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# A guide to buying your own home

## The responsibilities & considerations

Hammersmith & Fulham Council



Mortgage/Rent

HOME INSURANCE

## This leaflet will consider

The Hammersmith & Fulham Home Buy products

Differences between being a tenant and a home owner

The advantages of being a home owner

The additional financial responsibilities of being a home owner

Being financially aware and managing your money

Mortgages

The transition to becoming a homeowner brings a range of advantages and responsibilities.

The property market in the United Kingdom has seen steady growth in the past thirty years and it is the basis for most people's personal wealth.

h&f Home Buy has been established by Hammersmith & Fulham Council to enable tenants, residents and key workers in the Borough to become home owners outright or have an equity holding in their home.

## Managing your money and budgeting

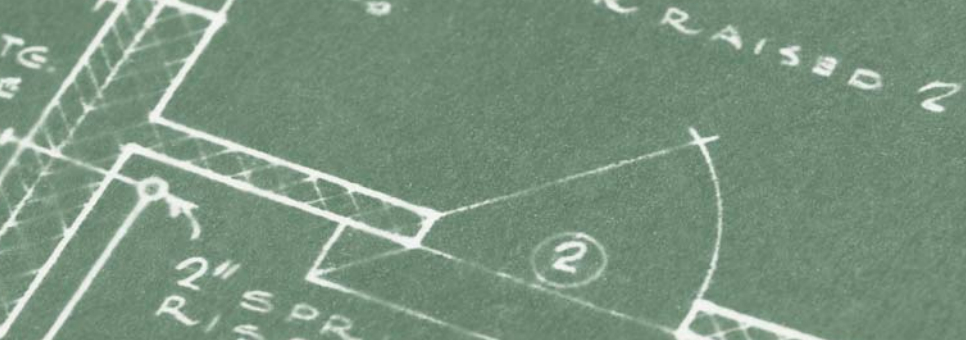
If you are considering embarking on home ownership you need to assess your financial position.

It is always useful to consider the following before drawing up a weekly or monthly budget.

- Income
- Expenditure
- Money that you owe, ie: loans, credit cards, store cards, catalogues and hire purchase agreements

You should consider whether you have a current surplus of income over expenditure and what your increased expenditure will be in purchasing a home.

CHAS Central London are independent advisers on all housing and debt related issues and will be pleased to give advice on drawing up a weekly or monthly budget and how to manage your money efficiently following the process of buying a home.



## Obtaining a mortgage

There are many mortgage products that are available to potential home owners and it is important that you seek professional advice on the best mortgage suitable for your circumstances.

It is recommended that you obtain advice from a Mortgage Broker who is authorised to give independent financial advice by the Financial Services Authority.

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

## Advantages of being a home owner

Property prices in the London Borough of Hammersmith & Fulham have risen dramatically over the past few years which has resulted in tenants, first time buyers and key workers being unable to afford to buy a home.

The h&f Home Buy products have been designed to assist those interested in home ownership make the transition from tenant to home owner and to realise their ambition.

It is important to remember that property values, as well as increasing, can decrease.

## h&f Home Buy products

### **New Build Homebuy**

This is a part-buy, part-rent scheme previously known as shared ownership and enables residents and workers in the Borough to buy a share of a newly built property with a mortgage and pay rent on the remaining share.

### **Open Market Homebuy**

This enables key workers, council tenants and housing association tenants to buy a property on the open market with the assistance of an equity loan.

### **Social Homebuy**

This enables council tenants and housing association tenants to buy a share in their property at a discount.

### **First time buyers initiative**

This enables first time buyers to purchase a new home with an affordable mortgage and government assistance.

### **Right to buy**

This enables council tenants to buy their council property outright at a discount.

### **Right to acquire**

This enables housing association tenants to buy their current property outright at a discount.

### **Key worker intermediate rent**

This enables key workers to rent accommodation at a level below that offered by the private sector.



## The transition to being a home owner - the different responsibilities.

As a tenant you generally pay rent and you have a responsibility to pay the rent promptly.

In addition you will have a responsibility to maintain the interior of your accommodation including decoration. Your landlord whether it is the council, housing association or a private landlord will generally have a responsibility for all external repairs and decorations, public ways, lifts, gardens and insurance.

As a home owner you will have a responsibility as a freeholder or leaseholder for all or a percentage of external repairs and decorations, public ways, lifts, gardens and insurance.

If you are a leaseholder you will pay a service charge for these items as well as a ground rent which all leaseholders pay annually.

When deciding on the h&f Home Buy product which is right for your circumstances you will have to consider what your housing costs are likely to be and what initial costs you will have to consider in purchasing your home.

As a homeowner you will have the following costs, depending upon the h&f Home Buy product:

- Mortgage
- Rent
- Service charges

This is a payment you make half yearly or yearly to cover the cost of maintaining the building and for the services provided by your landlord.

- Ground rent

This is an annual payment made (if you are a leaseholder) to the landlord for having a home on land in their ownership.

- Insurance

This is a payment due annually to cover the cost of insuring your home against fire and other perils.

- Repairs/maintenance provision

If you become a leaseholder the lease document will set out your responsibilities and the landlords responsibilities for repairing and maintaining your building.

Generally you will need a figure in the region of £4,000 to £5,000 in savings to pay the deposit, legal fees, survey and insurance costs to complete the purchase of your home.

Below is an indication of the costs associated with purchasing a property:

### Deposit

You should have a deposit available from your savings-this could be in the region of £2,000/£3,000.

### Legal fees

Solicitors normally charge 1% of the purchase price as a conveyancing fee.

### Valuation/surveyors fees

You can contact a surveyor/valuer by accessing [www.rics.org](http://www.rics.org)

### There are three types of valuations/surveys

- Mortgage valuation
- Home buyers report-cost around £250-£800
- Full structural survey-cost up to £1,000

### Stamp duty

This is a tax payable to the Government in respect of your purchase:

Purchase Price and Percentage of Tax	%
Up to £125,000	0
£125,001 to £250,000	1
£250,001 to £500,000	3
£500,001 or more	4