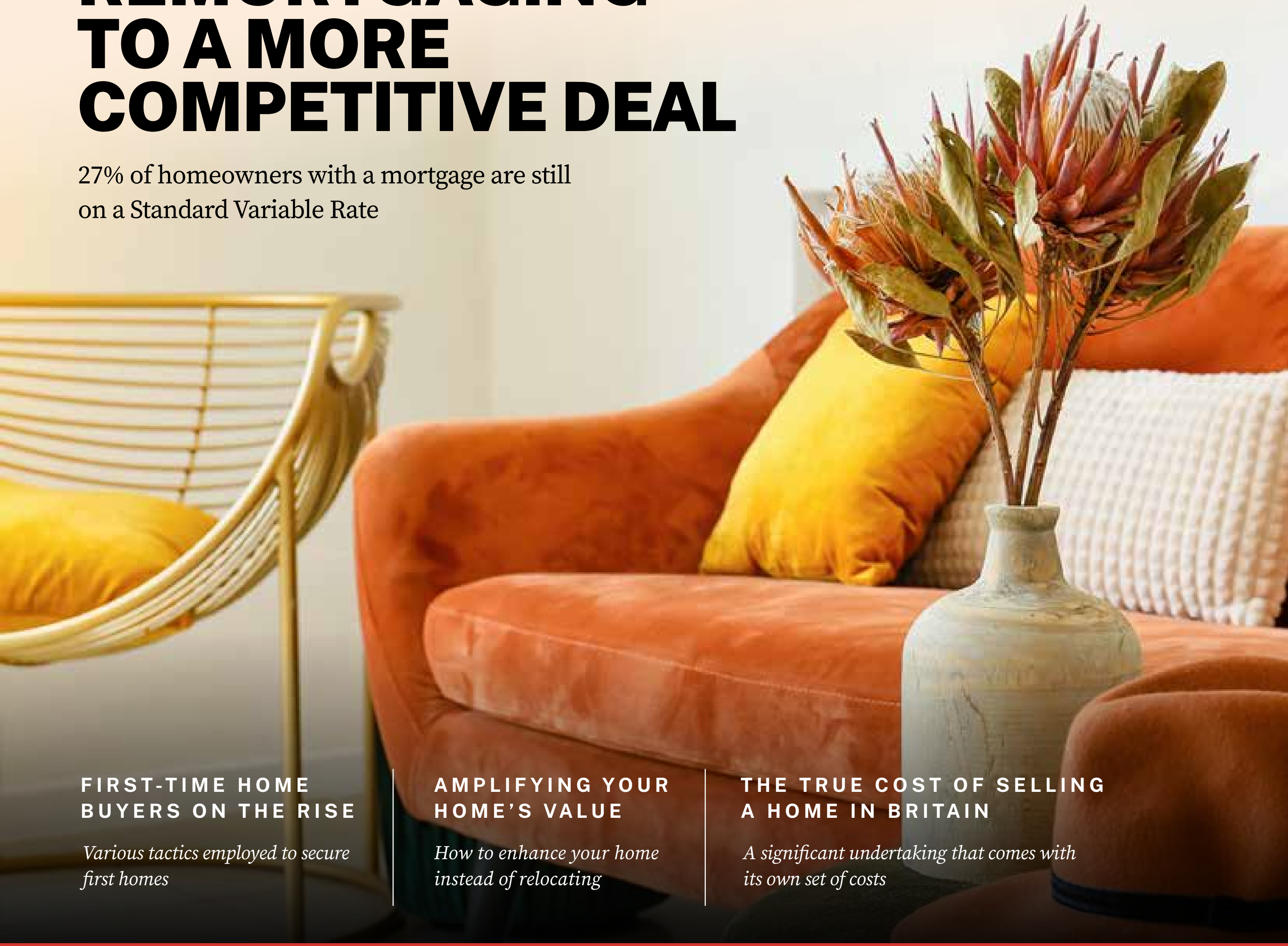
THE
MORTGAGE & PROPERTY
MAGAZINE

ISSUE 12 - AUTUMN 2023

REMORTGAGING TO A MORE COMPETITIVE DEAL

27% of homeowners with a mortgage are still on a Standard Variable Rate



FIRST-TIME HOME BUYERS ON THE RISE

Various tactics employed to secure first homes

AMPLIFYING YOUR HOME'S VALUE

How to enhance your home instead of relocating

THE TRUE COST OF SELLING A HOME IN BRITAIN

A significant undertaking that comes with its own set of costs

IMC FINANCIAL SERVICES
Lambourn House,
17 Sheen Lane, Mortlake,
London, SW14 8HY

T: 020 3761 6942
E: info@imcfs.co.uk
W: https://imcfs.co.uk

Autumn 2023

Mortgage finance

Selling property

ON THE COVER

Remortgaging to a more competitive deal - 27% of homeowners with a mortgage are still on a Standard Variable Rate

Selling property

Property matters

Property investment

Financial protection

Property glossary

Welcome

WELCOME TO the Autumn 2023 quarterly issue of *The Mortgage & Property Magazine* from IMC Financial Services.

If you're currently on your mortgage lender's Standard Variable Rate (SVR), you will have noticed a considerable increase in your monthly repayments due to numerous interest rate hikes by the Bank of England in recent times. According to data, 27% of homeowners with a mortgage are still on their lender's SVR. Given the current economic climate, one in ten homeowners on an SVR were concerned about lenders scrutinising their finances. They didn't realise getting a more competitive mortgage deal could be possible. Read the full article on page 31.

According to data, the housing market has witnessed a surge in first-time buyers, with mortgage searches for this group rising by over 20%. On page 30, we consider how this trend suggests that first-time buyers are capitalising on the current slowdown in the housing market to make their initial foray into homeownership.

On page 49, we see how the journey to selling your home in Britain now has an average price of £5,413. This latest figure is primarily driven by estate agency fees, which comprise 81% of the total cost, approximately £4,400. Another significant amount comes from conveyancing, accounting for 14% and costing sellers around £776. The remaining costs are split between disbursements and Energy Performance Certificates (EPCs).

As we grappled with the pandemic, a new housing trend emerged – the 'quest for space'. This trend saw many UK homeowners re-evaluating their living conditions under lockdown and opting for larger residences, typically with larger outdoor spaces. While some of these trends may have slightly reversed post-pandemic, the 'quest for space' remains crucial if you consider enhancing your home instead of relocating. Read the article on page 78.

A complete list of the articles appears on pages 03 to 05.

Navigating the world of mortgages and property can often seem daunting. However, armed with the right information and guidance, achieving your homeownership or property investment dreams should be an exciting journey. We hope our magazine gives you the insights you need to make informed decisions. To learn more about how we can help you with expert professional advice, please contact us to discuss your requirements – we look forward to hearing from you. We hope you enjoy reading this issue. ◆

Andrew Jackson, Director

THE MORTGAGE & PROPERTY MAGAZINE

EDITOR-IN-CHIEF
Rachel Garrahan

DEPUTY EDITOR Harrison Gordon **ASSOCIATE EDITOR** Samantha Jones

EDITORIAL
LIFESTYLE EDITOR Millie Best

EDITORIAL CONTRIBUTORS
Edwin Clement, Charles Magnus, Matt Willis, Lucy Bowen, Toby Hickman, Patsy North, Trixie D'Arcy, Matt Woolf, Claudia Lysander, Tobias Spencer, Josh Hartwell, Charlotte Roberts, Felix Wong, Ella Crosbie, Jack Reid, Emily Hall, Jan Conrad and Leonardo Harris.

ART
SENIOR ART EDITOR Jim Kirk
ASSISTANT ART EDITOR Ryan Curran **PICTURE EDITOR** Dom Peterson

STRATEGY AND PLANNING
CONTENT PLANNING EDITOR Spencer Williamson **CONTENT EDITOR** Sam Howard

PRODUCTION
SENIOR PRODUCTION COORDINATOR Steve Wright **PRODUCTION CONTROLLER** Kathryn Chen **DIGITAL PROJECT MANAGER** Tim Shelton

PUBLISHING
SENIOR ACCOUNT DIRECTOR Francis Clarence **ACCOUNT MANAGER** Amelia Eldon

GOLDMINE MEDIA LIMITED
124 City Road, London EC1V 2NX.

T: 0845 686 0055
E: info@goldminemedia.co.uk

The Mortgage & Property Magazine is published quarterly for IMC Financial Services by Goldmine Media Limited. All enquiries should be addressed to The Editor, The Mortgage & Property Magazine, c/o Goldmine Media Limited, 124 City Road, London EC1V 2NX.

Start your journey to homeownership

Multiple affordable schemes and initiatives to get you moving

"If you want to purchase a home, you've likely encountered the term 'affordable housing'. This refers to homes available for purchase or lease at a cost lower than their actual market value."

IF YOU WANT TO purchase a home, you've likely encountered the term 'affordable housing'. This refers to homes available for purchase or lease at a cost lower than their actual market value. This is often part of a programme supported by governmental or local authorities.

You're not alone if you've been dreaming of owning your first home or moving to another home but find the financial hurdle daunting. Additionally, multiple schemes with varying eligibility criteria have led to confusion about how they function and who can benefit from them.

LET'S DELVE INTO THESE OPTIONS:

First Homes Scheme: A leg up on the property ladder

Aimed at assisting first-time buyers in England, the First Homes Scheme offers certain new build homes at 30% to 50% less than their market value. To qualify, you must be over 18, a first-time buyer, capable of securing a mortgage for at least half the price of the home, and have a total household income of no more than £80,000 (£90,000 in London).

Note that the home will always remain within the scheme, meaning when you sell, you must offer your buyer the same percentage discount as you received. Although the scheme is beneficial, availability might be limited. Visit *www.gov.uk/first-homes-scheme* for more information.

Shared Ownership: An alternative path to homeownership

Shared Ownership allows you to buy a share of a leasehold property – between 10% and 75% – and pay rent on the remaining portion. Over time, you can increase your owned share, a process known as 'staircasing'. Local authorities or housing associations manage these schemes.

The latest government model, launched in April 2021, introduces several new features, making it an excellent option for those who can't currently afford to buy in their desired area or purchase a property of the size they need. For full information, including how to apply, visit *www.gov.uk/shared-ownership-scheme*.

Deposit Unlock: Your key to competitive mortgage rates

Deposit Unlock, a privately run scheme similar to the government's original NewBuy scheme, can be a game-changer if you have a 5% deposit. With 50 builders now to choose from, you can buy a new build home from one of the house builders participating in the scheme and benefit from an insurance-backed guarantee, allowing you to access competitive 95% LTV mortgage rates.

This scheme is open to everyone, not just first-time buyers. Visit the Deposit Unlock website for more details at *www.deposit-unlock.co.uk*.

Mortgage Guarantee Scheme: Assurance lessens the risk for mortgage lenders

The Mortgage Guarantee Scheme, similar to Deposit Unlock, provides a viable route for potential homeowners to purchase a property with just a 5% deposit. The government's involvement sets this scheme apart – they guarantee 15% of the loan. This assurance lessens the risk for mortgage lenders, providing a safety net if buyers default on their mortgage payments. This scheme has already paved the way for thousands of households to own homes and will remain open until December 2023.

Rent to Buy: Time to build up a deposit to buy a share or the entire property
Another avenue for prospective homeowners is the Rent to Buy scheme, which varies depending on the provider and location. For instance, in England and Northern Ireland, individuals can rent a newly built home roughly 20% below the market rent for up to five years. The money saved during this period can then be used to build up a deposit to buy a share or the entire property. Meanwhile, in Wales, tenants paying market-value rent have the option to buy the property after two to five years of occupation. They receive back 25% of the rent paid and 50% of any increase in the property's value as their deposit.

Forces Help to Buy: A helping hand for Armed Forces personnel
If you're serving in the armed forces, you may be eligible to borrow up to 50% of your annual salary, to a maximum of £25,000, interest-free for ten years. This Forces Help to Buy scheme is a pay advance that can be used to buy or adapt a home.

Developer Incentives: The icing on the cake
Beyond these schemes, developers often sweeten the deal with various incentives. These can include covering Stamp Duty (or Land Tax) fees, footing the bill for legal fees, offering free upgrades like flooring and appliances, and even gifting cash or gift cards for furnishing the new home. Some incentives may work in tandem with existing schemes, such as paying a few months' rent on a Shared Ownership home. While eligibility for these incentives often depends on specific criteria or a stroke of luck, they are worth exploring to reduce initial costs and enjoy additional benefits.

Lifetime ISA: A boost for your savings
The Lifetime Individual Savings Account (LISA) is a savings product designed to aid you in accumulating funds for a home deposit or retirement. You can contribute up to £4,000 annually, and the government will augment this with a 25% bonus, up to a maximum of £5,000. To be eligible, you need to be aged between 18 and 39. Even better, you can continue to earn the bonus on new payments into the ISA until you reach the age of 50. ◆

>> READY TO TAKE THE NEXT STEP? <<
If you're considering which schemes might be the right fit for you, don't hesitate to get in touch. We're here to help you make your dream of homeownership a reality. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

"A strong credit score can increase your chances of getting approved for a mortgage."

Applying for a mortgage

How to make sure you're mortgage-ready to simplify the journey

NAVIGATING THROUGH many mortgage deals and sorting out the heaps of paperwork can be daunting and labour-intensive. However, we're on hand to assist you and simplify this journey.

From understanding the different types of mortgages to tips on streamlining the application process, we're here to help you every step of the way.

HERE ARE STEPS YOU'LL NEED TO CONSIDER TO ENSURE YOU ARE MORTGAGE-READY:

Gather your financial paperwork: This includes proof of income, assets, debts and credit history. Lenders will need this information to assess your financial stability and determine the risk of lending to you.

Strengthen your credit: A strong credit score can increase your chances of getting approved for a mortgage and help you secure a lower interest rate.

Know what you can afford: Determine your budget before applying for a mortgage. Consider not only the mortgage payments but also other costs associated with homeownership, such as Stamp Duty, insurance and maintenance.

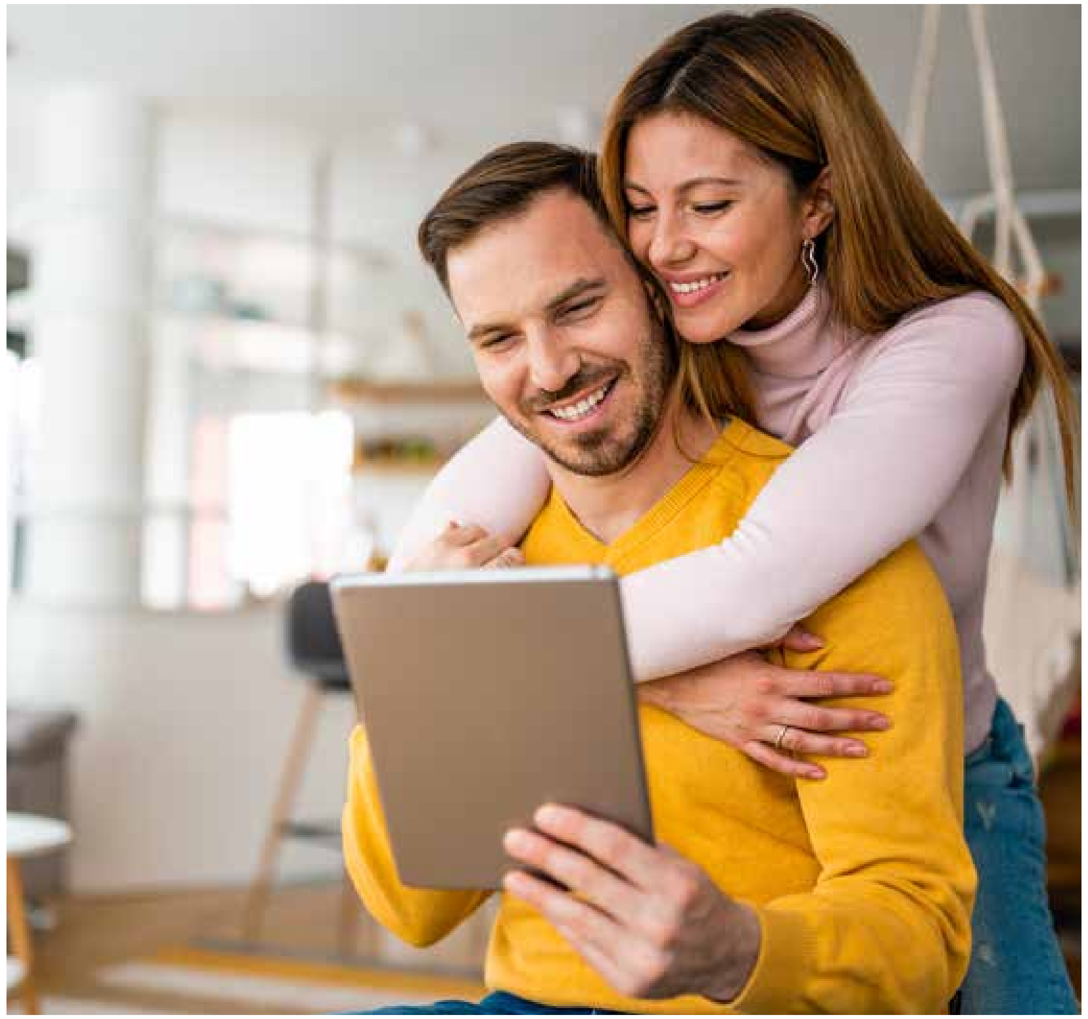
Build your savings: A substantial amount saved can increase your chances of mortgage approval. It can also help cover the deposit, fees, moving and unexpected expenses.

Understand mortgage loan requirements: Every mortgage type has its unique requirements. Understanding these requirements will help you choose a mortgage that best suits your needs.

Choose the right mortgage type: There are different types of mortgages available, such as fixed rate, variable rate and government-insured mortgages. Each type has advantages and disadvantages, so consider your long-term plans and financial situation before deciding.

Compare mortgage rates and loan types: Different lenders offer different mortgage rates and loan types. Comparing these can help you find the most affordable and suitable mortgage for your needs. ◆

>> READY TO TAKE CONTROL OF YOUR FINANCIAL FUTURE TODAY? <<
Finding and applying for the right mortgage doesn't have to be daunting. We're here to guide you through every step of the process. Whether you're a first-time homebuyer eager to take that initial leap or an experienced homeowner planning your next move, we've got you covered. Please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



DECODING MORTGAGE CHOICES

Making the right mortgage choice could save hundreds or even thousands of pounds

WHEN CHOOSING A mortgage, many borrowers gravitate towards a fixed-rate deal that spans two to five years. This option brings predictability, with repayment amounts staying constant for the duration of the deal.

FIXED RATE OR TRACKER MORTGAGE?

Nonetheless, this doesn't necessarily mean a fixed rate mortgage fits everyone's situation best. If the base interest rate were to drop, they would miss out on having lower monthly repayments. Conversely, they would be in for higher costs if the rate increased. This variability may lead some to choose a tracker mortgage, especially with some commentators predicting a dip in base rates later this year. A tracker mortgage could offer instant reductions in the interest you pay. The choice, therefore, boils down to whether you prefer certainty or flexibility.

EVALUATING MORTGAGE TERM LENGTHS

The term length of the mortgage also plays a significant role in someone's decision. Traditionally, 25-year terms have been popular, but with rising house prices, more people are leaning towards 30-year mortgages to minimise their monthly repayments. However, with mortgage rates soaring over the past year, committing to such a long-term deal may not be the wisest move. Making the right mortgage choice could save hundreds or even thousands of pounds, whether buying a home or remortgaging.

