?)
- Does the house have full central heating? If so, how old is it?
- How is the water heated? Combination boiler or immersion tank?
- When was it last serviced by a Gas Safe registered engineer?
- Has the loft been insulated? If so, how long ago?
- Does the property have cavity wall insulation?
- Are there any signs of water damage to the floor?
- Is there any obvious mould?

The value of a second viewing

It's worth remembering that the time of day and the weather can affect your first impressions, both positively and negatively. So don't be afraid to ask for a second viewing – and you may find it handy to take a camera and tape measure with you.

If you've had an offer accepted on the property and have received the surveyor's report, a second visit is an ideal opportunity to check any areas of concern that the report may have identified.

What's the process for making an offer?

Before you make an offer you need to judge how much you can comfortably afford and you might want to consider the following:

- how far can you let the seller tempt your offer upward?
- is this kind of property at this price selling fast or slow?
- is it a fair price – is the seller being greedy or even realistic?
- are you being realistic with your offer?

To get a price you're happy with you may need to exercise some negotiation skills

What is the estate agent's role?

The Estate Agent's role is to negotiate between the seller and the buyer.

Should the estate agent or seller take the property off the market?

You can't actually make the estate agent or the vendor stop advertising once your offer has been accepted but some agents may do so as a goodwill gesture.



What is gazumping?

Sometimes, a seller can decide to go back on an agreement with the buyer by accepting a higher offer from someone else. In home-buying terms, you've been gazumped. This is perfectly legal in England, Wales and Northern Ireland, even after your offer has been accepted.

In contrast, an offer in Scotland is considered legally binding from the moment of acceptance. See our [Buying in Scotland](#) section for the key differences between systems.

What is gazundering?

Gazundering happens when the buyer forces the seller into accepting a lower offer just before contracts are about to be exchanged by threatening to pull out unless the seller accepts the lower price.

What kind of survey do I need?

You'll always need a valuation to be carried out on the property you want to buy. There's three different types of valuation and the cost depends on the purchase price of the property you want to buy and the type of valuation you choose.

Basic Valuation

This is carried out by the lender to check that the building is worth the amount you want to borrow. If you want, you can supplement this with surveys of your own. The more detail your survey goes into, the more you will know in advance about the condition of your property and possible future problems. Remember, this is a basic valuation that provides minimal information so you shouldn't rely on this survey alone.

We recommend that you consider a more detailed survey, like:

Homebuyers Report

This is a more detailed report that gives you a general breakdown of a property's condition.

Full Structural Report

You can also pay more to have a Full Structural Report, or Buildings Survey, which goes into a lot more detail about the property's condition and potential issues.

Who's qualified to do my survey?

Look for the letters MRICS (Member of the Royal Institution of Chartered Surveyors) or FRICS (Fellow of the Royal Institution of Chartered Surveyors) after a person's name to be sure you are getting a properly qualified surveyor.

To find a surveyor visit: [rics.org](https://www.rics.org)

Your mortgage provider should be able to recommend a surveyor and if they're lending you the money, you can be sure they're not going to hide anything from you. For mortgages with The Co-operative Bank, we'll instruct a surveyor from our panel.

How much can I expect to pay?

The price of your survey will depend on the size and value of the property. An inspection costs in the region of £475.

How do I appoint a solicitor?

You'll also need to appoint a solicitor, or 'conveyancer', to take care of all the legal issues. It's a good idea to choose one recommended by friends or family, but you can also ask your mortgage lender or look on the following websites:

- [Lawsociety.org.uk](https://www.lawsociety.org.uk)
- [Conveyancer.org.uk](https://www.conveyancer.org.uk)

For mortgages from The Co-operative Bank we'll instruct a solicitor from our panel. We'll be happy to work with your chosen solicitor if they're already on our panel.





What should my solicitor do?

Phase one: pre-contract

- Agree the basis of the work to be carried out and the costs.
- Ask you to sign a contract.
- Satisfy all requirements under Money Laundering Regulations.
- They may ask you for money on account in order to carry out searches.
- A solicitor may ask you for a deposit at the pre-contract stage.
- Receive contract documents from the seller's solicitor and raise enquiries.
- Submit local authority and water authority searches and (if applicable) coal mining search and environmental report.
- Provide you with a report on title.

