

Buying your own home





“ Strategic and
Community Housing
Service works to
meet Haringey’s
current and future
housing need ”

Buying your own home

This leaflet is designed to help you if you are thinking about buying a property for the first time. It tells you the key things you need to consider before signing on the dotted line.

There are many advantages to owning your own home:

- it belongs to you
- you enjoy the benefits of having your own space fitted out as you like
- peace of mind.

Rent usually increases each year, but if you buy a home you could opt for a mortgage that has an interest rate that stays the same for a fixed number of years.

Be aware that interest rates often rise when you least expect it. Therefore what could seem like a small increase could turn out to be a substantial addition to your monthly mortgage payment.

Increased value

Homes will usually increase in value over a period of time but sometimes they will decrease.

If you have bought your own home an increase in value is a great benefit. This is called having 'equity' in the property.

Equity is the difference between the value of the property and the amount of any loan outstanding on it. In the future you could use this equity to help you with your next step up the property ladder or perhaps to make some home improvements.

If you rent, it's your landlord who will benefit from any increased value in the property.

If you can afford it, buying your own home gives you the most freedom in choosing how and where you live. But think carefully before making such a large commitment.

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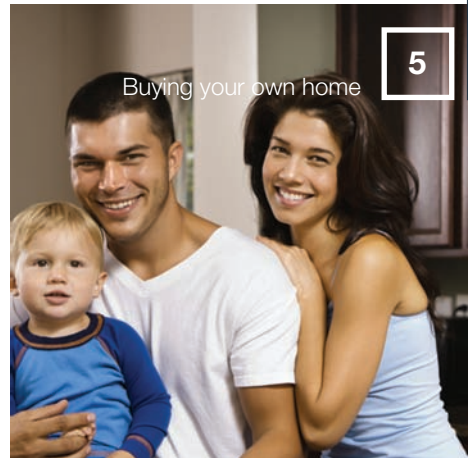
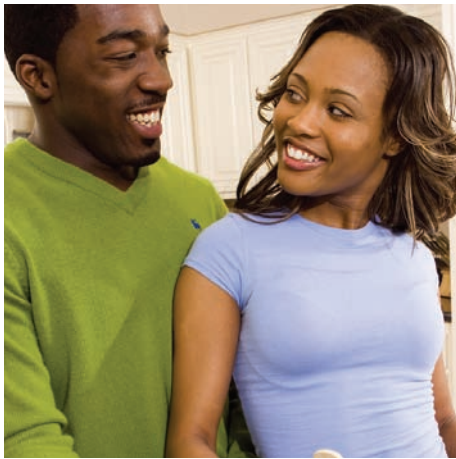
Will I need a deposit?

The amount of money you will need for a deposit varies from lender to lender. Please check with your bank, building society or financial adviser.

How much mortgage can I get?

It varies depending on your circumstances. The lender will usually decide how much money you can borrow based on the amount you can afford to pay back every month.





Options to help you buy your own home

Buying with friends

This is becoming an increasingly popular way to get on the property ladder. However, it's a good idea to get legal advice before you do this.

Having a guarantor

A guarantor is someone who agrees to repay the mortgage if the borrower fails to do so. You could ask someone (like your parents) to do this for you. This is usually a short term option. You can ask to remove a guarantor when you are able to pay off the mortgage yourself. Get legal advice if you decide to look into this option.

Shared ownership

One way to get on the property ladder is to buy a home that's available on a shared ownership basis. For example, you could own 75% of the property while someone else (usually a housing association) owns the rest. You pay a mortgage on 75% and rent on the other 25%. You would also have the option to buy more of the property in the future.

To find out more about shared ownership:

- see our leaflet called Home Ownership Options. This is available from any of our Customer Service Centres.
- speak to our Housing Advice and Options Team. **See the useful contacts section at the end of this booklet.**

Mortgages

A mortgage is like any other kind of loan – you borrow money, and you pay it back with interest over a period of time. But it has one key difference: it's secured against your home. So if for any reason you can't repay it, the lender can sell your home to recover their money.

There are two main types of mortgage: 'repayment' and 'interest only'.

Repayment mortgage

Every month, your payments to the lender go towards reducing the amount you owe, as well as paying the interest they charge. So each month you're paying off a small part of your mortgage.

The pros: It is simple and clear – you can see your loan getting smaller.

The cons: In the early years your payments will be mainly interest. That means if you want to repay the mortgage or move house after a short time, you'll find that the amount you owe won't have gone down by very much.



Interest only mortgage

As the name suggests, your monthly payment only pays the interest charges on your loan – you're not reducing the loan itself. You will therefore need to arrange some other way to repay the loan at the end of the term, such as through an investment or savings plan.

If you choose this option you will need to check that your investment or savings plan grows accordingly, so that at the end of the term you'll have enough money to pay off the loan. If it doesn't grow as planned, you will have a shortfall and you'll need to think about ways of making this up. Your bank or building society will provide you with further information on how to do this.

The pros: Because you're only paying off the interest, and not the loan itself, your monthly payments will be lower.

The cons: That debt is not going to go away. Throughout the life of the mortgage, you'll need to check your investment or savings plan is on track to repay your loan at the end of the term. If you can't repay it at the end of the term, you could lose your home.



Interest rate deals

As well as choosing a 'repayment' or 'interest only' mortgage, you will have to choose an interest rate deal. There are many types available so shop around for the best deal for you.

Other options

There are other variations of mortgages available. You can find out more by talking with your mortgage adviser.

Additional costs

When you buy a property you will have to pay for a survey, legal fees, and Stamp Duty Land Tax, as well as the cost for arranging the mortgage, moving in and making the property your home.