FIXED RATE MORTGAGE

A fixed rate mortgage is appealing if someone seeks predictable monthly repayments. It offers the comfort of knowing exactly what their repayments will be for the duration of the deal, helping them budget effectively and avoid unexpected bills if interest rates increase. However, with mortgage rates having risen significantly since December 2021, it's crucial to opt for a fixed deal only if you plan to retain your house for the duration of the deal, typically two to five years. Exiting the deal early could result in an early repayment charge.

STANDARD VARIABLE RATE MORTGAGE

The Standard Variable Rate (SVR) is the lender's default rate and is typically higher than fixed rate or tracker deals, making it an unlikely choice for most borrowers. The SVR can fluctuate and doesn't necessarily track the base rate like tracker mortgages. Generally, someone will roll onto the SVR automatically if their fixed deal expires and they haven't arranged a new deal.

THE GUARANTOR MORTGAGE

A guarantor mortgage involves having a parent or another family member agree to cover mortgage repayments if someone cannot make them. This arrangement might allow them to borrow more and take the first step onto the property ladder, even with a small deposit. However, it requires careful consideration as the family members will be liable to cover the repayments should they fall behind.

LONG-TERM MORTGAGES

Opting for a longer mortgage term can lower monthly repayments, making it easier to manage finances. However, longer terms mean paying interest for a more extended period, leading to higher overall costs. On the other hand, shorter mortgage terms allow for quicker repayment but come with larger monthly payments. It's important not to overstretch financially. ◆

>> READY FOR EXPERT ADVICE TO GUIDE YOU THROUGH EVERY STEP OF THE MORTGAGE PROCESS? <<

We're here to ensure that your mortgage journey is smooth and straightforward. Whether it's your first time dipping your toes in the property market or looking to switch up your mortgage deal, we've got you covered. Our experts will guide you through every step, providing advice tailored to your unique circumstances. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Managing mortgage payments without a steady income stream

A well-crafted contingency plan is essential to mitigate the financial strain

THE LOOMING THREAT of unemployment can understandably be a source of trepidation, especially for homeowners responsible for mortgage payments. This concern is heightened amid an unpredictable economy. Preparing a well-crafted contingency plan is essential to mitigate the financial strain of such unfortunate circumstances.

The question then arises: how do you manage mortgage payments without a steady income stream? The key lies in maintaining transparent communication with lenders, exploring options like mortgage holidays, and considering interest-only agreements to ease financial pressure.

TRANSPARENT COMMUNICATION WITH LENDERS

Engaging in open dialogue with your lender is crucial when facing unemployment and the subsequent inability to meet mortgage repayments. Neglecting the situation escalates financial stress. Lenders often empathise with borrowers undergoing tough circumstances and may be willing to devise a plan of action for those who approach them promptly.

Be candid about your situation, including details of job loss and other pertinent financial challenges. Some lenders may offer forbearance programmes or hardship plans that temporarily suspend or reduce mortgage payments until the borrower's financial situation stabilises. But remember, open communication is the first step towards these solutions.

EXPLORING MORTGAGE HOLIDAYS

Mortgage holidays, widely recognised during the pandemic, offer a temporary respite from repayments. These can be a viable solution for homeowners facing a sudden income loss. Regular mortgage payments are not mandated during this period, offering relief during financially uncertain times.

However, it's critical to understand that a mortgage holiday doesn't equate to debt forgiveness. Instead, the deferred payments are added to the overall mortgage balance, extending the loan term. Therefore, homeowners must carefully consider the implications of a mortgage holiday, as it may lead to slightly elevated monthly payments once repayments resume.

CONSIDERING INTEREST-ONLY MORTGAGES

Switching to an interest-only mortgage is another alternative when grappling with financial hardship. In this arrangement, borrowers are only required to pay the interest on their loan each month – not the principal. This reduces monthly payments, providing immediate relief to those with limited or no income.

However, it's important to note that while an interest-only mortgage offers temporary financial relief, the loan balance remains unchanged. Therefore, the total amount owed on the mortgage does not decrease over time, and the borrower will eventually need to repay the loan over an extended period or with higher monthly repayments.

REVIEWING EXPENSES AND BUDGETING

In the face of unemployment, it's crucial to reassess your overall financial situation and identify areas where expenses can be curtailed. This involves creating a budget prioritising essential expenses like housing, utilities and food. You can extend your savings and manage your finances by reducing discretionary spending and non-essential items until a new job opportunity presents itself.

LEVERAGING GOVERNMENT SUPPORT AND INSURANCE

Various government support schemes are available for individuals grappling with income loss, including unemployment benefits, Universal Credit and other assistance programmes like the Support for Mortgage Interest (SMI) scheme. Investigate these options and apply for any support you may be eligible for.

Additionally, review insurance policies, such as mortgage protection insurance or income protection insurance. Depending on the policy's terms, it may provide financial support during periods of job loss or illness, helping to cover mortgage repayments temporarily.

INFORMED DECISIONS TAILORED TO YOUR SPECIFIC CIRCUMSTANCES

Unemployment as a homeowner during a cost of living crisis is undoubtedly challenging. However, with the right approach and expert professional advice, navigating these tough times and finding solutions to manage mortgage payments effectively is possible. Remember, seeking advice can be invaluable in making informed decisions tailored to your specific circumstances. ◆

>> DO YOU REQUIRE FURTHER INFORMATION OR GUIDANCE ON MANAGING YOUR MORTGAGE? <<

Don't hesitate to reach out if you require further information or guidance on managing your mortgage during unemployment. We're here to help you navigate this difficult time and find effective solutions tailored to your needs. To discuss your options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

LONGER-TERM FIXED RATE MORTGAGES

Understanding the difference between 'deals' and 'terms' is crucial

"It's essential not to confuse a fixed-rate deal with a mortgage term. Unlike having a fixed percentage rate throughout the mortgage's lifespan, the amount you pay varies over your mortgage's life."

ARE YOU PONDERING over whether to get a long-term fixed rate mortgage? The choice can be overwhelming, with lenders offering two, three, five and even ten-year deals, while others provide options that last even longer. This article will guide you through the different aspects of long-term fixed rate mortgages.

When it comes to mortgages, understanding the difference between 'deals' and 'terms' is crucial. The mortgage term refers to the loan's lifespan, indicating how long it will take to pay off the entire mortgage. Traditionally, a 25-year mortgage was standard for first-time buyers. However, due to rising house prices, many are now opting for a 30-year term or longer.

WHAT'S THE IMPLICATION OF A LONGER MORTGAGE TERM?

A longer mortgage term allows for more spread-out mortgage repayments, making them more affordable monthly. However, this means you'll be making interest repayments for a longer duration, which could make the total loan more expensive.

It's essential not to confuse a fixed-rate deal with a mortgage term. Unlike having a fixed percentage rate throughout the mortgage's lifespan, the amount you pay varies over your mortgage's life. Most people choose a fixed rate deal for two, five or even ten years, ensuring the interest paid each month remains constant for that period. Many homeowners switch to a new fixed rate deal when their current one ends to avoid their lender's costly default tariff, known as a standard variable rate.

CAN YOU TAKE A NEW FIXED RATE DEAL FREQUENTLY?

Even with a 30-year mortgage term, homeowners have the flexibility to take out a new fixed rate deal every few years. Some lenders offer fixed rates for more than ten years, although this is rare and comes with certain downsides.

If you're undecided about the length of your mortgage deal, consider these questions: Do you think rates will be higher or lower than they currently are in two, five and ten years' time? It's crucial to remember that predicting future mortgage rates is impossible. However, interest rates are unusually high at present due to the Bank of England's efforts to curb inflation.

THE LIGHT AT THE END OF THE TUNNEL

There may be hope on the horizon. The Bank of England anticipates that inflation will decline by the end of 2023 and into 2024, which may cause the base interest rate to fall, potentially causing mortgage rates to decrease.

Long-term fixed rate mortgages are typically only available to those with large deposits, making them less useful for first-time buyers who can often only afford a 10% deposit. If you were to lock into a high rate and stick with that mortgage for the entire term, you could miss out on cheaper interest rates as you build up more equity in your home.

THE ADVANTAGES AND DISADVANTAGES OF LONG-TERM FIXED RATE MORTGAGES

Though the economy's future remains unpredictable, locking in a long-term mortgage deal can offer benefits and disadvantages. Understanding these can help you make an informed decision.

THE UPSIDE: PREDICTABILITY AND PROTECTION

One of the significant advantages of a long-term fixed rate mortgage is the predictability it offers. Your monthly repayments remain the same throughout the deal, freeing you from worrying about fluctuations in the broader mortgage market. You're cushioning yourself against interest rate hikes.

Suppose you secure a five-year deal and interest rates rise during this period. In that case, switching to a new deal may mean

paying a higher rate than your current one. However, if interest rates fall before your deal ends, you might pay more than newer deals.

TIME-SAVING AND FINANCIAL BENEFITS

Those on short-term deals often find themselves shopping around for a new mortgage every few years, which can be time-consuming. Each switch requires extensive research, consultations with brokers, and submitting numerous documents like proof of earnings and bank statements.

Opting for a product transfer with your existing lender, i.e. switching to a new deal they offer, could save you both time and money. This process typically involves fewer fees and less paperwork. Moreover, a long-term mortgage deal could save you money on lender fees.

THE DOWNSIDE: POTENTIAL FOR OVERPAYMENT AND RESTRICTIONS

Conversely, securing a long-term mortgage deal when rates are high could mean overpaying for years if rates decrease. Those who opt for a shorter two-year deal can switch to a lower interest rate if rates drop during their term.

The Bank of England predicts a decrease in interest rates in the coming years. If this comes true, those who lock into a lengthy deal now might regret their decision later. However, predicting future mortgage rates with certainty is impossible.

Another potential disadvantage is the age limits some banks impose on their long-term mortgages to avoid the risk of people repaying loans in retirement. Many banks have a maximum age limit of around 70 for borrowers.

THE RISK OF EXIT FEES

Some long-term fixed rate mortgages come with hefty exit penalties if you decide to switch before the term ends. This is something to bear in mind when considering a long-term fixed rate mortgage. ◆

>> NEED MORE INFORMATION ABOUT YOUR OPTIONS? <<

Making decisions about mortgages can be complex. If you require further information or have specific questions about your circumstances, we're here to provide the guidance you need to make the best decision for your financial future. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Who is today's typical first-time homebuyer?

Data reveals a trend towards older buyers purchasing their first property

THE LANDSCAPE OF homebuying has undergone significant transformations in the past decade. Today's first-time buyer profile reveals a trend towards older buyers who have spent more time in rental accommodations or living with parents before purchasing their first property. Additionally, these buyers must accumulate larger deposits due to soaring home prices.

GOVERNMENT INTERVENTIONS AND MARKET TRENDS

In response to skyrocketing house prices in the UK, the government has introduced several incentives for first-time buyers, such as the Help to Buy ISA, shared ownership schemes and reduced stamp duty rates. These efforts have borne fruit, as first-time buyers now account for a larger market share (52%) based on mortgage numbers – a significant increase from 40% in 2012, according to research[1].

UNVEILING THE 'TYPICAL' FIRST-TIME BUYER

Data from various sources paint a picture of the typical first-time buyer in today's market. On average, they're 32 years old, earning approximately £34,000 annually. The average deposit paid by these buyers, as per 2022 statistics, is £62,470, which represents 21% of the average purchase price of £302,010 – an 8% increase from 2021.

REGIONAL DISPARITIES IN DEPOSIT REQUIREMENTS

However, these figures can be misleading due to regional variations. For instance, first-time buyers in London must cough up an average deposit of £125,378, while those in the North East and North West pay £30,198 and £37,483, respectively.

EXPLORING BUYER PROFILES AND PROPERTY CHOICES

More than half (57%) of first-time mortgage applicants in 2022 were joint applicants, with the remaining 43% buying property independently.

REGIONAL BREAKDOWN OF FIRST-TIME BUYERS

Despite the high property prices, the highest number of first-time buyers in 2022 resided in the South East (73,588), followed by London (48,390) and the North West (37,534). ◆

>> READY TO START EVALUATING YOUR FIRST HOME FINANCING OPTIONS? <<

Stepping onto the property ladder is a significant milestone, but it can also be pretty daunting. It involves several complex decisions and processes, such as evaluating your financing options, choosing the right property, understanding the mortgage landscape and saving for a deposit. To discuss how we can help you, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] confused.com research data 07/09/23.

Embracing sustainability with ‘green mortgages’

Promoting and facilitating environmentally friendly home enhancements

THE WORLDWIDE SHIFT towards sustainability has permeated various industries, and real estate isn't immune. As we all aim to shrink our ecological footprints, ground-breaking solutions are emerging to make sustainable living a reality.

One such innovative idea is the ‘green mortgage’. Here, we'll explore the concept of green mortgages, their workings and their benefits to homeowners and the environment.

UNDERSTANDING GREEN MORTGAGES

A green mortgage, also known as an ‘energy-efficient mortgage’ (EEM) or ‘eco-friendly mortgage’, is a financial tool designed to promote and facilitate environmentally friendly home enhancements. Various financial institutions, including banks and credit unions, offer these mortgages. The main objective is to incentivise homeowners to invest in energy-saving upgrades and sustainable construction practices.

FUNCTIONING OF GREEN MORTGAGES

Green mortgages incentivise homeowners to make energy-efficient home improvements by offering financial benefits. These enhancements include installing solar panels, energy-saving windows, upgrading insulation and enhancing heating systems. The upgrade cost is typically incorporated into the mortgage amount, spreading the investment over the loan's tenure. The rationale behind this strategy is that the energy savings from these upgrades will balance the additional mortgage cost.

In certain circumstances, homeowners may even qualify for a lower interest rate or discounted fees when choosing a green mortgage. Due to their reduced energy consumption, lenders view energy-efficient homes as less risky, making them more inclined to offer favourable terms to borrowers dedicated to sustainability.

ADVANTAGES OF GREEN MORTGAGES

MONETARY SAVINGS

One of the significant benefits of green mortgages is the potential for long-term financial savings. Energy-efficient upgrades can reduce utility bills, freeing up funds to counterbalance the increased mortgage cost.

HOME VALUE BOOST

Energy-efficient improvements can enhance a home's value. As sustainability becomes a priority for more homeowners, properties with greener features will likely be more appealing in the real estate market.

ENVIRONMENTAL AND COMFORT BENEFITS

REDUCED ENVIRONMENTAL IMPACT

By investing in energy-efficient upgrades, homeowners directly contribute to lowering carbon emissions and preserving natural resources. This aligns with global efforts to combat climate change and foster a sustainable future.

IMPROVED COMFORT

Many green improvements, like superior insulation and efficient heating systems, can enhance indoor comfort by maintaining consistent temperatures and minimising drafts.

GOVERNMENT INCENTIVES

The UK government provides financial incentives like the Green Living Reward (GLR) to homeowners opting for green mortgages. This cashback reward offered by certain banks to qualifying mortgage customers who carry out eligible green home improvements can further decrease the overall cost of energy-efficient upgrades.

“Green mortgages incentivise homeowners to make energy-efficient home improvements by offering financial benefits.”

ELIGIBILITY FOR GREEN MORTGAGES

While green mortgages offer numerous benefits, potential applicants should consider their eligibility and financial circumstances. Lenders often require borrowers to undergo a home energy assessment to ascertain potential energy savings and verify the feasibility of the proposed upgrades. Additionally, borrowers should evaluate the projected energy savings against the upgrade cost to ensure the investment makes financial sense. ◆

>> WANT TO DISCUSS GREEN MORTGAGE OPTIONS? <<
If you need additional information or have any queries about green mortgages, please get in touch with us. We're here to help you navigate the path towards sustainable home ownership. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

MORTGAGE FINANCE

THE 100% MORTGAGE

Pathway for aspiring homeowners to step onto the property ladder

"The financial crash served as a wake-up call for lenders. The aftermath highlighted the inherent risks associated with no-deposit mortgages and prompted a re-evaluation of lending practices."

ONCE UPON A time, before the financial crash of 2008, securing a home loan without a deposit was not only possible but relatively common. Some lenders were even willing to offer loans that exceeded the value of the property in question. These generous lending practices, however, took a drastic turn following the economic meltdown.

Post-2008, the financial landscape underwent significant changes. In the wake of the crash, no-deposit mortgages became a thing of the past. Having faced substantial losses due to defaulted loans, lenders swiftly pulled these types of mortgages from the market. The once easily accessible pathway to homeownership became a distant memory.

EVOLUTION OF MORTGAGE LENDING PRACTICES

The financial crash served as a wake-up call for lenders. The aftermath highlighted the inherent risks associated with no-deposit mortgages and prompted a re-evaluation of lending practices. This shift led to stricter lending criteria and the necessity for borrowers to provide a deposit when applying for a home loan.

Fast forward to the present day, the housing market has evolved significantly. While no-deposit mortgages are no longer the norm, options are still available for first-time buyers struggling to save for a deposit. However, these options come with their own set of stipulations and requirements.

CLOSER LOOK AT 100% MORTGAGES

Historically, 100% mortgages required a guarantor, such as a family member, who would agree to shoulder the loan if the borrower could not repay. However, the latest wave of 100% mortgages making headlines does not necessitate a guarantor. These no-deposit mortgages react to shifting market conditions and buyer preferences, providing a new pathway for aspiring homeowners to step onto the property ladder more easily.

Despite their appeal for some people looking to get onto the homeowning ladder, several requirements typically apply. For instance, you must be a first-time buyer with a rental history of no less than 12 months. Furthermore, your monthly mortgage repayments cannot exceed your current rent, which limits the size of the mortgage you can apply for. This re-emergence of 100% mortgages also sparks discussions around these loans' potential risks and consequences.

UNDERSTANDING 100% MORTGAGES

A 100% mortgage, or zero deposit mortgage, allows people to purchase a house without saving for a deposit. This type of home loan covers the entire purchase price of a property, enabling first-time buyers with a minimum twelve-month rental history to borrow the full amount needed to buy a home.

You will still have to save up for other fees and expenses, such as solicitor and surveyor fees and moving costs.

However, these mortgages are relatively rare and often carry higher risks for the lender, potentially leading to stricter eligibility criteria for borrowers.

THE ADVANTAGES AND DISADVANTAGES OF 100% MORTGAGES

ADVANTAGES:

NO DEPOSIT NECESSARY
A 100% mortgage enables individuals to enter the property market without having to save for a deposit. This is especially beneficial for first-time buyers who struggle to amass significant savings.

SPEEDIER HOMEOWNERSHIP
Without a deposit, a 100% mortgage allows borrowers to buy a property sooner than they would otherwise be able to, particularly in a competitive housing market where property prices may rise.

DISADVANTAGES:

INCREASED INTEREST RATES
Given the perceived risk associated with 100% mortgages, lenders often charge higher interest rates, resulting in larger monthly repayments and increased long-term interest costs.

FEWER LENDER OPTIONS
The rarity of 100% mortgages means fewer lenders offer them, limiting your options and possibly making it harder to find a mortgage product that suits your needs.

TOUGHER ELIGIBILITY CRITERIA
The heightened risk of these mortgages often leads to stricter eligibility criteria, potentially making it more difficult for certain individuals to secure a 100% mortgage.

NAVIGATING THE PROCESS OF GETTING A 100% MORTGAGE
Securing a 100% mortgage can be challenging due to the stricter eligibility criteria. However, by saving for additional costs and building a strong credit history, your professional mortgage adviser could improve your chances of obtaining a 100% mortgage.

Today's mortgage landscape offers alternatives for those unable to afford a hefty deposit. Some lenders may offer schemes where a family member will act as a guarantor or a portion of the property's value is secured against a family member's home. Other options include shared ownership schemes and Help to Buy initiatives. ◆

>> NEED QUALIFIED MORTGAGE ADVICE HELP TO ASSESS YOUR OPTIONS? <<
Please get in touch with us if you require further information or advice to see if you are eligible to apply for a 100% mortgage. Our team of experts is ready to assist you in making the best decision for your financial future. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

NAVIGATING RISING MORTGAGE RATES

Practical steps for homeowners and buyers to consider

MANY HOMEOWNERS and potential buyers face increasing borrowing costs. However, it's possible to ease the burden of escalating mortgage payments with the right strategies. Here's how you can counterbalance the impact of rising mortgage rates.