Phase two: exchange contracts

- Liaise with seller's solicitor to agree completion date.
- Arrange exchange of contracts and forward contract and deposit to the seller's solicitor.
- Prepare transfer and mortgage deed and arrange for you to sign them.
- Submit a Land Registry search to ensure nothing's changed on the title.
- Submit a Land Charges search to make sure neither you or the seller is subject to bankruptcy proceedings.
- Prepare final accounts and request any outstanding money from you.

Phase three: completion

- Send the balance for the cost of the property to the seller's solicitor.
- Receive transfer and any relevant pre-registration deeds.
- Prepare and submit Stamp Duty Land Tax Return.
- Submit application to the Land Registry to register your title.
- Receive the completed application from Land Registry and send the title confirmation to your lender.
- Send any pre-registration deeds to you.
- Keep in touch with you throughout the process.
- Explain any legal jargon to you, so you are happy with what's happening.



What about exchanging and completion?

Before you exchange contracts, check with your solicitor that:

- you have a valid mortgage offer
- you are happy with the survey
- there are no unresolved issues in the contract

When your offer's been accepted and all the conveyancing done, your solicitor will send you the contract. This is when you agree a day that the property actually becomes yours – a completion date. You can normally pick up your keys around lunchtime on the day you complete.

You'll also pay your deposit through your solicitor now (remember – if you pull out after you've exchanged contracts you will lose your deposit.) Your solicitor will also pay your stamp duty if your property is eligible to pay stamp duty.

Do I need insurance?

You'll need to have buildings insurance in place before you can exchange contracts. Buildings insurance protects your home against damage. You should also consider insuring your possessions by taking contents insurance as well. Many insurers offer deals when you take contents and buildings insurance at the same time.

Life Cover Insurance

The Co-operative Bank offers mortgage protection provided by Friends Life and Pensions Limited. Our expert mortgage advisers can give you information on taking out Life and Critical Illness Insurance with Friends Life and Pensions.

The protection products available cover a range of critical illnesses.

Visit our web page co-operativebank.co.uk/mortgages/protection for more information about Friends Life Mortgage protection.

How long will it take?

There's no exact answer to this question, as information needs to be shared between many different parties who all have their own processes. If the person selling to you is using the sale to buy a new property, and their sellers are doing the same, any back log up the 'chain' can slow things down.

Friends Life and Pensions Limited

An incorporated company limited by shares and registered in England and Wales, number 475201. Registered office: Pixham End, Dorking, Surrey RH4 1QA. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. **Telephone 0845 600 3122 – calls may be recorded.** www.friendslife.co.uk Friends Life is a registered trade mark of the Friends Life group.

Buying in Scotland

Buying a property in Scotland has some differences:

- You should find a solicitor before you start looking for a property as the process can move quickly. Once you find a property you like, tell your solicitor to 'note interest'. This means informing the seller's solicitor that you're potentially interested in buying it.
- You'll be told the asking price and invited to make a secret bid in writing above this amount – a verbal offer isn't enough. This is called the 'offers over' system. The highest bidder will be legally obliged to buy the property.
- You must apply for a mortgage before making a bid so you know exactly how much you can afford. You should also have a survey of the property carried out before you make a bid as the result may affect the amount you offer.
- A closing date for bids will be announced once the selling agent has been notified of all interested parties. Your solicitor will formally submit your offer and a proposed date of entry (the date by which the money will be transferred and the keys received).
- If your bid is successful, you 'conclude the missives'. This is when both parties' solicitors exchange letters agreeing the date of entry and so on. Once the seller's solicitor sends you a letter of acceptance, you should insure the property.
- You then sign the title deed and receive the 'disposition document' and keys.

It's time to move in.

Getting ready for the big day.

Tips for moving house

- Label your boxes with what's inside and which room you want to put them in. The night before you move, pack a bag with things like tea, coffee, crisps, biscuits, toilet paper, soap, towels – to help you through the first day in your new home.
- Maintain a file of everything relevant to your house purchase.
- If you're leaving a property you'll need to remember to arrange final readings for gas, electricity, telephone and council tax.
- Pack valuable items and important paperwork separately and take them with you.

To make sure you don't miss anything important, you may want to arrange for any mail to be re-directed. You can do this with the Post Office.