Surveys

There are three main types of survey: a valuation survey, a homebuyer survey, and a building survey. The information given in each type varies, as does the cost. Whichever one you choose, you will have to pay for it.

Moving costs

These can be expensive, so shop around. Some removal companies offer transport only, others include a packing service.

You could also move your belongings yourself by hiring a van and asking friends or family to help.

Stamp Duty Land Tax

This is one of the major costs involved in buying a property. You will not need to pay Stamp Duty Land Tax if the property costs £125,000 or less. Above this amount you will pay 1%, 3% or 4% of the total purchase price of the property.

Up until March 2012, first time buyers will not need to pay this tax on a property under £250,000.

Legal fees

You will need a solicitor to do the legal work involved in buying your home. Ask for an estimate of charges before choosing one to act on your behalf.

Tenure of property

Freehold

By buying a freehold property, you are not only purchasing the bricks and mortar of the building, but also the ground on which the building stands.

Leasehold

When you buy a leasehold property, you buy only the right to live there for the duration of the lease. Buying a leasehold property is usually cheaper than a freehold property.

Making the property your home

You will also need to buy furniture and fittings, such as carpets, curtains and kitchen goods.

Sometimes you will be asked if you would like to buy these as well as the property. If you do, you will normally pay this cost when you exchange contracts.

Running costs

Take care to include day to day costs when considering whether you can afford to buy a home.

- Council tax
- Buildings insurance
- Contents insurance
- Life insurance
- Water rates
- Gas
- Electricity
- Telephone
- Television licence
- Service charges (if the property is leasehold)
- Maintenance (you will need to keep the structure in good condition and carry out regular repairs to the inside and outside of your home).

Always remember that purchasing a property is a serious commitment.

When you are absolutely sure that you wish to purchase a property, think ahead and make sure that the place you buy will be suitable for your needs in the next few years.

- Are you planning to settle and start a family or do you expect to be moving on in a year or so?
- Are local facilities, transport and shops suitable?
- Is there a nursery or a school nearby?

Your home may be repossessed if you do not keep up payments on your mortgage.

Useful contacts

Haringey Council Customer Services

Telephone: 020 8489 1000

Website: www.haringey.gov.uk

Typetalk: 18001 020 8489 1000

Visit one of our Customer Service Centres, open Monday to Friday, 8.45am to 5pm

Hornsey Customer Service Centre

Hornsey Town Hall Annexe

The Broadway

Crouch End

London N8 9JJ

North Tottenham Customer Service Centre

639 High Road

London N17 8BD

South Tottenham Customer Service Centre

Apex House

820 Seven Sisters Road

London N15 5PQ

Wood Green Customer Service Centre

48 Station Road

London N22 7TY

Council Tax information

Website: www.haringey.gov.uk

Email: council.tax@haringey.gov.uk

For more information about the advice provided in this leaflet contact our **Housing Advice and Options Team**

Telephone: 020 8489 4309

Typetalk: 18001 020 8489 4309

Email: housing.advice@haringey.gov.uk

Website: www.haringey.gov.uk/housing

By post: Housing Advice and Options Team
Haringey Council
Apex House
820 Seven Sisters Road
London N15 5PQ



Français

Ce feuillet fournit des informations sur l'achat d'un logement. Pour en recevoir un exemplaire dans votre langue, veuillez cocher la case, compléter votre nom et adresse et renvoyer le formulaire à l'adresse en port payé ci-dessous.

Shqip

Kjo fletushkë përmban informata mbi blerjen e shtëpisë tuaj. Nëse e doni këtë në gjuhën tuaj, ju lutem shënjoni kutinë, plotësoni emrin dhe adresën tuaj dhe dërgojeni formularin tek adresa e mëposhtme me Postim Falas.

Kurdî Kurmancî

Ev belavok li ser kirîna xanîyê xwe, agahîyê dide we. Heke hun vê bi zimanê xwe dixwazin, ji kerema xwe qutîkê îşaret bikin, nav û navnîşana xwe binivîsin û formê ji navnîşana posta bêpere ya jêrîn re bişînin.

Soomaali

Warqaddan waxa ku qoran macluumaad ku saabsan sidii aad gurigaaga u iibsana lahayd. Haddii aad rabto iyadoo luqaddaada ku qoran, fadlan calaamadi sanduuga, ku qor magacaaga iyo cinwaankaaga oo foomka ku soo dir cinwaanka boostiisu lacag la'aanta yahay ee hoose.

Polski

Niniejsza publikacja zawiera informacje na temat kupna domu lub mieszkania. Aby otrzymać tekst publikacji w języku polskim należy zaznaczyć odpowiednią rubrykę, wpisać nazwisko i adres oraz odesłać formularz bezpłatnie na podany poniżej adres.

Türkçe

Bu broşür kendi evinizi nasıl satın alabileceğiniz konusunda bilgi sunmaktadır. Eğer broşürün Türkçe kopyasını edinmek istiyorsanız, lütfen uygun kutucuğu işaretleyin, adınızı ve adresinizi yazarak formu aşağıda belirtilen ücretsiz posta adresine gönderin.

Please tell us if you would like a copy of this leaflet in another language that is not listed above or in any of the following formats, and send the form to the Freepost address below.

- In large print On audio tape In Braille
- In another language, please state: _____



Name: _____ Tel: _____

Address: _____

Email: _____

Please return to: Freepost RLXS-XZGT-UGRJ, Haringey Council,
Translation and Interpretation Services, 8th Floor, River Park House, 225 High Road, London N22 8HQ

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