PREEMPTIVE FIXED-RATE DEALS

As interest rates surge, safeguarding yourself from future hikes by securing a fixed-rate mortgage can be a smart move. You can lock in a favourable rate six months in advance. Consulting with a professional mortgage adviser can help you land the most competitive rates. Unlike variable rate mortgages that fluctuate with borrowing cost changes, the interest on a fixed rate mortgage remains constant for the term, typically two to ten years. However, ensure you won't need to terminate the mortgage prematurely, as early redemption penalties can reach up to 8% of the outstanding mortgage debt.

MORTGAGE TERM EXTENSION

Another way to reduce monthly mortgage repayments amidst interest rate increases is by opting for a longer mortgage term. While this does increment the total interest charged over the loan's lifetime, it helps keep the monthly payments lower. Some lenders may even offer mortgage terms of up to 40 years, depending on your age at the onset of the loan.

OVERPAY YOUR MORTGAGE

Overpaying your mortgage might not decrease your repayments immediately, but it mitigates the higher interest costs in the long run. Contributing extra each month minimises your outstanding debt, reducing the interest charged over your mortgage's lifespan. For example, overpayments of £50 a month on a £200,000 mortgage with a 25-year term and 5.5% interest would save you £15,450 over the mortgage term. This can more than compensate for higher rates in the long term.

BUDGETING AND CUTBACKS

In light of escalating living costs, it may seem challenging to make cutbacks. However, if you're aiming to secure a new mortgage, it's a crucial step. Lenders consider your income and evaluate your affordability based on other expenditures. Demonstrating cutbacks to lenders can instil confidence in your ability to manage higher monthly mortgage repayments.

OPTING FOR A LESS EXPENSIVE PROPERTY

Consider a less expensive property if rising mortgage rates are straining your budget. For every 0.25% increase in mortgage rates, you'd need to borrow around £5,000 less to prevent a rise in your monthly mortgage repayments. With the housing market slowing down due to rising interest rates and living costs, you might be in a prime position to negotiate with sellers.

SAVE A LARGER DEPOSIT

If finding a cheaper home that fits your needs seems unlikely, or if you're unsure about negotiating a lower asking price, consider saving a larger deposit to buffer interest rate increases. Per the previous example, an additional £5,000 is needed to offset every 0.25% interest rate hike on your monthly mortgage repayments.

RENTING OUT A ROOM

Another viable option to pass lenders' affordability tests amidst rising interest rates is to generate income from your home. For instance, renting a room to a lodger could help cover the shortfall caused by the interest rate hikes. ◆

First-time home buyers on the rise

Various tactics employed to secure first homes

THE HOUSING MARKET has witnessed a surge in first-time buyers, with mortgage searches for this group rising by over 20%, according to data[1]. This trend suggests that first-time buyers are capitalising on the current slowdown in the housing market to make their initial foray into homeownership.

Despite the steep rise in property prices during the pandemic, first-time buyers employ various tactics to secure their first homes. The House Price Index reveals that first-time buyers need an additional £7,500 in earnings to climb the property ladder. As a result, many of them are choosing longer mortgage terms.

CHOOSING EXTENDED TERMS

Data from UK Finance, a trade body, shows that the number of first-time buyers opting for 30 to 35 years of mortgage terms continues to rise. Nearly 40% choose these extended terms, while 17% select longer periods.

Longer mortgage terms can greatly reduce monthly repayments, making the loan more affordable. For instance, borrowing £200,000 over 25 years at a 4% interest rate would require monthly mortgage payments of £1,056. However, extending the mortgage term to 35 years reduces the monthly repayments to £886, and £836 with a 40-year term. On the downside, this strategy results in significantly higher total interest payments.

DOWNSIZING EXPECTATIONS AND LOWERING DEPOSIT AMOUNTS

Another recent trend amongst first-time buyers is the purchase of smaller properties. Due to higher mortgage rates, people's buying power has dropped by 20% in the past year. Consequently, most first-time buyers are now acquiring one and two-bedroom homes – a trend not seen since 2010.

With rising rents and fierce competition for rental homes, many first-time buyers opt to live in smaller properties they own. Saving for a deposit is another significant challenge for first-time buyers, with the average deposit amounting to £62,500. However, there has been an increase in the number of mortgages requiring low deposits recently.

GOVERNMENT ASSISTANCE FOR FIRST-TIME BUYERS

The government's Mortgage Guarantee Scheme, which allows first-time buyers and home movers to purchase a property with just a 5% deposit, has been extended until the end of this year. Numerous government schemes are also designed to help first-time buyers onto the property ladder. These include Shared Ownership, First Homes and the Lifetime ISA. Some house builders are also offering their own schemes. ◆

>> A FIRST-TIME BUYER SEEKING MORE INFORMATION OR ADVICE ON STEPPING ONTO THE PROPERTY LADDER? <<

If you are a first-time buyer seeking more information or advice on stepping onto the property ladder, don't hesitate to reach out. We're here to guide you through your homeownership journey. For more information, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:
[1] Zoopla research data 09/05/23.

Remortgaging to a more competitive deal

27% of homeowners with a mortgage are still on a Standard Variable Rate

"Given the current economic climate, one in ten homeowners on an SVR were concerned about lenders scrutinising their finances."

IF YOU'RE CURRENTLY on your mortgage lender's Standard Variable Rate (SVR), you will have noticed a considerable increase in your monthly repayments due to numerous interest rate hikes by the Bank of England in recent times. According to data, 27% of homeowners with a mortgage are still on their lender's SVR[1].

Given the current economic climate, one in ten homeowners on an SVR were concerned about lenders scrutinising their finances. They didn't realise getting a more competitive mortgage deal could be possible.

REMAINING ON OR TRANSITIONING TO A HIGH-COST SVR

Homeowners with fixed-rate mortgages remain unaffected

by these increases until their current mortgage deal ends. That's why it's advisable to consider remortgaging to avoid either remaining on or transitioning to a high-cost SVR.

There is some good news, however, with many commentators reporting that mortgage rates look set to have peaked this summer, with inflation and swap rates (the rates the banks pay to borrow money) on the way down. Swap rates are based on what the markets think the interest rate will be in the future.

Each homeowner's reasons for remortgaging may differ. Here are some reasons to consider switching your mortgage deal.

THE POTENTIAL SAVINGS OF REMORTGAGING

When your current mortgage deal is about to end, you'll be transitioned to your mortgage lender's costly SVR. A new mortgage deal could save you money, especially as interest rates are predicted to rise soon.

Suppose you have more equity in your property now than when you initially took out your mortgage deal; you could secure a new deal with a lower interest rate. This is due to your Loan-to-Value (LTV) ratio decreasing, which makes you less of a risk to your mortgage provider and typically results in a lower rate.

FINANCIAL SECURITY AND REMORTGAGING

If you're on a fixed-rate mortgage deal, the Bank of England base rate may not be a concern for you at present. However, if you're nearing the end of your deal, you may want to consider remortgaging.

For those with variable-rate mortgages, rising interest rates could significantly impact you. If appropriate, switching to a new mortgage deal to fix your rate can provide predictable repayments and help manage your monthly expenses, which have increased for most households over the past year.

THE POSSIBILITY OF A MORE COMPETITIVE INTEREST RATE

If you didn't refinance or transfer products after your last deal ended, you're likely paying your lender's default SVR. This means you could be paying more than necessary, so shopping around for a new deal with a lower rate is advisable.

DECIDING ON THE RIGHT TIME TO REMORTGAGE

Remortgaging can be a savvy financial move if timed correctly. Ideally, you should secure a new mortgage deal before your current one expires. This approach allows you to transition smoothly into your new mortgage, avoiding your lender's SVR.

UNDERSTANDING THE LIFESPAN OF MORTGAGE OFFERS

Mortgage offers usually have a lifespan of three to six months. Therefore, initiating the remortgage process a few months before your existing deal concludes is beneficial. If you've already secured a deal, review the terms for any exits without penalties should a more affordable deal present itself during the interim.

NAVIGATING THE REMORTGAGING PROCESS

The remortgage process may typically range from a few weeks to three months, contingent on your unique circumstances

and the complexity of your application. Remortgaging mirrors the process of a new mortgage application, necessitating property valuation and pertinent checks.

PREPARING FOR LENDER EVALUATIONS

Lenders are keen on assessing your capacity to make repayments presently and in the future, especially if interest rates rise. Lenders may require additional proof of income for those whose employment status has changed since obtaining the initial mortgage or who have become self-employed, potentially prolonging the process.

GETTING READY FOR A REMORTGAGE

If you're considering remortgaging, there are several steps you should take to ensure you're well-prepared.

Review your credit score: This should be your first step, even before lenders get a chance to do it. A clear understanding of your credit score will give you an idea of your chances of getting remortgage approval.

Avoid new credit applications: It's advisable to only apply for new credit after seeking a mortgage. This could affect your credit score and, consequently, your eligibility for a remortgage.

Start early: It's always a good idea to begin the remortgage process well in advance. Some lenders allow you to agree on deals up to three months before you start paying them. This lets you secure favourable rates and protect against potential hikes amid rising living costs.

Estimate your property's worth: An idea of your property's value is essential when remortgaging.

Choose a remortgage date wisely: Be sure to pick a date that helps you avoid unnecessary fees.

ORGANISING YOUR PAPERWORK

To expedite the remortgage process, it's crucial to have all necessary paperwork sorted and ready.

Here's what you'll need:
Bank statements: The last three months' statements will be required.

Payslips: Lenders will ask for your last three months' payslips.

Accounts/tax returns: If you're self-employed, you must provide accounts/tax returns for the last three years.

Bonus proof: Any proof of bonuses received will also be needed.

Latest P60 tax form: This form shows your income and the annual tax paid.

Identification: Usually, a passport is sufficient for this.

Proof of address: Utility bills often serve as adequate proof of address.

REMORTGAGING FOR THE SELF-EMPLOYED

If you're self-employed, the remortgage process might require more preparation. Lenders often find it challenging to assess the finances of self-employed individuals, thus requiring more detailed evidence of your ability to remortgage.

You may need to provide three years of financial records and evidence of future work. It's also crucial to review your credit score before applying. A good credit history signifies responsible borrowing behaviour, increasing your chances of approval.

It's essential to remember that lenders have different criteria, so don't be discouraged if one lender turns you down. However, multiple applications resulting in hard credit checks could negatively affect your credit score. ◆

>> NEED HELP SURVEYING THE MARKET TO FIND THE RIGHT REMORTGAGE DEAL FOR YOU? <<
When considering a remortgage, it's crucial to have expert advice. Considering your unique circumstances and needs, we can survey the market to find the right remortgage deal for you. To learn more, don't hesitate to contact us at **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:
[1] Zoopla research 02/08/23.

INTEREST-ONLY MORTGAGES

Search data increases by 11% amid any further rate rises

A SIGNIFICANT UPTAKE has been observed in the demand for interest-only mortgages in response to rising interest rates. According to data, searches for such deals witnessed an 11% increase from June to July, following a 53% surge from May to June[1]. This trend is a direct result of the Mortgage Charter's introduction in June.

Several mortgage lenders committed to the charter, pledging their support for clients grappling with repayments. This assistance includes exploring temporary alternatives to their repayment methods, such as availing a mortgage holiday or shifting to an interest-only arrangement for up to six months.

UNDERSTANDING INTEREST-ONLY DEALS

As the name implies, interest-only deals necessitate borrowers to only pay back the interest, leaving the principal loan amount untouched. Although this provides short-term relief from full payments, it implies that the loan will need to be settled later, potentially affecting future repayments.

The rise in interest-only mortgage searches in July can be directly attributed to the Mortgage Charter announcement made the previous month. Borrowers are relying on this support as they navigate the new interest rate landscape and broader cost of living pressures.

LENDERS ADJUST FIXED RATES DESPITE BANK OF ENGLAND RATE RISES

Despite the Bank of England's decision to raise interest rates to 5.25% in early August, lenders have gradually lowered fixed rates over the past two weeks. Data from Moneyfacts revealed that the average fixed rate mortgages continued to reduce, with the average two-year fixed rate currently standing at 6.73%, compared to last week's 6.76%.

However, the financial strain caused by escalating energy prices and any further interest rate rises suggests that these minor fixed rate adjustments may not significantly alleviate the burden. ◆

>> REQUIRE FURTHER INFORMATION OR HAVE QUESTIONS? <<

If you require further information or have questions regarding interest-only mortgages or the impact of rate rises, please don't hesitate to contact us. Providing clarity and support during these times is our priority. Please speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data: [1] Data from Legal & General Ignite 23/08/23.

PLANNING TO PUT YOUR PROPERTY ON THE MARKET?

Follow our guide to helping you navigate the selling process

"The rise in mortgage rates, coupled with the increasing pressure of living costs, has led to buyers adopting a more assertive stance in negotiations than in previous years."

A HOUSE PRICE Index has shed light on a significant increase in concessions made by sellers[1]. The data reveals that 42% of sellers now accept offers with 5% or more discounts below the asking price to close a deal. This is the highest such occurrence since 2018. The escalation in mortgage rates has further affected purchasing power, strengthening the buyer's market for the rest of 2023.

MORE ASSERTIVE STANCE IN NEGOTIATIONS THAN IN PREVIOUS YEARS

The rise in mortgage rates, coupled with the increasing pressure of living costs, has led to buyers adopting a more assertive stance in negotiations than in previous years. The data shows that 42% of sellers now accept offers with more than a 5% discount on the asking price to secure a sale. Moreover, 15% of sellers concede discounts exceeding 10% off the original asking price.

IMPACT OF SOARING MORTGAGE RATES ON BUYING POWER

Mortgage rates that have tipped over the 5% mark have dealt a further blow of 10-20% to the buying power of those purchasing homes with a mortgage (which account for 70% of sales). A shift in mortgage rates from 4% to 5% corresponds to an 11% decrease in buying power. This figure escalates to 20% if mortgage rates rise to 6%, up from 4%.

BUYER OPTIONS AMIDST INCREASED MORTGAGE RATES

This dent in buying power won't immediately result in a drop in house prices. Buyers can counteract the effects of higher mortgage rates by increasing their deposit or opting for longer mortgage terms. However, these alternatives may not be viable for all, and as mortgage rates continue to rise above 5%, more potential buyers may be unable to enter the market.

A DECREASE IN THE NUMBER OF BUYERS, YET A RISE IN SALES

The data indicates that this trend is already manifesting, with a 14% decrease in the number of buyers on the market in the last four weeks compared to the same period last year. Despite this, those who remain in the market are resolute about moving home, with sales agreed running 8% above the five-year average.

HOUSE PRICE GROWTH SLOWS DOWN, THOUGH STILL IN POSITIVE TERRITORY

Over the past year, house price growth has decelerated significantly, with the annual growth rate now at +1.2%. A surge in new sales in the spring due to mortgage rates dropping towards 4% has led to a halt in house price drops over the last three months (after four consecutive months of quarterly price decreases). ◆

>> ARE YOU PLANNING TO PURCHASE A NEW HOME? OR ARE YOU CONSIDERING REFINANCING YOUR CURRENT ONE? <<

Whatever your needs, we understand every homeowner and buyer is unique. To discuss your mortgage options or for more information, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Zoopla - press release 28/06/23.

Perils of a property sale

What can go wrong and what to guard against?

"The successful sale of a house isn't always within the seller's control. Buyers can change their minds at the last minute or face unexpected changes in circumstances, leading to a collapsed sale."

NAVIGATING THE LABYRINTH of selling a home on the open market can be a tumultuous journey. From finding a suitable buyer to navigating the conveyancing process, it's a path fraught with potential pitfalls that can collapse a sale.

UNPREDICTABLE BUYER

The successful sale of a house isn't always within the seller's control. Buyers can change their minds at the last minute or face unexpected changes in circumstances, leading to a collapsed sale. In the face of indecisive buyers, sellers may feel pressured to reduce the price to keep the sale afloat. However, caution is advised to avoid falling victim to 'gazundering', a tactic savvy buyers use to secure a panicked price reduction.

BUYER FINANCING HURDLES

Another hurdle outside the seller's control is the buyer's financial status. Issues with financing can delay or derail the sale process. To minimise this risk, dealing only with buyers who can demonstrate a mortgage Agreement in Principle and provide proof of funds upfront is suggested.

OVERPRICING IN A FALLING MARKET

One common mistake squarely within the seller's control is overpricing, especially in a market with falling house prices. Overpriced homes tend to take longer to sell than accurately priced listings. Sellers should exercise caution when choosing an agent based on high valuations, as they might just be trying to win your business.

THE CHAOS OF THE MOVING DAY

Moving day can be stressful, with last-minute packing, cleaning and meter readings. Added to this, unforeseen glitches in final money transfers can leave all parties uncertain. One way to avoid this is through part exchange companies that offer a License to Occupy, allowing sellers to move out at their own pace.

SELECTING THE RIGHT ESTATE AGENT

Choosing the right estate agent is crucial. Don't be swayed by the highest valuation or the lowest commission. Instead, research their reputation, track record and local market knowledge. A competent agent can make a significant difference to your selling experience.

UNEXPECTED SURVEY FINDINGS

A major hurdle can arise if the buyer's surveyor identifies significant problems with the property. Issues like Japanese knotweed, subsidence and severe water damage can delay the sale or even cause it to collapse. It's advisable for sellers to proactively address these issues before listing the property on the market.

THE DOMINO EFFECT OF FALLING CHAINS

If your sale is part of a chain and another sale in that chain collapses, it can trigger a domino effect, causing your own sale to fall through. One way to mitigate this risk is by finding cash buyers or using part exchange companies to step in when a chain breaks.

GUARDING AGAINST SCAMS

While scams in the housing market are rare, vigilance is always recommended. Always verify who you communicate with and be wary of unusual requests. ◆

How to deal with gazundering

A term that sends chills down any home seller's spine

GAZUNDERING, A TERM that sends chills down any home seller's spine, is where buyers decrease their previously agreed offer just before signing the contract. This isn't always a deliberate move by the buyer; sometimes, it results from an unforeseen event in the sales chain or revelations from a property survey.

CHAIN REACTIONS AND URGENT SALES

During periods of low buyer demand or when a sale needs to be completed quickly – such as in a long chain or when time is crucial – a seller might be forced to accept this reduced offer. This can risk the collapse of the entire sales chain. In such cases, a cornered seller may also decrease their offer on a new acquisition, triggering a chain reaction.

MITIGATING THE EFFECTS OF GAZUNDERING

So, how can you mitigate the effects of gazundering? Here are a few strategies:

SETTING CONTRACT EXCHANGE DATES

One way is to set an exchange date for contracts promptly. This can help discourage the buyer's second thoughts or changes of heart.

PROMPT SURVEYS

Push your buyer to have their property survey completed quickly. Sometimes, lenders can have large backlogs, which could delay the process if your sale is chain-critical. In such cases, the buyer might need to consider changing lenders.

REALISTIC EXPECTATIONS AND TRANSPARENCY

Another strategy is to be realistic about your sale price. Beware of buyers whose stories seem inconsistent or suspicious. Don't fall for the trap of a buyer offering above the asking price only to chip away at it as the exchange date approaches. Most buyers rely on lender surveys, which can lead to a property devaluation if deemed overpriced.

CHOOSING THE RIGHT ESTATE AGENT AND PREVENTING DELAYS

Ensure that there are no unpleasant surprises in the buyer's survey. Significant repairs can scare buyers or give them an excuse to lower their offer significantly. Having your estate agent inspect your house for potential issues a surveyor might flag can be beneficial.