Who to contact when you move

As well as your friends and family you'll also need to remember to let some other people know you've moved. For example:

- Bank(s)
- Building society
- Credit card providers
- Insurance companies
- Utilities suppliers
- Your local council
- TV licensing
- DVLA

*This isn't an exhaustive list



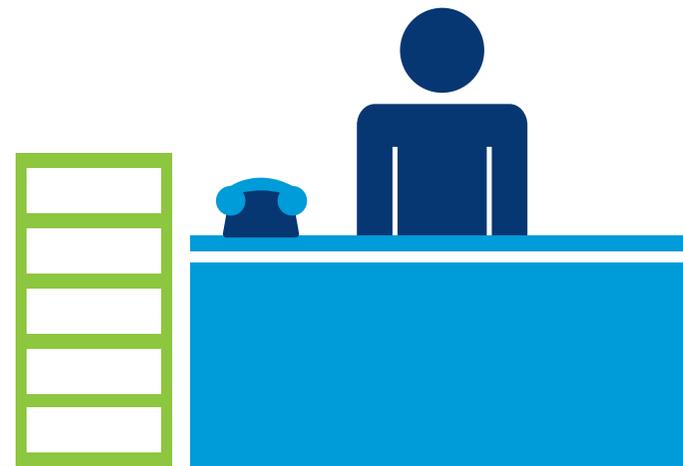
What if I have difficulty making my payments?

As a responsible lender, The Co-operative Bank is committed to helping our customers through any difficulties they might have making their mortgage payments. If you have any concerns about your general financial position, we'd encourage you to speak to us.

We also recommend you check any life assurance and accident or sickness cover that support your mortgage commitments to make sure you have the right level of protection. If we can help you with your protection needs, please call 08000 288 288 or visit your local branch and we'll be happy to help.

For more information about Friends Life protection

visit: co-operativebank.co.uk/mortgages/protection



We hope you've found our guide useful. Remember, **our team is here to offer you expert advice** on finding the right mortgage for you from our range of Britannia mortgages from The Co-operative Bank. They can also go into more detail on anything in this guide.

We hope you'll be very happy in your new home.



Glossary

In case you're not sure what some of the words here mean, we've included some simple definitions.

Advance

This is sometimes used as another term for your mortgage loan. It refers to the amount your lender agrees to lend you.

Annual Percentage Rate (APR)

Shows the rate of interest you will pay on your mortgage over a year assuming you keep the mortgage for the whole of its term and that the interest rate doesn't change during this time. APR allows you to compare how much it will cost you to borrow from different mortgage providers.

Arrears

Arrears is a term to describe payments which are late or overdue.

Asking Price

The price that a person selling a property wants to get for its sale. This is negotiable.

Assets

Anything that you own that could be converted into a cash value.

Bank of England

This is the central bank of the UK and is responsible for maintaining a stable economy. As one of their functions, they set the interest base rate.

Base Rate

This is the interest rate set by the Bank of England that lenders use to set their own interest rates.

Broken interest

A charge for the amount of interest owed for the period between the day you complete your mortgage and the day that the first payment is taken. The broken interest will be collected at the same time as your first repayment

Broker

A broker – or mortgage broker – is someone who can offer you advice on taking out a mortgage. Independent mortgage brokers will be able to help you compare products from different lenders to see which is the best deal. You don't have to use a broker, but if you do you should make sure that they are registered.

Buildings Insurance

Insurance that protects you in case your home is damaged through circumstances like fire, flooding, subsidence etc. Many mortgage offers are dependent on you having buildings insurance on property.

Chain

If you're buying a property from someone who is in the process of buying another property from someone else, this is known as being in a chain.

Completion

Your completion date is the final stage of you purchasing your property. On the day you complete your solicitor will pay the balance owed on the property to the seller's solicitor and your new home legally becomes yours. You'll be able to move in from this date.

Contract

A contract is a legally binding, documented agreement between two or more parties.

Conveyancing

Conveyancing is the name of the process involved in transferring the ownership of a property from one person to another. This process is completed by your solicitor or a qualified conveyancer.

Conveyancer

See above.

Council Tax Band

Your council tax band is decided by your local authority and will affect how much your council tax bill is when you live in that property.

Credit Rating

This is an assessment of how much risk you pose to a lender and is used to assess credit and loan applications.

Decision in Principle

This is your lender saying that in principle, based on their initial checks, they will agree to give you a mortgage. This is not the same as receiving a formal mortgage offer.

Deposit

The money you will have to pay up-front towards buying a property. This is normally expressed as a percentage of the total value of the property you're looking to buy.

Early Repayment Charge

A charge by a mortgage lender if all or part of the loan is paid before a date specified in the mortgage. It may be shorter or longer than the deal period.