Choose your estate agent wisely. A reputable and well-trained agent will do everything they can to ensure a smooth sale and handle any aggressive behaviour from buyers. Also, prevent unnecessary delays. Hold-ups between both parties' solicitors can allow the buyer to revise their offer. Ensure that you have promptly provided all the necessary information to your solicitor. ◆

>> TIME TO EXPLORE THE RIGHT MORTGAGE DEAL? <<

Don't hesitate to speak to us if you require further information or have questions about gazundering. We're here to help guide you through every step of your home-selling journey and mortgage needs. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Planning to put your house or flat on the market?

Essential documents you'll need to avoid unnecessary pitfalls and delays

NAVIGATING THE LABYRINTH of paperwork and documentation when selling your home can often feel overwhelming. The process might seem shrouded in legal jargon and procedural intricacies but don't worry, you're not alone in this journey. This article sheds light on the essential documents you'll need to gather when selling a property.

Understanding what's required can not only speed up the process but it can also help you avoid unnecessary pitfalls and delays. Whether it's your Energy Performance Certificate, proof of identity or property deeds, each document plays a crucial role in streamlining the sale of your home.

So, let's demystify this process and delve into the key documents essential for selling your home.

VERIFICATION OF IDENTITY, RESIDENCE AND FUNDS

Firstly, you must meet the Anti-Money Laundering (AML) regulations the government sets. This is necessary for your estate agent to promote your property and for your solicitor to handle your transaction.

Consider finding a conveyancing solicitor who can perform a single AML check to save time and money. This way, the AML verification done by your solicitor will be shared with your estate agent, eliminating the need for two separate checks.

To comply with Anti-Money Laundering Regulations and The Proceeds of Crime Act 2002, you must provide proof of identity and address to your estate agent and legal representatives. Acceptable identification documents include a valid passport or driving licence, while proof of address can be a recent bank statement or utility bill.

For those buying and selling simultaneously, you'll need to provide evidence of your 'source of wealth' and 'source of funds', which includes bank statements and other documents showing how and where your money has been accumulated and stored.

HMLR LAND REGISTRY TITLE DEEDS

You must prove your ownership of the property you intend to sell. This could be through a property register or title deeds that confirm you as the legal owner. Official copies of the register can be obtained from the Land Registry website or through post.

Title deeds establish your ownership rights and provide detailed information about the property's boundaries, history and any associated rights or restrictions. If you've misplaced your title deeds, the Land Registry can issue a replacement, though some may be more challenging to acquire than others.

ENERGY PERFORMANCE CERTIFICATE (EPC)

An Energy Performance Certificate (EPC) is a compulsory document for most residential properties in the UK. It offers an energy efficiency rating and suggestions for improvement. Valid for ten years, an EPC must be presented to potential buyers.

While there are exceptions to this requirement, like listed buildings and places of worship, it's advisable to consult a professional to determine if your property qualifies for an exemption.

GAS SAFETY CERTIFICATE

For properties with gas appliances, a gas safety certificate is essential. This document confirms that a gas-safe registered engineer has inspected and deemed all gas installations and appliances in your property safe.

This certificate, valid for a year, reassures buyers that the gas installations in your property meet safety standards. The duration to obtain this certificate can vary, so scheduling an inspection in advance is best.

"Navigating the labyrinth of paperwork and documentation when selling your home can often feel overwhelming."

ELECTRICAL SAFETY CERTIFICATE

When it comes to selling your home, the safety of your electrical installations should never be an afterthought. An essential document in this process is the Electrical Safety Certificate. Also known as an Electrical Installation Condition Report (EICR), this certificate proves all electrical systems' safety and regulatory compliance within your property.

This certificate isn't just handed out; it's earned. It is issued following a rigorous inspection carried out by a certified electrician.

This professional will comprehensively assess your home's electrical installations, ensuring they meet the necessary safety standards.

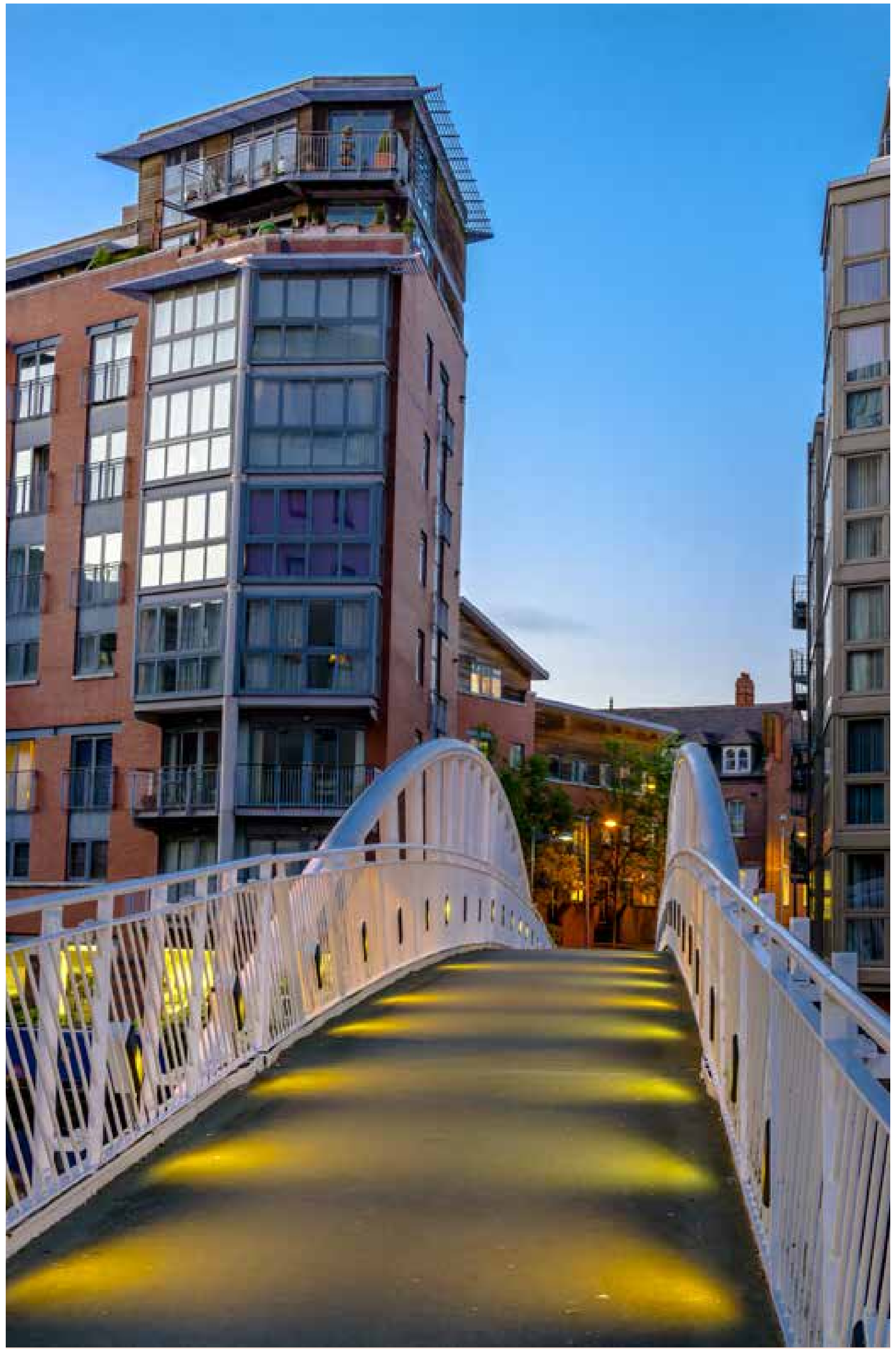
The Electrical Safety Certificate plays a critical role in the home-buying process. By presenting this to potential buyers, you're providing them with assurance. They can rest easy knowing that the electrical systems in the property they're considering are not just safe but also meet the required standards.

SECURING PLANNING PERMISSIONS

When you've made changes or enhancements to your property, it's of utmost importance that you've acquired the necessary planning permissions. These are formal approvals from the local planning authority for specific construction activities. Prospective buyers will require assurance that all modifications to the property are in accordance with local laws and have the right permissions.

Not being able to provide the needed planning permissions could raise doubts and disrupt the sale process. Hence, engaging with your local planning authority and securing the appropriate documentation for any changes to your property is vital.

If you've made changes without securing the necessary planning permission, you could face repercussions such



as penalties or even having to undo the changes. Contacting your local planning authority to remedy the situation and obtain retrospective planning permission if required is crucial.

BUILDING REGULATION CERTIFICATES

In the realm of property alterations and extensions, planning permissions only make up half the story. The other half lies in building regulation certificates. These credentials authenticate that your construction or modification projects align with the stipulated building regulations.

Issued by the local authority or an approved inspector after the project's completion, they validate that the work meets the required safety measures, accessibility standards and energy efficiency norms.

As a property owner, it's imperative to keep these certificates handy. They serve as tangible proof of compliance, giving potential buyers the assurance they need.

GUARANTEES AND WARRANTIES

If you've made significant renovations or improvements to your property, offering relevant guarantees and warranties becomes necessary. These documents are not just pieces of paper but symbols of quality and assurance. They testify that skilled professionals executed the work and provide assurances regarding the durability and quality of the improvements.

"In the realm of property alterations and extensions, planning permissions only make up half the story."

Guarantees and warranties cover a wide range of home improvement projects. Whether it's roofing, damp proofing, double glazing or central heating systems, these documents serve as a safety net for buyers. They instil confidence in potential buyers and can significantly enhance your property's overall value.

UNDERSTANDING FENSA CERTIFICATION

As a property owner, it's crucial to secure a FENSA certification from a recognised installer when upgrading windows or doors in your home. This certificate proves that the newly installed features adhere to building codes, energy efficiency guidelines, performance standards and safety regulations.

VITAL LEASEHOLD DOCUMENTS FOR SELLING YOUR FLAT

When it comes to selling a leasehold property, certain documents are key to ensuring a smooth and successful transaction. Understanding and organising these documents can significantly speed up the sale process.

One crucial aspect to consider is the duration of the lease. Many mortgage providers do not cover leases with less than 80 years remaining. If your lease falls into this bracket, it may pose a challenge to the sale of your property. However, if you've been residing in the property for at least two years, you might be eligible to extend your lease or kickstart the extension process.

It's also crucial to have your lease document readily available. Your estate agent should include detailed information about the property's tenure in their marketing material. This should include the remaining lease period, the term, current ground rent, service charges and planned increases.

THE IMPORTANCE OF NEW BUILD WARRANTIES

For new builds or under a decade-old property, it's vital to possess your Buildmark (NHBC) or other new home warranty documents. These critical papers act as a safety net for homeowners, guaranteeing that the warranty covers any potential issues or defects with the property.

UNDERSTANDING YOUR WARRANTY: BUILDMARK AND BEYOND

Buildmark, a trusted UK warranty by the National House Building Council (NHBC), is widely recognised. It protects against structural defects that might surface within the first ten years of owning a newly built property. This includes defects in key structural elements such as the foundation, roof, walls and windows.

Possessing a Buildmark warranty or an equivalent new home warranty document is highly advantageous, offering homeowners financial protection and support in case unexpected repairs or remedial work is needed due to structural defects.

Beyond structural defects, new home warranties often encompass other areas like plumbing, electrical systems, and heating, ventilation and air conditioning (HVAC) systems. It's crucial to thoroughly review your warranty document's specific terms and coverage, as warranties usually come with specific guidelines and procedures for making claims and obtaining necessary repairs.

Your Buildmark or other new home warranty documents signal to potential buyers that your property is well protected and any unforeseen issues will be addressed, thereby increasing the attractiveness of your property in the market.

UNDERSTANDING YOUR MORTGAGE STATEMENT

If there's an outstanding mortgage on your property, obtaining a mortgage statement from your mortgage provider is necessary. This document details the outstanding balance, payment schedule and other pertinent mortgage information. Buyers' conveyancers require this to clear the mortgage and leave the property free of legal charge.

There should be no impending financial obligations on the seller's title at completion. Thus, it's critical to notify your mortgage provider about your intent to sell and secure an updated statement reflecting the current status of your mortgage. ◆

‘SOLD SUBJECT TO CONTRACT’

Unraveling the mystery of what it means

“To boost your offer’s appeal against other potential buyers, get qualified. It shows your capability of seeing the transaction through to completion, reducing the risk of a failed sale during SSTC.”

HAVE YOU EVER encountered ‘Sold Subject to Contract’ (SSTC) tagged on a property listing and found yourself puzzled? The acronym SSTC represents Sold Subject to Contract. It indicates that while a property seller has accepted an offer from a buyer, the legal and paperwork aspects are yet to be finalised.

There’s no monetary exchange, and nothing is legally enforceable. The price is still negotiable, and the buyer and seller retain the right to back out.

SSTC: WHAT IT CONVEYS TO THE PUBLIC

Beyond the parties directly involved in the transaction, SSTC serves as a signal to other potential buyers who might discover the property during the SSTC phase. It indicates that an offer on the property has been accepted, and the buyer and seller have engaged solicitors to finalise the deal.

IS A SALE ASSURED WHEN A PROPERTY IS SSTC?

The straightforward response is ‘no’. Any party can withdraw from the transaction, with about one in three deals collapsing during the SSTC phase. The buyer and seller can retract when a property is SSTC since there’s no legal obligation. The deal only becomes legally binding upon contract exchange, except in Scotland, where an accepted offer is legally binding.

HOW TO MINIMISE THE RISK OF A FAILED SALE

Accelerating the sale process is the most effective way to ensure its success.

Here are some tips for efficiently completing your purchase during the SSTC stage:

Appoint a conveyancer early: As a seller, engage a conveyancer as soon as your estate agent lists your property. The estate agent will change the property status from ‘For Sale’ to ‘SSTC’ only after conveyancers for both parties are appointed and the buyer verifies their funds. Early appointment of your solicitor puts you ahead, allowing the conveyancing process to commence swiftly once your buyer instructs theirs.

Leverage a sale-ready pack: A sale-ready pack prepared by your conveyancer can help reduce risk, time and unnecessary costs. While optional in England and Wales, it’s mandatory in Scotland. The pack allows for early problem identification and solution finding, reducing potential delays later on.

Consider reservation agreements: If you’re anxious about a potential transaction collapse, you can instruct your conveyancer to draft an exclusivity agreement, often known as a ‘reservation fee’. This ensures no interruptions with other offers within a specified timeframe for exchange.

Get qualified as a buyer: To boost your offer’s appeal against other potential buyers, get qualified. It shows your capability of seeing the transaction through to completion, reducing the risk of a failed sale during SSTC.

INITIATING A SERIES OF LEGAL PROCEDURES

When a property is tagged as SSTC, it initiates a series of legal procedures spearheaded by the buyer’s conveyancer. This legal professional delves into the property’s legal title, sifting through potential issues and providing practical solutions when possible. The ultimate goal is to ensure the property can be purchased with a good title, securing the buyer’s ability to re-mortgage or sell.

To identify potential problems, the buyer’s conveyancer applies for searches such as Local Authority, Water Drainage, Contamination and Flood, among others, to identify potential problems. They also scrutinise the Land Registry’s legal deeds and draft a contract and supporting documents. These documents can be assembled into a sale-ready pack, which is advisable to order early to minimise risk.

ENQUIRIES, REPORTS, AND CONTRACT EXCHANGE

In addition to these tasks, the buyer's conveyancer reviews forms filled out by the seller's conveyancer, including the TA6 property information form, leasehold form and lease management on a lease sale. Once reviewed, the buyer's conveyancer raises 'additional enquiries' with the seller's solicitor and considers whether fixed or indemnity insurance for defects is available.

Towards the end of the SSTC period, a 'report on title' is sent to the buyer. After review, the buyer decides whether to proceed with the purchase. They'll instruct their lawyers to exchange legal contracts if they decide to buy. Both parties must agree on matters such as the timeframe between the exchange and completion of contracts.

PRICE RENEGOTIATION AND VIEWINGS DURING SSTC

While the property is SSTC, the sale price may be renegotiated if problems arise. A sale-ready pack is beneficial here, as being legally prepared before the SSTC stage means disclosing material information upfront, allowing price adjustments to be made early.

However, issues flagged during the SSTC stage, like those from a surveyor's report or the legal investigation report, can still trigger price renegotiations. Furthermore, while a seller can allow viewings on their SSTC property, it can be risky as it might lead to potential buyers withdrawing.

UNDERSTANDING GAZUMPING

Gazumping is when a new buyer makes an offer on a property that's SSTC, and the seller accepts this new offer. The estate agent is legally obliged to relay any offers they receive to the seller unless instructed otherwise by the seller.

WRAPPING UP THE SSTC PERIOD

The SSTC period ends upon completion of the transaction. It typically takes about five months from an offer being accepted to an exchange of legal contracts, with an additional five to twenty working days to completion.

This timeframe can vary based on factors like the conveyancer's resources, market saturation and the time of year. The SSTC stage concludes once the final contract has been signed, exchanged and the deposit paid. The deal becomes legally binding at this point, and anyone who pulls out would face hefty fees. ◆

>> LOOKING FOR YOUR FIRST OR NEXT MORTGAGE? <<

To get an idea of what you could borrow or to discuss your situation, please get in touch with **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

THE TRUE COST OF SELLING A HOME IN BRITAIN

A significant undertaking that comes with its own set of costs

THE JOURNEY TO selling your home in Britain has an average price of £5,413[1]. This latest figure is primarily driven by estate agency fees, which comprise 81% of the total cost, approximately £4,400.

Another significant amount comes from conveyancing, accounting for 14% and costing sellers around £776. The remaining costs are split between disbursements and Energy Performance Certificates (EPCs).

Despite the estate agent fees, they only account for less than 2% of the house price across all regions in Great Britain, averaging at 1.52%. This might seem steep for potential sellers, but it's a necessary investment in the current housing market.

MOST EXPENSIVE CITY TO SELL A PROPERTY

London, unsurprisingly, is the most expensive city to sell a property, with an average outlay of £11,479. With housing prices averaging £527,979, the estate agent fees can reach up to £10,308.

Although this may seem high, it's important to consider that this figure may be influenced by the capital's prime transactions, where specialist agents charge higher fees to cater to wealthier homeowners. Conveyancers also charge more in London, with fees reaching up to £994.

REGIONS OUTSIDE THE CAPITAL

Selling in regions outside the capital, like the South East (£7,100) and the South West (£6,108), which have high house prices, will also require a larger budget for sellers. These regions boast some of the most sought-after areas of natural beauty, which naturally drives up the cost of houses.

If you're looking for cheaper selling costs, consider regions like the North East (£3,300), Scotland (£3,400) and the North West (£4,000). These regions have more affordable house prices, leading to lower selling costs.

PROPERTY MARKET HAS PROVEN RESILIENT

Despite the current economic instability, the property market has proven resilient, with only a slight dip in house prices. This stability indicates that sellers can still expect a profit but should be prepared for average transaction costs, currently over £5,000.

While cutting costs by opting for cheaper estate agents or conveyancers may seem tempting, remember that you're dealing with a significant asset. A quality estate agent or conveyancer can distinguish between a smooth sale and months of stress.

INVESTING IN PROFESSIONAL HELP

Selling your home is a significant undertaking that comes with its own set of costs. By understanding these costs and investing in professional help, you can navigate this process with less stress and more confidence. ◆

>> ARE YOU CONSIDERING SELLING YOUR HOUSE AND NEED FURTHER INFORMATION OR ASSISTANCE? <<

We're here to help you navigate the property market complexities. We'll discuss your mortgage options if you want to upgrade, downsize or relocate. To find out more, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data: [1] GetAgent.co.uk 14/09/23.

SELLING PROPERTY

Speeding up the home sale process

Tips to help you transition smoothly into your new home more swiftly

SELLING YOUR HOME can feel like a marathon rather than a sprint. It's often riddled with anxiety and anticipation as homeowners aim to transition to their next property swiftly. However, there are specific strategies you can deploy to expedite this process.

Selling your home doesn't have to be a protracted process. These tips could help you speed up your property sale and transition smoothly into your new home. Let's delve into them.

SETTING A FAIR ASKING PRICE

A common mistake many sellers can make is overpricing their homes based on an agent's high valuation. This results in their properties being overlooked by potential buyers who perceive them as overpriced compared to similar ones on the market. Consequently, the agent may advise a price reduction, sparking scepticism among buyers who may wonder why the price was initially inflated.

ENHANCING YOUR HOME'S KERB APPEAL

First impressions matter significantly when selling your home. 'Kerb appeal' refers to the initial perception potential buyers get from your house. Adjustments like ensuring your windows, roof, path, garden, fences and walls are in good condition can greatly enhance your kerb appeal. A fresh coat of paint on the exterior and tucking away the garbage bins can also create a positive first impression.

QUICK FIXES AROUND THE PROPERTY

Small details can make a big difference when selling your home. Addressing minor issues such as tidying the garden, descaling the shower screen, replacing broken lightbulbs and cleaning the carpets can significantly boost your chances of selling your home quickly.

CHOOSING THE RIGHT AGENT

While online agents may offer lower fees, they might not provide the best service. High-street agents continue to dominate the market, offering more value despite higher costs.

IDENTIFYING YOUR PROSPECTIVE BUYERS

Understanding the prospective buyers for your property can help you tailor your marketing approach. Factors to consider include the number of bedrooms, the entertainment space, whether there's a garden, and the location's proximity to schools, playgrounds, bars and retail areas.

MAKING YOUR HOME APPEALING TO BUYERS

Neutral colour schemes and minimal clutter can make your home more appealing to potential buyers. Creating an environment where prospective buyers can envision themselves living is crucial. This involves making the space comfortable and cosy but not overly personalised.

ADDING A HOMELY TOUCH

Small additions like curtains or blinds, plants, fresh fruit, mirrors and lamps can make your house feel more like a home. These elements add aesthetic appeal and create the illusion of space and light.

PAYING ATTENTION TO SCENT

Bad smells can be a deal-breaker for many buyers. It may seem a bit of a cliché, but addressing these odours at their source and introducing pleasant scents like fresh coffee can make your home more inviting.

GETTING A SOLICITOR IN ADVANCE

Having a solicitor ready before finding a buyer can save you considerable time. This is due to the extensive paperwork involved when instructing a solicitor.

AMPLIFY YOUR PROPERTY LISTING

If you've put your property on the market and aren't seeing the level of interest you hoped for, it might be time to give your listing a little extra boost. This could involve emphasising certain features and amenities that appeal to your target buyers or improving the photos' quality – and quantity. Pictures have always been powerful storytellers, and this is no exception when it comes to property listings.

With the advent of smartphones, more people are browsing for properties online than ever before. To truly make your property stand out, consider enlisting the services of a professional photographer. They can assist with lighting and furniture placement, showcasing your home's best features and potential without over-promising. ◆

>> LOOKING FOR MORTGAGE ADVICE TO GET YOU MOVING? <<
Our team is ready to help you navigate the sometimes complex world of mortgages. We'll explain all your options, answer any questions and guide you towards the right choice for your unique situation. To learn more, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

UPS AND DOWNS OF FAMILY HOME DEMAND

Why many buyers are re-evaluating their home purchase decisions

"Increased mortgage rates and the typical summer slowdown have caused potential buyers to pause. Many are re-evaluating their home purchase decisions."

THE PEAK IN buyer demand was seen in May of this year, but there's been a noticeable downturn since then. According to recent data, the demand for three and four-bedroom family homes has declined[1]. This decrease has been driven by buyers with tighter budgets seeking more affordable properties and apartments.

Increased mortgage rates and the typical summer slowdown have caused potential buyers to pause. Many are re-evaluating their home purchase decisions. Compared to the past five years, July's demand dipped by a third, resulting in 12% fewer sales agreed upon. Interestingly, larger family-sized homes bear the brunt of this decline more than smaller properties.

WHY THE DROP IN OFFERS FOR LARGER HOMES?

A closer look at July's sales data reveals a noteworthy trend – offers for three and four-bedroom houses are down compared to the same period in previous years. As mortgage rates rise, many prospective buyers are downsizing their requirements, resulting in less demand for larger homes.

Moreover, rising living costs and higher mortgage rates have dampened the desire to upsize among those already residing in spacious properties. With little urgency to move, these homeowners are likely waiting for more favourable market conditions.

A SHIFT IN PROPERTY SALES

Over the last few years, large homes have dominated property sales, with three or four-bedroom houses making up 60% of all property transactions. However, the pent-up demand for these types of homes has passed its peak, leading to fewer sales.

Lower demand implies that selling larger homes may not be as straightforward as before. Sellers must brace themselves for potential price adjustments when necessary. The selling price will influence how much they can invest in their next property.

REGIONAL VARIATIONS IN PROPERTY TRENDS

As always, regional trends vary. The East Midlands, especially Lincolnshire, is experiencing a steep decline in the sales of three-bedroom houses. Conversely, Scotland's market seems more robust, with some areas even posting a rise in offers for three-bedroom houses.

While the demand for larger homes wanes, smaller properties maintain their appeal. Sales of flats, for instance, are holding steady, and in some areas like the North East and Scotland, they're even surpassing seasonal averages.

WHY ARE FLATS OUTPERFORMING HOUSES?

Rising mortgage rates mean potential buyers have less to spend, making smaller properties more attractive. The slow price growth of flats over the years has also made them seem like better value for money. This, coupled with high rental inflation and recent legislative changes, has boosted the appeal of apartments.

This shift in preference is good news for flat owners looking to sell. After underperforming for several years, flats are finally seeing a recovery. Higher activity in this market segment supports the pricing of quality flats. ◆

>> READY TO SECURE YOUR DREAM HOME? <<

Whether you're a first-time buyer or an experienced homeowner looking for your forever home, applying for a mortgage can feel daunting. But with the right information and guidance, you can navigate this process successfully. To discuss your mortgage options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Zoopla research published 01/08/23.

Choosing a home for retirement

Approaching retirement and considering changing living arrangements?

RETIREMENT OFTEN BRINGS a significant shift in lifestyle and priorities. With newfound time and freedom, retirees often find themselves able to pursue passions and interests they may not have had the time for during their working years.

Travel often becomes a more significant part of life during retirement. Whether it's visiting friends and family across the country, exploring new cities or even embarking on worldwide adventures, the opportunity to travel can be one of the most exciting aspects of retirement.

Moreover, many retirees find themselves in a home that might feel too big or too empty once their children have moved out. Downsizing to a smaller, more manageable home can free up funds and reduce living costs, allowing retirees to invest more in their experiences and enjoyments.

Many factors come into play when choosing a home for retirement, and size is just one of them.

Here are some important considerations to keep in mind:

1. Location and lifestyle: Consider who you want to have nearby and the amenities and facilities you'll need. Proximity to family and friends is often a top priority, but don't forget healthcare, shopping, leisure facilities, green spaces and public transportation. Plan ahead for when driving may become more difficult.

2. Property type: You now have more options than ever before. Aside from traditional homes, specialised housing options exist for those over 55, such as retirement villages and shared ownership. Single-storey properties may be a wise choice as you age. Consider modern homes with warranties, energy efficiency and low maintenance.

3. Room requirements: Assess the number and type of rooms needed. Think beyond your daily living needs and consider accommodating visitors and having space for a home office or hobbies. Even if you no longer work, having a designated area for personal administration can be helpful.

4. Financial considerations: Assess your financial situation and determine whether you'll be paying for your new home in full or if a mortgage is necessary. Explore options like retirement interest-only mortgages or equity release 'lifetime mortgages'. Consider ongoing costs such as service charges, maintenance and repairs. Consult a legal expert to ensure your property can be passed on efficiently and check for any selling restrictions.

Retirement is a time for new beginnings and choices. Considering these factors, you can make an informed decision that suits your needs and enhances your retirement lifestyle. ◆

>> READY TO TALK MORTGAGES? <<
Getting a mortgage is a major financial decision, so seeking professional mortgage advice is crucial. We'll help you understand your options and find a mortgage that suits your needs. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

PROPERTY MATTERS

"Retirement often brings a significant shift in lifestyle and priorities. With newfound time and freedom, retirees often find themselves able to pursue passions and interests they may not have had the time for during their working years."

Unraveling the benefits of new home warranties

A safety net for buyers against tedious maintenance tasks and potentially hefty repair costs

"In today's housing market, the appeal of new homes comes with many benefits, not least of which is the assurance of a warranty."

IN TODAY'S HOUSING MARKET, the appeal of new homes comes with many benefits, not least of which is the assurance of a warranty. This security blanket offers homeowners a carefree lifestyle, saving them from tedious maintenance tasks and potentially hefty repair costs.

A home warranty often serves as a safety net for buyers, safeguarding against any construction errors that may have occurred during the building process. However, it's crucial to perform due diligence to comprehend the full extent of coverage.

Typically, a ten-year warranty is split into two stages: the first two years cover builder-related defects, such as window sealing or pipe fitting issues; the next eight years protect against major structural problems tied to foundations, roofs and load-bearing elements. Always ensure an A-rated insurer backs your warranty for guaranteed reliability.

THE ROLE OF SNAGGING INSPECTIONS AND HOME INSURANCE

Before a warranty comes into effect, buyers can opt for a snagging inspection – a survey specifically designed to scrutinise workmanship and pinpoint potential problems. This serves as a preemptive measure, offering peace of mind even before you move in.

However, it's essential to remember that a warranty cannot be a substitute for home insurance. Home insurance covers unexpected events like flash floods or accidents, while warranties do not cover modifications or additions made to the house post-purchase. Promptly reporting any issues is key to a successful warranty claim.

THE COST-EFFICIENCY OF NEWLY BUILT HOMES

New build homes, constructed using modern materials and adhering to current building standards, generally experience fewer issues. The Home Buyers Federation (HBF) reveals that upgrading a pre-existing three-bedroom semi-detached home to match new build standards could cost upwards of £70,000.

This includes renovations, rewiring, insulation, roofing, rendering, doors and windows. Despite this substantial cost, many underestimate it. Yet, according to the HBF, 41% of home buyers recognise lower maintenance as a compelling reason to invest in a new home.

MAINTENANCE COSTS AND THE HASSLE-FREE LIVING EXPERIENCE

While maintenance costs

are inevitable but often more manageable with new homes, setting aside 1% of the property's value each year is recommended for these expenses. Significant costs, such as roof replacements or exterior painting, are less frequent with new builds.

Routine tasks like gutter cleaning, boiler servicing and garden maintenance are more affordable and manageable. As life gets busier, the hassle and cost of home maintenance become less desirable. Investing in a newly built home ensures a sense of security and a hassle-free living experience. ◆

>> READY TO START YOUR JOURNEY TO HOMEOWNERSHIP? <<

The journey to homeownership is exciting, filled with anticipation and dreams of a new beginning. But before you can turn the key in your new home's door, securing a mortgage is one critical step to navigate. This process can often feel overwhelming, but it doesn't have to be. With the right guidance and expertise, we can help you find a mortgage that suits your needs. For more information, please get in touch with **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Owning multiple properties

Understanding the impact of Capital Gains Tax when contemplating a sale

UNDERSTANDING THE IMPLICATIONS of Capital Gains Tax (CGT) is crucial for those fortunate enough to own more than one property. This becomes particularly pertinent when contemplating the sale of one of these assets.

HM Revenue & Customs (HMRC) reporting takes centre stage for individuals intending to sell a residential property in the UK that isn't their primary residence. You can strategically plan your tax affairs to reduce your exposure by staying abreast of the prevailing regulations and available reliefs.

DECODING CAPITAL GAINS TAX

So, what exactly is CGT? Essentially, it's a tax levied on the profit made from selling or gifting a chargeable asset, which has appreciated in value since its acquisition. It's HMRC's method of ensuring that individuals pay their fair share on profits realised from asset sales.

When you dispose of a chargeable asset, a CGT assessment must be conducted for that particular tax year. Typically, it's determined as the difference between the sale proceeds and the original purchase price. For further guidance on calculating this, the HMRC website offers detailed instructions.

CGT LIABILITY: RATES AND RELIEFS

A CGT liability will be due to HMRC if a taxable gain is recorded. The specific rate of CGT hinges on the nature of the asset sold or gifted. For instance, residential property disposals are taxed at 18% or 28%, while non-residential properties (like shares) carry a rate of 10% or 20%. You can take advantage of certain CGT reliefs to lessen this liability, especially during business sales.

UNDERSTANDING CAPITAL GAINS TAX ON PROPERTY

When selling your residential property, one crucial factor to consider is the potential financial gain and how it can be offset by Private Residence Relief (PRR). PRR is a form of Capital Gains Tax (CGT) relief that can exempt all or part of the financial gain from selling your 'primary residence'.

To qualify for full relief upon selling a residential property, the property must have been used as your primary residence throughout the ownership period. Regardless, the final nine months of ownership are covered by relief.

NUANCES OF PRIVATE RESIDENCE RELIEF

If your property hasn't served as your primary residence during the entire ownership period, PRR is proportioned based on actual and deemed occupation periods. Actual occupation refers to your time in the property as your main home.

There's no minimum time requirement for actual occupation, but a critical test would be whether an average observer would consider this your main residence.

Deemed occupation, on the other hand, applies when you're physically absent from the property yet still meet the necessary qualifying conditions for it to be considered your primary residence.

CONDITIONS FOR CLAIMING PRIVATE RESIDENCE RELIEF

Provided the qualifying deemed periods are preceded and followed by actual occupation, PRR can be claimed.

Here are some instances where deemed periods qualify for relief:

- Individuals working abroad for employment can claim relief regardless of the duration abroad.
- Those employed or self-employed but required to work elsewhere in the UK can claim up to a maximum of four years for deemed occupation.
- Any period of absence from the property, regardless of the reason, can claim relief for a maximum of three years.

For more insight on these conditions, visit the HMRC website.

LAST NINE MONTHS OF OWNERSHIP AND PRIVATE RESIDENCE RELIEF

Another critical period that qualifies for PRR is the last nine months of ownership. This period can be claimed, provided the property has been your main home at some point during ownership. However, for disabled individuals or long-term care home residents selling their main home, this period is extended to 36 months.

SCOPE OF PRIVATE RESIDENCE RELIEF

PRR conditions apply to properties with gardens and grounds within half a hectare. However, HMRC will allow claims exceeding this if the area is required for the 'reasonable enjoyment' of the property. Each claim needs to be assessed on an individual basis.

For spouses and registered civil partners living together, only one residence can qualify as the main residence at any time. If they own more than one residence, they may need to confirm to HMRC which of their properties is their main home.

DETERMINING YOUR MAIN RESIDENCE

Without a formal declaration, HMRC will determine your main residence based on factors such as:

- Where your family resides
- Your place of work
- Voter registration location
- Correspondence address with HMRC, medical practitioners and banks
- Car registration address
- Location of your belongings
- Council Tax billing address

EXCLUSIONS FROM PRIVATE RESIDENCE RELIEF

PRR is unavailable on buy-to-let properties, business premises such as furnished holiday lets, land and inherited property not used as your main home.

For individuals residing abroad, separate rules apply, and specialist advice should be sought.

LETTINGS RELIEF AND PARTIAL PRIVATE RESIDENCE RELIEF
In cases where you only receive partial PRR relief, you might be entitled to another CGT relief known as 'lettings relief'. This applies when you sell a home that once qualified as your main residence, and part of it was rented out while you lived there. However, letting relief no longer applies if the entire house was rented out for a period.

UNDERSTANDING CAPITAL GAINS TAX ON A SECOND PROPERTY
When determining CGT on a second property, the first step involves calculating your chargeable gain. You should deduct any capital losses incurred in the current tax year from this amount. If you have any capital losses from previous years, these can also be used to reduce the gain, but only to the extent of your CGT annual exempt amount.

THE IMPACT OF TIME ON YOUR CGT ANNUAL EXEMPTION
Starting 6 April 2023, every individual is entitled to a CGT annual exemption of £6,000. However, this amount will decrease to £3,000 from 6 April 2024. Once you've determined your taxable gain or loss, you can work out your CGT liability and understand the necessary reporting requirements.

NAVIGATING CGT RATES AND REPORTING REQUIREMENTS
The tax rates for capital gains on residential property and carried interest typically fall into two categories: 18% and 28%. The portion of taxable gain within your basic rate tax bracket will be taxed at 18%. Any gains exceeding this bracket will attract a CGT rate of 28%. Consequently, higher rate and additional rate taxpayers will face a 28% CGT on residential disposals.

COMPLIANCE FOR UK RESIDENTS AND NON-RESIDENTS
If you're a UK tax resident selling a UK residential property with a CGT liability, you must submit a '60 day' CGT return. This requirement was introduced on 6 April 2020, initially requiring submission and payment of tax within 30 days from the date of completion. But this timeframe has been extended to 60 days for disposals made on or after 27 October 2021. The CGT return is separate from the self-assessment tax return, meaning you may need to make two submissions for the year.

RULES FOR NON-RESIDENTS
CGT return requirements have been in place for non-residents selling UK residential property since 6 April 2015. Like UK residents, non-residents had a 30-day timeframe to submit their returns from 6 April 2020, which was later extended to 60 days for disposals made on or after 27 October 2021. However, non-residents must submit a CGT return irrespective of whether they have a liability to pay.