Equity

The difference between the value of a property and the value of a mortgage.

Exchanging Contracts

The swapping of contracts between the buyer and the seller. From this point the sale is a legally binding contract.

Exit Fees

If you pay off your mortgage early you may be charged an early exit fee by your mortgage lender.

Financial Conduct Authority

Often abbreviated to FCA this is an independent regulatory body for financial services.

Freehold

If your property is freehold it means that you own both the property and the land that it sits on for an unlimited period of time.

Ground-rent

If you own your property on a leasehold basis you will have to pay this fee to the person who holds the freehold on the property. This is normally a yearly payment.

Guarantor

A person who guarantees that you will make the monthly repayments on your mortgage loan and agrees to be liable for the debt if you don't keep up with your monthly repayments.

Inflation

A rise in general price levels.

Insurance

Insurance is a contractual agreement between you and the insurer to pay compensation for a loss caused by a specified event. You will pay a monthly or annual premium for this agreement.

Joint Application

When you and another person apply for a mortgage together and are jointly and individually responsible for making your monthly repayments.

Joint Mortgage

When you and another person buy a property together and are jointly and individually responsible for making your monthly mortgage repayments.

Key Facts Illustration

This shows you the details of a mortgage deal so that you can compare it against other deals.

Land Registry Fees

The money that you pay to the Land Registry when ownership of land is transferred.

Lease

A contract renting land for an agreed amount of time.

Leasehold

Means you have a right to occupy the property but rent the land it sits on from the person who owns the freehold.

Lender

The Bank, Building Society or financial services provider that agrees to lend you the money for a mortgage loan.

Loan-to-value

Commonly abbreviated to LTV, this stands for loan to value. LTV shows the ratio of the mortgage amount to the value of the property expressed as a percentage.

Mortgage

A mortgage is a loan to help you buy a property. You'll need to contribute towards the cost with a deposit and will be charged a rate of interest on what you owe. Your home will be at risk if you don't keep up repayments on your mortgage loan.

Mortgage Adviser

A mortgage adviser is someone who's qualified to offer you advice. They'll assess your needs and eligibility before recommending the most suitable product for you. Using a mortgage adviser offers the best protection for you as a customer.

Over Payments

You will be told by your lender the amount you must re-pay on your mortgage loan each month. If you want to pay over this amount or make a lump-sum payment this is known as an over-payment and, depending on your lender and mortgage agreement, you may be charged an early repayment charge for doing this.

Portable/porting

This is a feature of a mortgage deal that means if you move house before your current deal has expired, you can transfer your existing mortgage deal to your new property. Not all mortgages are portable and you should check the terms and conditions of your mortgage if you are interested in porting. Lending criteria applies.

Product Fee

Depending on your lender or deal you may be asked to pay a fee to secure your preferred mortgage product.

Prudential Regulation Authority

Commonly abbreviated to PRA, responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.

Purchase Price

This is the amount you buy the property for and it may differ from the amount that the house was originally advertised at.

Repayment Mortgage

Your monthly payment covers the interest payment and an extra amount that goes towards paying off the amount you owe.

Remortgage

When you move your mortgage from one lender to another but you're not moving house.

Repossessed

If you don't keep up with your monthly repayments your lender has a legal right to take possession of your property and sell it to repay the mortgage debt.

Seller

The person selling the property.

Standard Variable Rate

Set by lenders this is a rate which you may move to at the end of a deal period. Not all lenders have an SVR.

Stamp Duty

This is a government tax you have to pay on the purchase of your property. The amount will vary depending on the value of your property and you should check before you buy how much, if any, stamp duty will cost you.

Subject to Contract

If you agree subject to contract you are agreeing that you are going to buy / sell a property but it has not yet become legally binding through the exchange of contracts.

Survey

This is an inspection into the condition of the property that is carried out by a qualified surveyor. There are a number of types of survey which vary in cost and how comprehensive the investigation is.

Title Deeds

These are held at the Land Registry to show that you legally own the property.

Term

The number of years over which you agree to pay back your mortgage.

Under Payment

When you pay less than the agreed minimum monthly repayment amount.

Valuation

An assessment to see how much a property is worth. This is normally used by a lender to check if a property is suitable for them to loan you the money to buy it.

Valuer

A person who conducts the inspection with a view to making a valuation.

Vendor

This is another way that people refer to the seller of a property.

Notes

Notes