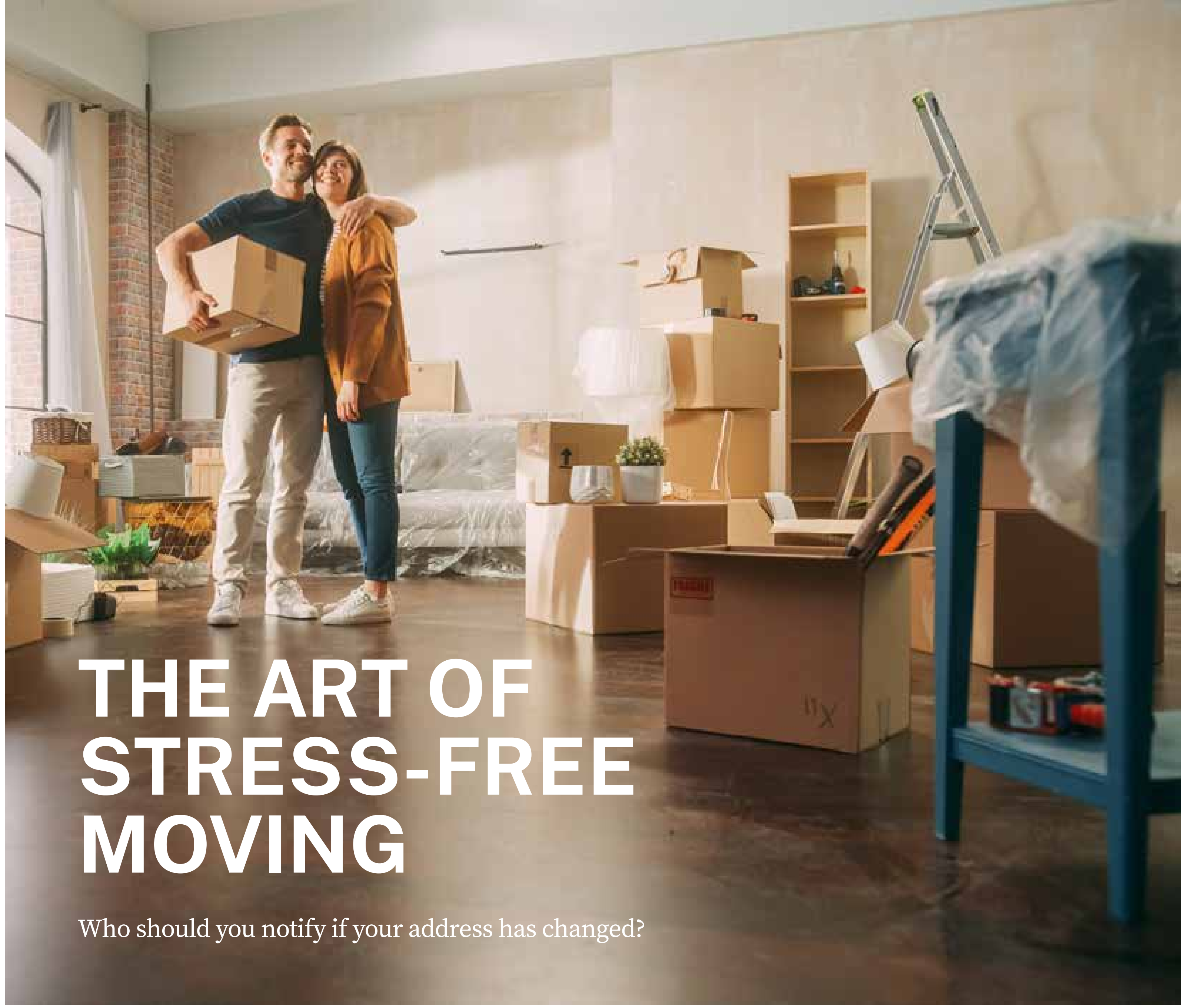
CALCULATING GAINS ON OLDER PROPERTIES
Non-UK residents who owned UK residential property before 6 April 2015 should calculate their gain using the market value as of 5 April 2015, instead of the actual purchase cost. From 6 April 2019, non-UK residents are also subject to CGT on capital gains from direct or indirect disposals of all types of UK land and property, including interests in UK property-rich entities. Given these rules' complexity, seeking professional advice is advisable.

EXCEPTIONS TO THE RULE
There are certain situations where you may not need to pay CGT on a second property. For example, suppose you transfer an interest in a property to your spouse or registered civil partner (from whom you're not separated). In that case, you won't incur any CGT liability due to specific CGT rules applicable to spouses and registered civil partners.

RELIEF OPTIONS AND PLANNING
In some rare cases, dependent relative relief may be applicable on the sale of a residential property. This relief is subject to specific conditions and complexities, so it's worth seeking advice before making a claim. Discussing your situation with your accountant before selling a property could mitigate your tax liability.

LETTINGS RELIEF AND PARTIAL PRIVATE RESIDENCE RELIEF
If you qualify for partial PRR relief, you may be entitled to an additional CGT relief known as 'lettings relief'. This applies when you sell a home that was at some point your primary residence, and part of the home was rented out while you occupied the property. However, lettings relief no longer applies if the entire dwelling was rented out for a period. ◆

>> ARE YOU CONTEMPLATING BUYING A SECOND PROPERTY? <<
Pondering about securing a second home mortgage? There's no need to navigate these waters alone. We're here to guide you through every step of the way! Your dream second home is just a decision away. So, what are you waiting for? Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



THE ART OF STRESS-FREE MOVING

Who should you notify if your address has changed?

RELOCATING CAN BE daunting, and many first-time movers aren't initially aware of the sheer number of companies and organisations that have your address on file – let alone who you need to notify of your move. Sure, you've got the obvious – friends, family, bank, school, work – but plenty of others need to know when your address changes.

Between packing your belongings and coordinating transport, navigating each step with as little stress as possible is crucial. But who should you notify when moving? At the onset, you might wonder who needs to be informed first.

Here are the key organisations to notify before relocating:

- DVLA/DVSA
- Employer
- Pension and life insurance companies
- Local council for Council Tax
- Royal Mail
- Contents and buildings insurance companies
- Healthcare providers (doctors, opticians, dentists)
- Banks
- HMRC
- TV Licensing
- Subscription services

STAY CONNECTED WITH ROYAL MAIL REDIRECTION
Royal Mail offers a redirection service to prevent important mail from going amiss. However, all organisations listed above still need to be notified independently. Royal Mail requires at least five working days to arrange a redirection.

UPDATE YOUR INSURANCE DETAILS
When you've relocated, inform your insurance companies to update your house and car insurance details. Consider taking out insurance to cover any potential damage during the move. Remember,

sharing relocation details after exchanging contracts is best to avoid repeating the process if the deal falls through.

SMOOTH TRANSITION OF COUNCIL TAX

Your local council provides a form to complete before you move, ensuring you don't overpay Council Tax. Contact the council in your new area to set up your new Council Tax payment plan. You can find your local council here, visit: https://www.gov.uk/find-local-council

INTERNET CONNECTIVITY DURING THE MOVE

Contact a local broadband provider to set up your new internet as early as possible before your move. If you need a temporary solution, check your mobile phone contract for tethering options, or consider purchasing temporary internet packages. Public spaces like cafés, libraries and restaurants offer free WiFi, albeit with security concerns.

SETTING UP UTILITIES IN YOUR NEW HOME

Identify your new home's current gas and electricity suppliers and take meter readings at both your old and new homes. You may stick with the current supplier or shop around for cheaper alternatives. Don't forget to inform your water company about your move and notify the new supplier if it changes.

SCHOOL APPLICATIONS WHEN MOVING HOME

Research schools in your new area, considering factors like distance, transport links, extracurricular activities and additional support needed for your child. Depending on the time of year, your child might have the option to start fresh in a new school year or be offered an in-year transfer. Contact your local council for more detailed information on available schools. ◆

>> NEED HELP TO EXPLORE ALL OPTIONS AND SELECT A MORTGAGE THAT ALIGNS WITH YOUR FINANCIAL SITUATION? <<

Whether you're a first-time buyer trying to understand it all or an experienced homeowner searching for an alternative deal, we are here to guide you through this complex process. We'll provide personalised advice, helping you explore all options and select a mortgage that aligns with your financial situation and homeownership goals. To discuss your requirements, please get in touch with **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Rise of the 'Guppies'

Increasing number of young adults abandoning homeownership dreams

A STARTLING 42% of adults between ages 18 and 39 who currently do not own a home have abandoned the dream of becoming homeowners in the next decade, according to a new survey[1]. This includes 38% of individuals earning over £60,000 annually. The data reveals an alarming trend among those under 40, who are more likely to live with their parents than plan to buy a property.

The escalating cost of living has emerged as a significant obstacle to purchasing property for the younger generation. High mortgage rates compound this issue, presenting a formidable challenge to potential homeowners. However, not all hope is lost, as many young adults are exploring alternative routes to homeownership.

ALTERNATIVE ROUTES TO HOMEOWNERSHIP

There are alternatives to homeownership, which include relocating to more affordable regions, buying properties with friends, investing in fixer-uppers or even constructing their own homes. These innovative solutions show a glimmer of resilience and adaptability in the face of the homeownership crisis.

The term 'Guppies' is now used to describe more than four in ten British adults under 40 who are yet to own a home. This group predominantly comprises young professionals with substantial incomes who have 'Given Up on Property'. This trend starkly contrasts with the 'Yuppies' of the Eighties and Nineties – young urban professionals easily able to afford a home.

IRONY OF THE MODERN HOUSING MARKET

Even among those with annual incomes exceeding £60,000, 38% have renounced the dream of homeownership in the next ten years. Only 21% are confident about affording a home in the forthcoming decade, while a meagre 14% are currently planning or in the process of buying one.

It's striking to note that most under-40 Brits do not own a home. A mere 22.5% of those aged 25-34 and a paltry 1.4% of those aged 24 or under own a property. Today, the research identifies that under-40 non-homeowners in the UK are more likely to live with their parents than plan to buy a home.

"The term 'Guppies' is now used to describe more than four in ten British adults under 40 who are yet to own a home."

HOMEOWNERSHIP OBSTACLE COURSE

The dream of owning a home has become increasingly elusive in today's market. Roughly 64% of potential homeowners who have renounced the idea of owning a home within the next decade attribute their decision to the escalating cost of living. Further, over half (51%) point to rising house prices, while nearly half (49%) are deterred by soaring mortgage rates.

Prospective first-time homeowners are not backing down without a fight, with 85% confessing they've made significant financial sacrifices to make their dream a reality. Holidays have been sacrificed by 34%, social activities have been cut back by 30% and a quarter (25%) have halted their future savings. Surprisingly, one in ten (10%) sacrificed personal relationships or dating to afford a home.

YOUNG BUYERS ADJUST EXPECTATIONS

Younger individuals are finding creative ways to climb onto the property ladder, even if it means making compromises. Of those under 40 planning or buying their first home, a staggering 69% admit they had to make concessions regarding their property. The most common compromises include settling for less desirable locations (31%), purchasing homes in need of repair (18%) and giving up extra rooms (17%).

Many young adults are considering relocating for more affordable housing options. Only 33% of non-homeowners under 40 believe they can afford a property in their current location, while 23% think they could manage if they moved further away. Those willing to relocate would have to move approximately 37 miles on average.

POWER OF LOCATION

Therefore, exploring new areas could be the key to homeownership for many. Interestingly, moving back to childhood towns might benefit some, as 37% believe they could afford a home there. This figure rises to 49% in Scotland and 45% in Yorkshire and the Humber, while it drops to 27% in the South West and 33% in the South East.

Today's young adults are open to unconventional homeownership routes. Almost a third (31%) of non-homeowners under 40 would consider part ownership or help-to-buy schemes, and 18% would contemplate buying with a friend, colleague or sibling. They're also willing to roll up their sleeves, with 20% open to renovating a near-derelict home and 19% considering building their own. Additionally, 17% would consider relocating to a cheaper area and working remotely.

SURVIVING THE HOME OWNERSHIP MAZE

Most survey respondents commented that they couldn't afford a home in their current or childhood location, so exploring alternative areas might be necessary. Numerous schemes are designed to assist first-time homeowners, including shared ownership schemes and 95% mortgages. Buying with a friend or partner can significantly reduce costs. Despite alarming news about skyrocketing mortgage costs, several options are available, so choosing the right one is crucial.

Despite the numerous challenges facing today's younger generation, homeownership might be more attainable with the right knowledge and understanding of available options. ◆

>> DO YOU REQUIRE FURTHER INFORMATION AND GUIDANCE ON NAVIGATING THE HOMEOWNERSHIP JOURNEY? <<

Don't hesitate to contact us for further information and guidance on navigating the homeownership journey. To discuss your funding options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data: *[1] zoopla.co.uk – press release 10/08/23.*

DETECTING A GAS LEAK

What to do and who to contact

GAS LEAKS POSE a severe risk to life and safety. Regular maintenance of boilers and gas appliances is overlooked, leading to potential hazards. Knowing how to handle emergencies effectively can save lives.

This is particularly true when dealing with potential gas leaks. Should you suspect a gas leak or detect the smell of gas, your first course of action should be to evacuate the premises immediately. If you are feeling unwell, visit your GP or hospital immediately. Tell them you may have been exposed to a gas leak or carbon monoxide poisoning.

IDENTIFYING A GAS LEAK

A distinctive odour often reminiscent of rotten eggs is the most noticeable indication of a gas leak. Other signs might include unusual sounds, like hissing or whistling from gas pipes or triggering a gas alarm, similar to a carbon monoxide detector.

IMMEDIATE ACTIONS DURING A GAS LEAK

If you suspect a gas leak in your property, evacuate everyone promptly. Avoid using matches, lighters or testing the gas hob, as any spark could trigger a major explosion.

SECURING THE GAS SUPPLY

If it's safe and you're familiar with the process, shut off the main gas supply while leaving the property. This is generally done by turning the gas safety valve on the gas meter. However, if you're unsure or believe it's too risky, leave it and exit immediately.

ALERTING NEIGHBOURS

If you live in a shared building or have close neighbours, inform them about the situation if it's safe and feasible.

CONTACTING PROFESSIONALS

Once everyone is safely evacuated, contact the National Gas Emergencies hotline at **0800 111 999**. Await their clearance before reentering the property. ◆

>> PURCHASING YOUR FIRST HOME OR TRANSITIONING TO YOUR FOREVER HOME? <<

If you're ready to take the next step towards owning your dream home, start your journey by finding and applying for the right mortgage. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

HOW TO SIMPLIFY YOUR NEXT HOME MOVE

10 practical tips to make your next move smoother and more manageable

MOVING TO A new home is an exciting step, but it also comes with the daunting task of packing. Whether scaling up, scaling down or just changing locations, transferring all your belongings can be overwhelming.

Here are 10 practical tips to make your next move smoother and more manageable.

1: DECLUTTER YOUR SPACE

The first step in simplifying your move is decluttering. This process helps you determine what to bring along and what to discard. Over time, we tend to accumulate items that end up stashed away in cupboards and drawers. Moving provides an opportunity for a fresh start. Make the task manageable by tackling one room at a time. As you sift through your items, decide what to keep, donate, sell or recycle.

2: ORGANISE YOUR ITEMS

After decluttering, it's time to get organised. Instead of packing immediately, list what you'll be bringing to your new place. You can categorise your list room by room to prevent it from becoming overwhelming.

Your lists can be as detailed as you want. For instance, in the kitchen, you can list main items like the toaster and kettle. For smaller items like plates, consider sub-categorising them into everyday plates, serving plates, everyday cutlery and serving cutlery. This technique ensures nothing gets overlooked.

As a pro tip, add two tick boxes next to each item. The first box is for packing, and the second is for unpacking. This way, you can ensure everything is accounted for.

3: START EARLY

Packing can be a time-consuming task. To avoid last-minute rushes and stress, begin as early as possible.

4: BOOK YOUR REMOVAL COMPANY

Book their services in advance if you plan to use a removal company. These companies can get busy, and some may even have waiting lists. It's generally advised to book four to six weeks before your moving date.

5: PREPARE YOUR PACKING MATERIALS

Preparation is key when it comes to packing. To start, gather all necessary packing materials. Cardboard boxes of various sizes are a good starting point. They're affordable and recyclable. Invest in re-usable plastic boxes for heavier items.

Make sure you have permanent markers for labelling and enough packing tape to seal each box. Bubble wrap or packing foam might be necessary for fragile items.

6: TACKLE ONE AREA AT A TIME

Breaking your home into individual rooms will make the packing process much less daunting. Start with the rooms you use least and work through to the ones you use most often. This way, once a room is packed, you can move on to the next without any unfinished bits and pieces left to do in the space you just completed.

7: LABEL THINGS CLEARLY

Label each box with its contents before you seal it. Be as detailed as possible to locate things quickly once you arrive at your new home. Also, label which room each box should be placed in at your new place. This will make it much easier to sort things as each box is unloaded. Don't forget to label whether a box contains fragile items or if it should be placed a certain way up to avoid damage.

8: PACK SMART

Consider some hacks to make packing different items easier. For example, when packing clothes, gather the hangers, tie the tops together, and drape a bin liner over the top. Tucking pairs of socks inside shoes is also a great space saver, and packing heavier items at the bottom of boxes is best to avoid squashing or damaging soft, light items.

9: GET A SPARE SET OF KEYS CUT

Get a spare set of keys cut for your new place to keep with you at all times. This will ensure quick access if you are locked out during the move.

10: PACK AN OVERNIGHT BAG

Moving days are tiring. Pack an overnight bag of essentials for moving day to avoid rummaging around a sea of boxes to find things you need. Include toiletries, a towel, clothes for the first night and the next morning, and chargers for your phone and laptop.

For children, pack an essentials bag with clothing, snacks and their favourite toys. For pets, have their bowls, toys and bed at hand. Also, transport your mattress with a fresh sheet already fitted and pack your duvet in its cover so you can get straight into bed after a long day of hard work. ◆

Impact of gardens on property demand and values

Premium prices buyers are willing to pay for these coveted outdoor spaces

"While London might have the lowest garden property demand in the country, the price premium for such homes is the highest. On average, a garden can increase a home's value by an impressive 13%."

GARDENS HAVE LONG been considered valuable additions to properties in the UK, a trend that has persisted even through challenging times like the recent pandemic restrictions. The appeal of a garden is nearly universal, making garden properties highly sought after in the current slower-paced market.

Research has delved into the demand for homes with gardens and the premium prices buyers are willing to pay for these coveted outdoor spaces. Demand was determined by comparing the number of garden properties listed for sale with those already under offer or sold subject to contract (SSTC).

CURRENT STATE OF GARDEN PROPERTIES IN THE UK

The study revealed that out of the 569,208 garden homes listed for sale, 263,036 have been marked as sold subject to contract[1]. This puts the nationwide demand for garden properties at 46%. Scotland leads the pack with the highest garden demand, with 61% of its 26,050 available properties already taken.

The North East, South West and North West regions also show high interest in garden properties, with a demand level of 48%. Meanwhile, in the South East, Yorkshire & Humber and the West Midlands, demand is slightly lower at 46%. Even in London, where gardens may not be a top priority for many buyers, 42% of garden homes have already found buyers.

PREMIUM PRICE OF GARDEN HOMES

While London might have the lowest garden property demand in the country, the price premium for such homes is the highest. On average, a garden can increase a home's value by an impressive 13%. The current average house price of £285,009 translates to a garden premium of £36,766 across the UK.

In London, where the average house price is a staggering £523,325, adding a garden can boost the seller's profit by an estimated £67,509. Gardens attract more buyers and add a 13% premium to the house price, which could help sellers offset some of the negative price growth experienced since last year. ◆

>> TIME TO FIND THE RIGHT MORTGAGE SOLUTION TO MEET YOUR NEEDS? <<

Whether you're a first-time homebuyer, moving up the property ladder or nearing retirement, we'll help you find the right mortgage solution to meet your needs. To learn more about your mortgage options, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] eXp UK research published 22/06/23.

HOMEOWNERSHIP

Affordability at an all-time high in the wake of bank rate rises

AFTER ENDURING the fourteenth consecutive bank rate increase in August, homebuyers' concerns about mortgage affordability are at an all-time high. Despite this financial hurdle, many homeowners remain optimistic about keeping up with their mortgage payments. With recent signs of inflation easing, hopes for relief from escalating interest rates are beginning to emerge.

HOUSING MARKET SENTIMENT

The housing market sentiment, while still fragile, has found its footing. However, we are still far from restoring full confidence in the market – particularly among first-time buyers who are hesitant to take the first step onto the property ladder. Recent findings from the Building Societies Association's Property Tracker report indicate that the mortgage cost is now perceived as the most substantial barrier to purchasing a property.

THE RIPPLE EFFECTS OF BANK RATE HIKES

Since the inception of the Property Tracker in 2008, amassing a deposit has consistently been the primary challenge for homebuyers. This trend shifted briefly during the COVID-19 pandemic when job security was top. However, the affordability of monthly mortgage payments has become a significant concern since the Bank of England initiated interest rate hikes in December 2021.

MORTGAGE AFFORDABILITY, THE NEW BARRIER

According to the report, 71% of people rank mortgage affordability among their top three barriers to buying a home, making it the most significant obstacle. This marks a significant increase from December 2021, when only 39% cited it as a concern. While raising a deposit remains a substantial hurdle for 60% of potential buyers, concerns about job security (19%) and falling house prices (18%) are less prevalent.

HOMEOWNER CONFIDENCE AMID AFFORDABILITY CONCERNS

Most homeowners displayed no anxiety when queried about their ability to afford their monthly mortgage payments over the next six months. Approximately 87% of mortgage borrowers expressed confidence in their ability to keep up with their payments. However, the same cannot be said for renters, with only 74% feeling optimistic about meeting their housing costs.

HOUSING MARKET LOW SENTIMENT BUT STEADY

Despite the low sentiment, the housing market has remained steady. Only 17% believe now is an opportune time to buy a property, consistent with results from six months ago. This number jumps to 44% among those who specifically think it's not a good time to buy and even higher to 68% among potential first-time buyers.

PREDICTING HOUSE PRICES: A MIXED BAG

Some market experts predict further decreases in house prices in the coming months, causing 39% of respondents to anticipate a decrease in the next year. This is a decline from December 2022, when 49% expected a price drop, while 20% anticipate prices will rise over the next year. ◆

>> WANT TO DISCUSS YOUR HOMEOWNERSHIP OPTIONS? <<

For more insights or assistance, don't hesitate to contact us. We're here to help you navigate through your homeownership journey. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

PROPERTY MATTERS

Embarking on a joint property purchase

What essential information do you need to know and consider?

THE CURRENT ECONOMIC climate has influenced some homebuyers to consider who they would purchase a property with. This article aims to provide you with the essential information you need before embarking on a joint property purchase.

UNDERSTANDING YOUR FINANCIAL CAPABILITIES

Before starting your search for a new home, it's crucial that you and your prospective co-purchaser have a transparent discussion about your financial capabilities. This includes the initial deposit, monthly mortgage payments and routine living expenses. When you pool resources together, often, you can afford a larger property in a more desirable location, splitting the mortgage and regular bills. It's similar to sharing rent with friends, but instead, your money is funnelled into your mortgage rather than your landlord's pocket.

DISCUSSING YOUR FINANCIAL HISTORY

While discussing finances, it's essential to touch upon your financial history, including any details that might negatively impact your chances of securing a mortgage. Although it can be an awkward conversation, it's better to be aware of any potential issues upfront than to be blindsided by a mortgage rejection due to undisclosed credit score issues.

"If you're considering borrowing more than your individual income would allow, a joint mortgage might be the right option."

UNDERSTANDING JOINT MORTGAGES

If you're considering borrowing more than your individual income would allow, a joint mortgage might be the right option. Some lenders permit up to four people on a mortgage agreement, typically considering the two highest incomes when determining the loanable amount. However, each person is equally responsible for the mortgage payments and fees, and if one party defaults, the lender can demand full payment from the other borrowers. Every borrower must meet the lender's requirements and credit criteria before finalising an agreement.

CONSIDERING TENANTS IN COMMON

Buying as common tenants rather than joint tenants allows you to own your share of the property independently and proportionately. This arrangement enables you to sell your share and receive a return on your investment relative to your contribution. For example, if you contribute 40% towards the deposit and mortgage, you own 40% of the property's value, irrespective of whether it appreciates or depreciates.

DRAFTING A LEGAL AGREEMENT

Regardless of your relationship with your co-purchaser – be it a sibling, friend or partner – it's crucial to have a legal agreement prepared by a professional solicitor. This document protects you if one party decides to sell their share, relocates or faces financial difficulties. It may feel awkward now, but such agreements can prevent future disputes and protect your relationships.

CONSULTING A PROFESSIONAL MORTGAGE ADVISER

Consult a professional mortgage adviser before settling on a property or exploring mortgages. They can answer any questions, help determine your potential borrowing amount for a joint mortgage, and provide access to rates and offers not typically available on the high street. Consulting an adviser will ensure you find the right mortgage for your circumstances. ◆

>> LOOKING FOR A NEW MORTGAGE? <<

Applying for a mortgage is a serious financial decision. We're here to guide you step-by-step on how to find and apply for the right mortgage. To learn more, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

PROPERTY MATTERS

Planning a successful extension project

Keep your vision at the forefront of every decision

A CRITICAL FIRST step in any home extension project is to have comprehensive plans drawn up. These should include every inch of the proposed extension – length, width and depth. This level of detail leaves less room for interpretation, ensuring your vision is clearly communicated to your builders.

With thoroughly considered plans, you're setting the stage for accurate budgeting, effective scheduling and a smoother overall process.

BUDGETING: THE MAKE-OR-BREAK FACTOR

Planning costs and budgeting are aspects you can't afford to skimp on. Every element of your extension should be accounted for, and you need to be realistic about what your wallet can handle. You may need to make sacrifices to meet your budget, but planning this ahead of time is crucial.

Your thorough upfront plans will aid your builders in providing accurate estimates. However, remember to factor in unexpected costs as issues may arise throughout the process. Having a buffer in your budget is essential to tackle these unforeseen expenses. Always prioritise quality over cost when selecting a builder, as the cheapest option might lead to expensive problems down the line.

PERMISSIONS AND REGULATIONS: THE LEGAL SIDE OF THINGS

It's vital not to assume that your extension will fall within permitted development rights. Take the time to understand the rules and regulations, determining if you need to apply for planning permission. Aspects such as previous extensions and the size and location of the new one could affect whether your plans fall under permitted development.

If building under permitted development, remember there are strict guidelines to adhere to. If these restrictions hinder your dream extension, consider applying for planning permission.

"A critical first step in any home extension project is to have comprehensive plans drawn up. These should include every inch of the proposed extension – length, width and depth."

SCHEDULING: TIMING IS EVERYTHING

One significant aspect of planning is considering the time of year. Avoid winter, as factors like frozen ground and bad weather can cause substantial delays. Starting in spring is ideal, particularly for larger projects.

Have open discussions with your contractors about estimated timeframes and plan accordingly. If you're responsible for arranging the delivery of materials, allow ample time to avoid any delays.

THE BIGGER PICTURE: THINKING LONG TERM

Throughout the process, it's essential to consider how the extension will impact the rest of the house, both now and in the future. Assess how the added space might affect the flow between rooms and the functionality of existing spaces.

Consider how your household's needs may change over time, ensuring your extension is planned with this in mind. Don't let small issues that arise distract you from your end goal. Keep your vision at the forefront of every decision and use it as motivation to stay on track. ◆

>> READY TO REVIEW YOUR FUNDING OPTIONS? <<

With the different options available to fund your home extension project, it's essential to understand what each one can provide and how it aligns with your unique plans. Don't hesitate to contact us for more detailed information and personal guidance. For more information, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

PROPERTY MATTERS

Amplifying your home's value

How to enhance your home instead of relocating

AS WE GRAPPLED with the pandemic, a new housing trend emerged – the 'quest for space'. This trend saw many UK homeowners re-evaluating their living conditions under lockdown and opting for larger residences, typically with larger outdoor spaces.

While some of these trends may have slightly reversed post-pandemic, according to analysis from Nationwide, the 'quest for space' remains crucial if you consider enhancing your home instead of relocating. It's no secret that a property's location significantly impacts its value. However, other elements like the size of the house (including the number of bedrooms) also hold considerable importance to potential buyers.

"Over the past decade, energy efficiency has improved dramatically due to the higher energy rating of new properties and the improvements made to many existing homes."

VALUE OF SPACE AND HOME IMPROVEMENTS

Home improvements that expand the floor area, such as extensions or loft conversions, continue to offer an attractive way to increase a property's value. According to Nationwide's last coverage in 2016, the value added by these improvements has grown.

Investing in home improvements is a personal decision, factoring in the costs, potential inconvenience and expected benefits. For some households, it's a toss-up between moving or enhancing their current home. Amongst owners contemplating a move, acquiring a larger house or flat is the most common reason.

THERE IS WORTH IN ADDITIONAL SPACE

More usable space is generally associated with better-quality accommodation, and people seem willing to pay for it. According to the analysis, a 10% increase in floor space, all else being equal, can boost the price of a typical house by 5%[1]. Adding space to create an additional double bedroom can increase the value of an existing two-bedroom house by around 14%.

Second bathrooms remain popular amongst homeowners, with research showing that an extra bathroom can add 6% to the average house's value. Homeowners who add a loft conversion or extension, incorporating a large double bedroom and bathroom, can add up to 25% to the value of a three-bedroom, one-bathroom house. This is an increase from 22% in the 2016 research.

IS EXTRA SPACE A LUXURY OR A NECESSITY?

Before contacting their local builders, homeowners often ask themselves, 'Do we genuinely need the extra space?' English Housing Survey data reveals that 87% of owner-occupied properties have at least one spare bedroom, with more than half (53%) classified as 'under-occupiers', defined as having two or more spare bedrooms.

However, the rise in remote working means that these spare rooms will likely be used as home offices or studies. Moreover, many homeowners purchase properties they intend to grow into over time as their families expand and, more significantly, people remain in their homes even after their children leave.

ENERGY EFFICIENCY, A VALUE-BOOSTER

Besides extensions, making your home more energy-efficient can also enhance its appeal. With cost of living pressures, energy expenses remain a concern for households. Furthermore, transforming and decarbonising the UK housing stock is crucial for the UK to achieve its 2050 emissions targets, given that housing accounts for approximately 20% of the UK's total carbon emissions.

Over the past decade, energy efficiency has improved dramatically due to the higher energy rating of new properties and the improvements made to many existing homes. The latest data from the English Housing Survey shows that 47% of the housing stock now holds a 'C' or higher energy rating, up from 16% in 2011. ◆

>> READY TO TAKE THE FIRST STEP TOWARDS IMPROVING YOUR HOME? <<
Start your remortgage journey with us today! Discover how much you could borrow. To learn more about how we can help you – speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:
[1] Nationwide research data 29/08/23.

Pondering a relocation to a new area?

What you need to consider if you're uprooting and exploring unfamiliar territories

CONTEMPLATING A MOVE to new surroundings? It's often said that home is where the heart is, but what happens when your heart is unsure of its destination? A recent job offer may have you considering a cross-country move, or the allure of leaving city life behind has become too strong to ignore. Regardless of your reasons, there's no denying that relocating can be an overwhelming process.

Buying a new home is a significant commitment, and you must ensure that the new area aligns with your needs and lifestyle, at least for now. The decision to move can be daunting, with numerous factors to consider. The stakes are even higher when moving to an entirely new area. If this option fits your situation, here are some key points to consider before you relocate.

THE POWER OF RESEARCH

If you're considering swapping your current location for a new town, city or region, research is vital before you make your final choice. Examine property prices in various areas and evaluate where your budget would stretch furthest. To gain a comprehensive understanding of local market dynamics, study the prices of homes currently on sale and recent sales of comparable properties. An experienced estate agent can guide you through this process.

Consulting a local agent to evaluate your current property is recommended for homeowners looking to sell before moving. This information will not only help you determine what you can afford but also enable you to compare houses in your price range across different areas.

CAREER COMPATIBILITY WITH A NEW LOCATION

Whether you work remotely or commute, your career should factor into your decision to relocate. While working from home might simplify relocation, remember to check the broadband connectivity in your prospective new area and the cost of reliable internet providers.

Calculate the travel time and costs associated with your potential new location if your work involves commuting. Online tools can help you ascertain the distance between important places and prospective properties.

ENVISIONING LIFE IN THE NEW AREA

When viewing a property, try to visualise yourself living there. But beyond the property itself, consider whether the new location aligns with your lifestyle. Take into account your interests. Are there local gyms that cater to fitness enthusiasts? Are there opportunities to pursue outdoor activities like hiking or running?

Research local groups or sports teams that could help you build a social network after you move. Also, consider your leisure activities. Does the new location have the infrastructure to support your interests, such as dining out, watching movies or shopping?

SCHOOLS AND TRANSPORT LINKS

For those relocating with children, the quality of local schools is crucial. Review the latest Ofsted reports and communicate with schools of interest to help narrow down your preferred catchment areas.

Transport links are equally important. Consider your usual mode of transportation and the ease of access to these options in the new area. Also, assess the feasibility of visits from friends and family and trips back to your old area.

EXPERIENCE BEFORE COMMITTING

Visit potential new areas before making a decision. While a day's visit can give you an impression, spending a few days across different times will provide a more realistic picture of the area.

Try to immerse yourself in the local lifestyle during these visits. Sample local cuisine, visit parks and explore the high street shops. Engage in conversations with locals and consult with a local estate agent for invaluable insights and guidance. ◆

Houses in Multiple Occupation (HMO)

A legal definition rather than a purely descriptive one

INFLATION AND ESCALATING mortgage costs are affecting many landlords. However, some with Houses in Multiple Occupation (HMO) are currently bearing the brunt of this economic pressure. This is mainly due to these distinctive factors.

INCREASED MAINTENANCE AND REPAIR COSTS
Firstly, multi-occupancy properties generally demand higher ongoing maintenance and repairs. As a result, the escalating costs of labour and materials have a more pronounced effect on HMO landlords.

ALL-INCLUSIVE RENT PACKAGES
Secondly, unless they're student homes shared by friends, most HMOs typically consist of rooms let on an all-inclusive rent package. Consequently, landlords bear the burden of paying energy and utility bills directly.

MORTGAGE RATE INCREASES
The third blow comes from rising mortgage rates. While some landlords manage to hike rents annually, it's been challenging to pass on the entire increase in energy and mortgage costs. Therefore, landlords often find themselves absorbing most of these additional expenses.

If you're an HMO landlord, here are some tips that could help you cut your costs:

OPEN DIALOGUE WITH TENANTS
Arrange a meeting with your tenants to discuss the situation. Let them know that costs have surged significantly and that while you're not passing on the total increase, you're asking them to be more mindful of their energy usage.

SWITCH TO A CHEAPER ENERGY PROVIDER
If you've stuck with the same energy provider for years, it might be time to shop around. You might find cheaper tariffs with other providers.

OPTIMISE LIGHTING AND HEATING
Consider switching to LED lightbulbs, which consume less energy and last longer than standard bulbs. Motion sensor lighting in communal areas can also help to reduce energy waste.

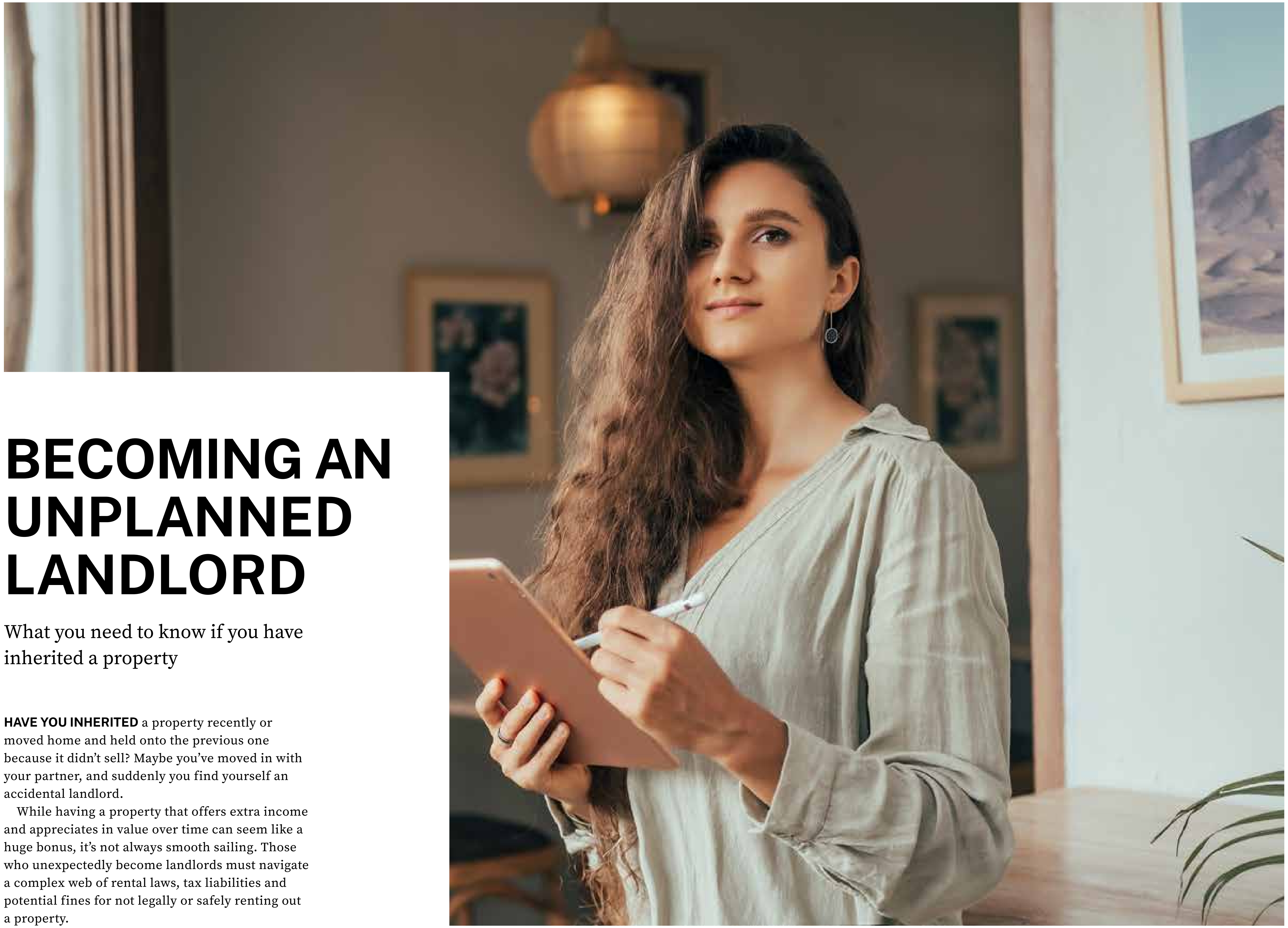
Smart thermostats offer remote control over heating, ensuring tenants don't overheat the property. They also allow for zoning and setting parameters for communal areas.

COIN-OPERATED LAUNDRY FACILITIES
Introducing coin-operated washers and dryers could contribute towards offsetting high energy costs. While there's an initial cost of fitting a coin box to your existing appliances, tenant payments should enable you to recoup this within six months.

NEGOTIATE FIXED COSTS WITH CONTRACTORS
Speak to regular contractors like cleaners and gardeners, and attempt to agree on a set price for the year ahead. While this may not immediately reduce costs, it does ensure no unexpected price increases.

REVIEW INSURANCE OPTIONS
HMOs require specialist insurance, which is generally more expensive than single-household let insurance. However, savings may be possible with multi-property or portfolio insurance that covers all your properties under one policy. ◆

>> LOOKING TO FINANCE YOUR NEXT PROPERTY PROJECT? <<
For further information or assistance, please feel free to get in touch. We are committed to helping landlords navigate these challenging times. To discuss your options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



BECOMING AN UNPLANNED LANDLORD

What you need to know if you have inherited a property

HAVE YOU INHERITED a property recently or moved home and held onto the previous one because it didn't sell? Maybe you've moved in with your partner, and suddenly you find yourself an accidental landlord.

While having a property that offers extra income and appreciates in value over time can seem like a huge bonus, it's not always smooth sailing. Those who unexpectedly become landlords must navigate a complex web of rental laws, tax liabilities and potential fines for not legally or safely renting out a property.

UNDERSTANDING YOUR OBLIGATIONS AS A LANDLORD

With numerous laws governing the rental industry, it's easy to breach them unintentionally. Ignorance, however, is not an excuse. You must understand your obligations as a landlord, and be ready to invest money to ensure the property meets legal letting standards. Apart from potentially breaking the law, you could endanger your tenants if you lack the right health and safety procedures.

Moreover, if you're new to managing financial investments, understanding the most tax-efficient way to own an investment property and generate additional income might be overwhelming. This could lead to incorrect tax returns and hefty future bills. Plus, if you're unaware of the costs associated with running a buy-to-let and haven't budgeted ahead, you may find yourself financially strained on an ongoing basis.

HOW TO ENSURE YOUR RENTAL PROPERTY ENHANCES YOUR FINANCES

Here are some crucial steps to ensure that this unexpected rental property doesn't get you into trouble with local authorities and, instead, bolsters your finances.

CONSULTING A FINANCIAL ADVISER AND PROPERTY TAX SPECIALIST

As soon as you know you'll be renting out a property, if appropriate, you should seek professional financial advice from property experts to guide you on the best way to own the property and maximise profits regarding rental income and equity. Also, consider legal advice on ownership, especially if you've inherited a property you'd like to pass on to children or other family members.

CONNECTING WITH A BUY-TO-LET MORTGAGE ADVISER

It's critical that the property is correctly mortgaged. If you previously lived in and mortgaged the property, your lender must be informed about the change so they can transition you to a buy-to-let mortgage. You cannot have a standard residential mortgage on a property that isn't your primary residence.

A mortgage adviser can review your current mortgage and find the right deal for your new circumstances. This might even involve switching lenders. Depending on your circumstances, even if the property is mortgage-free, you should consider financial advice to determine if taking out a mortgage and releasing some equity is beneficial.

ENGAGING A GOOD LOCAL AGENT TO LET AND MANAGE THE PROPERTY

A good agent can provide immense value, and their services are tax-deductible. A reputable letting and managing agent will be a member of a professional industry body, such as ARLA or RICS. This means they are well-trained, abide by a code of conduct and protect your money through Client Money Protection insurance. Importantly, they keep up-to-date with the latest legislation and ensure your properties are legally let to the highest industry standards.

While it's possible to let and manage a property yourself, with new rules and regulations constantly emerging, it becomes increasingly risky for owners of more than one property to handle everything independently. Considering the time and money spent learning and keeping up with legal obligations, it's worth hiring professionals who can shoulder most legal and administrative responsibilities.

FINDING THE RIGHT TENANT

A good letting agent can also help you find the right tenant. If you try to let the property yourself, you may not get the best market rent or know how to reference the tenant properly. This could mean missing out on a more suitable tenant, higher rental income and a more successful let.

A reliable agent should also be transparent about all costs associated with owning a buy-to-let. They can help you create an accurate budget to avoid unexpected bills and plan ahead for periodic work that will be required. ◆

>> ARE YOU LOOKING TO PURCHASE AND RENT OUT A PROPERTY, OR HAVE YOU INHERITED A PROPERTY YOU WANT TO KEEP BUT NOT LIVE IN? <<

Whether you're an experienced property investor or have become an accidental landlord, we're here to guide you every step of the way. To learn more and discuss your options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.


UNRAVELING LANDLORD INSURANCE

Even the most responsible tenants encounter issues

LANDLORD INSURANCE IS A mix of different covers intended to safeguard landlords. It's an essential safety net for anyone who rents out their property. Even the most responsible tenants can encounter issues, and that's where landlord insurance provides protection.

This insurance allows you to opt for additional coverage, such as loss of rental income, which is handy if your property becomes uninhabitable due to damage.

A standard package will typically offer reliable protection for your residential property investment. Ideally, you want the flexibility to customise your policy with a range of optional extras to ensure you obtain the right landlord insurance.

WHAT'S COVERED UNDER LANDLORD INSURANCE?

A comprehensive landlord insurance policy should always incorporate building insurance. This component covers any damage to the property's structure and the cost of necessary repairs. Contents cover is another crucial aspect of any insurance policy, safeguarding you against the expense of replacing fixtures or fittings damaged during the tenancy. Landlord insurance can also offer liability protection, which comes into play if a visitor to the property gets injured.

IS LANDLORD INSURANCE NECESSARY?

For those renting out their property, home insurance may not suffice. Although landlord insurance isn't a legal requirement, it covers risks associated with rented properties that aren't included in a basic home insurance policy. Without the right coverage, unforeseen events could result in significant financial losses.

UNDERSTANDING THE COSTS OF LANDLORD INSURANCE

The cost of landlord insurance varies based on several factors, including whether you're insuring a house or a flat and whether or not it's furnished. If your tenants are students, you might face higher charges, or some landlord policies might not cover you at all, unlike if you rent to professional individuals or families. Opting for a customisable policy with various optional extras may help you save money in the long run. ◆

"A standard package will typically offer reliable protection for your residential property investment."

>> WANT TO FIND THE RIGHT LANDLORD INSURANCE POLICY FOR YOUR NEEDS? <<

Don't hesitate to reach out if you want to learn more about landlord insurance or need help finding the right policy. We're here to provide you with all the information you need to make an informed decision. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

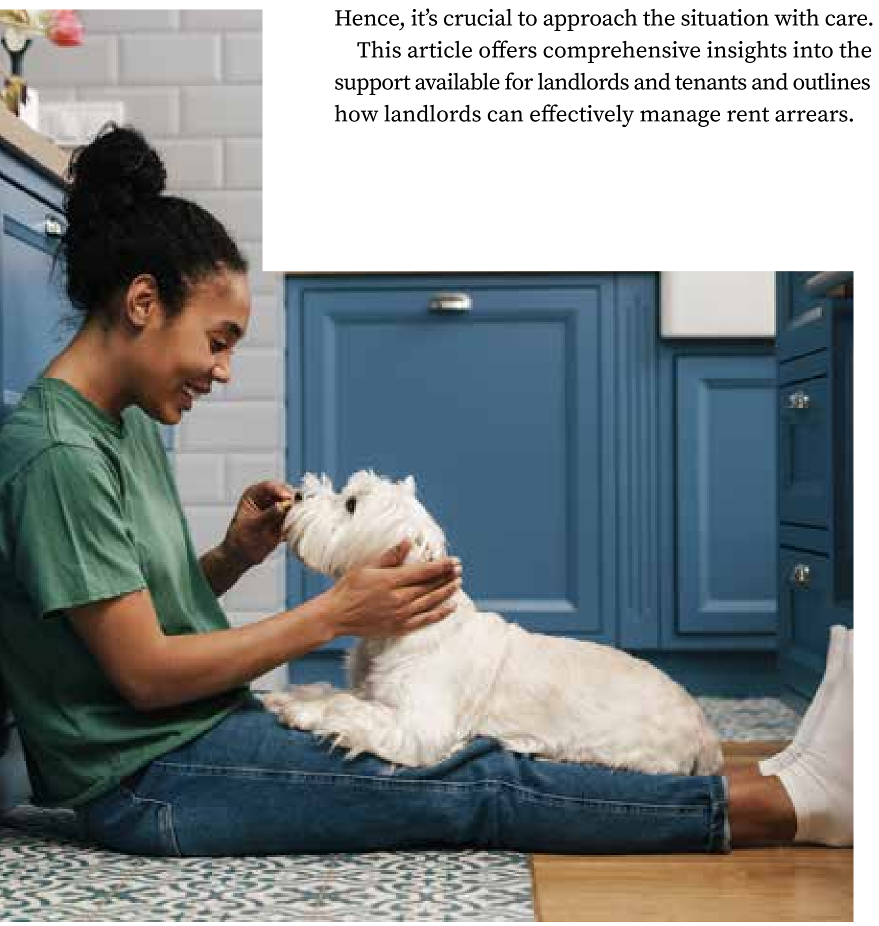
HOW TO MANAGE RENT ARREARS

Posing significant challenges for landlords whose livelihood depends on rental income

IN AN ERA OF ESCALATING living expenses, more tenants might struggle with rent payments. This can pose significant challenges for landlords whose livelihood depends on rental income.

Addressing late or missing rent payments can be complex from both emotional and legal perspectives. Hence, it's crucial to approach the situation with care.

This article offers comprehensive insights into the support available for landlords and tenants and outlines how landlords can effectively manage rent arrears.



UNDERSTANDING RENT ARREARS
Legally speaking, being 'in arrears' refers to delayed payments. Thus, a tenant in rent arrears is one who is lagging behind in rent payments. Persistent non-payment can severely affect the tenant, possibly leading to eviction.

STRATEGIES FOR MANAGING RENT PAYMENTS
If you maintain a good rapport with your tenant and they're experiencing temporary financial difficulties, it's worth exploring ways to help them catch up on payments. However, stricter measures might be necessary if the tenant has a history of late payments and unresponsiveness.

OPEN UP DIALOGUE
Begin by discussing the situation with your tenant. They might not realise the severity of non-payment and the potential risk of eviction. Open conversation can often lead to a mutually beneficial resolution.

SHORT-TERM REDUCTION IN PAYMENTS
If the tenant is nearing the end of their lease, consider temporarily reducing their payments. This will ensure continued rental income while you prepare to find new tenants, rather than leaving your property vacant. Any such agreements should be legally documented, with clear start and end dates.

REPAYMENT PLANS
If the tenant's rent issue is one-off, setting up a payment plan could aid in gradually repaying the outstanding amount. The terms of the repayment deal should be clearly defined in a signed contract.

"If the tenant hasn't paid 14 days past the due date, send a formal letter stating your intention to reclaim the property if payment isn't made."

ENDING THE TENANCY
If the tenant cannot afford the rent in the long run, it might be mutually beneficial to terminate the lease early. This would allow them to find affordable accommodation while you seek tenants who can comfortably pay the rent. Remember, any eviction must follow a legal process and be a mutual decision.

CONTACTING THE GUARANTOR
If the tenant has a guarantor, contact them 14 days after the missed payment to request debt settlement.

INSURANCE CLAIMS
If your insurance policy covers tenant default, you may claim for missed payments. Consult your insurance provider to understand the claiming process.

FORMAL COMMUNICATION
If the tenant hasn't paid 14 days past the due date, send a formal letter stating your intention to reclaim the property if payment isn't made. If the tenant has a guarantor, they should also receive a copy.

FINAL WARNING
After 21 days of non-payment, send a final letter requesting the owed amount and warning of potential legal action.

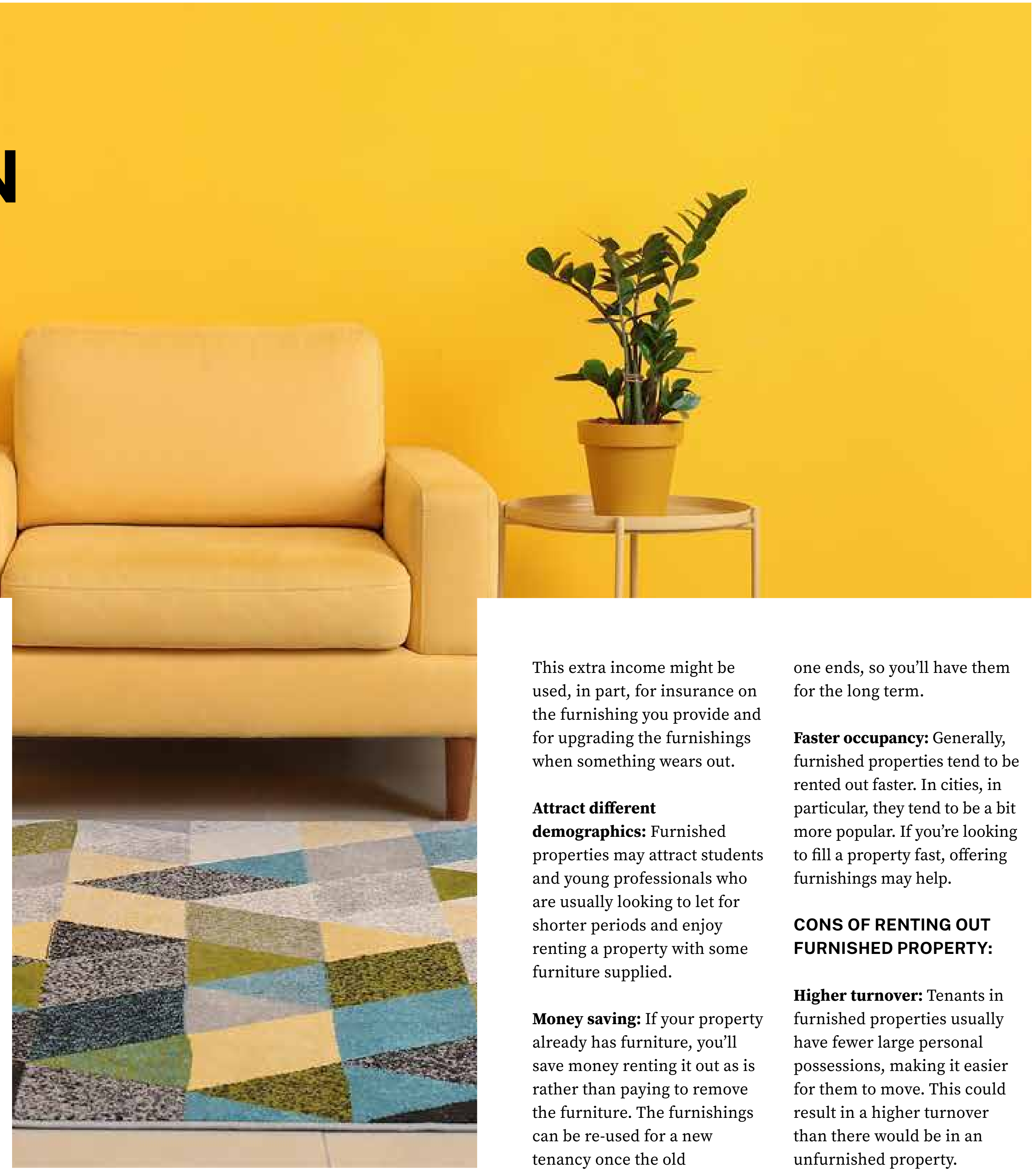
EVICTION NOTICE
The tenant is considered two months in arrears if the next month's rent remains unpaid. After exhausting all other options, you can claim possession of the property and evict the tenant.

Eviction should always be a last resort. But remember, managing a buy-to-let property is a business, and you can't afford tenants living rent-free. ◆

PROPERTY INVESTMENT

DECIDING BETWEEN FURNISHED OR UNFURNISHED RENTALS

Looking at the advantages and disadvantages of each option



ARE YOU A PROPERTY owner considering renting out your space but unsure whether to provide it furnished or unfurnished? The answer is not as straightforward as you might think. Your decision will be primarily influenced by various factors, including the potential tenants you aim to attract and each option's advantages and disadvantages.

UNFURNISHED RENTALS

An unfurnished rental doesn't necessarily mean a bare space. Typically, it includes essential fixtures and appliances, but beyond that, tenants would need to bring their own furniture. This option requires less initial investment but may deter potential tenants not keen on furnishing the place themselves.

FURNISHED ALTERNATIVE

On the other hand, a furnished rental comes equipped with all the necessary furniture, reducing the burden on the tenant. As a landlord, you'll be responsible for maintaining this furniture and keeping track of its condition using an inventory. This option can appeal to certain tenants but also means more responsibility and potential costs for you.

ATTRACTING DIFFERENT TENANTS

The type of rental you opt for can significantly impact the kind of tenants you attract. Families, for instance, often prefer unfurnished properties as they typically have their own furniture or specific needs not met by standard furnishings.

Conversely, furnished rentals are popular among overseas individuals or those in transitional life phases who may not possess much furniture. This group appreciates the convenience of furnished spaces, even if it comes at a slightly higher cost.

PROS OF RENTING OUT FURNISHED PROPERTY

Higher rent: Landlords often charge 15% to 20% more for a furnished rental than they might for an unfurnished one. This extra income might be used, in part, for insurance on the furnishing you provide and for upgrading the furnishings when something wears out.

Attract different demographics: Furnished properties may attract students and young professionals who are usually looking to let for shorter periods and enjoy renting a property with some furniture supplied.

Money saving: If your property already has furniture, you'll save money renting it out as is rather than paying to remove the furniture. The furnishings can be re-used for a new tenancy once the old one ends, so you'll have them for the long term.

Faster occupancy: Generally, furnished properties tend to be rented out faster. In cities, in particular, they tend to be a bit more popular. If you're looking to fill a property fast, offering furnishings may help.

CONS OF RENTING OUT FURNISHED PROPERTY:

Higher turnover: Tenants in furnished properties usually have fewer large personal possessions, making it easier for them to move. This could result in a higher turnover than there would be in an unfurnished property.

Additional costs: If you don't already have furniture, there's the cost of acquiring it. Once the furniture is in place, you'll be responsible for fixing or replacing it when normal wear and tear occurs. This may be tax deductible, but it'll still cost, so make sure you have a budget for furniture upkeep and consider taking out insurance.

Inventory management: When you take on a new tenant, it'll take a little more admin if you're furnished. You'll want to walk through the property and take note of what items are in the flat and what condition they are in. Having this inventory and getting a tenant's sign-off will help you should a tenant damage anything beyond the usual wear and tear. ◆

LANDLORDS NEED TO START PREPARING TO BRACE FOR WINTER

What to do to safeguard your property when the temperature plummets

WITH ITS FREEZING temperatures, high winds and storms, winter can be a period of concern for landlords. But with some preparation, you can weather the big freeze with relative ease. Here's how you can safeguard your property when the temperature plummets.

BE READY FOR THE COLD

Start by insulating your pipes. You can get insulation material from any DIY shop and install it with ease. Ensure you don't overlook pipes in seldom-visited areas like the loft, which are more susceptible to the cold.

Boilers need annual servicing from a gas-safe registered engineer. Ensure it's serviced well before winter, leaving ample time for necessary repairs before the icy weather sets in.

CLEAR OUT AND CHECK UP

It's astonishing how much debris, including dead leaves, can accumulate in your gutters. This can result in water pooling and seeping into the walls. Regularly clear out the gutters and inspect the roof for any broken or missing tiles. Repair these promptly to be storm-ready. Also, make sure outside taps aren't leaking.

CONTROL AIRFLOW AND REDUCE DRAUGHTS

Proper air circulation is crucial for maintaining a healthy building. Advise your tenants against blocking ventilation holes or closing vents, irrespective of how cold it gets.

Draughts, however, are less desirable and easily fixable. Install brushes at the bottom of doors and inside letterboxes, and add rubber strips around windows. These are cost-effective ways of reducing draughts. A metal disc over the keyhole can also make a significant difference. If an unused chimney is causing heat loss, consider fitting a temporary chimney draught excluder.

PREVENT CONDENSATION

During colder weather, people tend to keep windows closed, leading to a humid atmosphere and consequent condensation, which can cause dampness. Ensure your bathroom and kitchen extraction systems are efficient. Encourage tenants to let in fresh air, even on the coldest days.

Provide your tenants with efficient laundry drying methods during cold or wet weather. This can help avoid the practice of hanging wet laundry on radiators. If a tumble dryer is available, ensure it's correctly vented.

PROTECT VACANT PROPERTIES

The best way to care for an unoccupied property is to keep it warm. A mild heat of around 13°C will prevent pipe freeze and guard against other cold-related issues. Ensure proper air circulation to avoid dampness. Keep doors (including cupboards) and loft hatches open, and maintain window trickle vents open, too. Move furniture away from walls to improve airflow.

Arrange for regular visits to the property until it's occupied again. A warm, lived-in home is more attractive to potential tenants than a mothballed one.

COMMUNICATE WITH TENANTS

If you're letting your property this winter, provide your tenants with essential information, such as emergency contacts (like your contracted plumber) and basic instructions like where to find the stopcock. ◆

>> DOES YOUR RESIDENTIAL LANDLORD INSURANCE COVER YOUR PROPERTIES?<<

These simple steps can help prevent winter damage. However, also ensure that your residential landlord insurance covers your properties. If you require further information or have any queries, please get in touch with us. We're here to help you navigate property management, whatever the season. To discuss your options, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

PROPERTY INVESTMENT

"A good letting agent can significantly ease the burden on private landlords by taking over tasks like rent collection and property inspection, ensuring everything runs smoothly."

Options that influence your daily life and profit margins

Choosing between being a private landlord and hiring a letting agent

WHEN RENTING OUT a property, many landlords find themselves at a crossroads: Should they go it alone as a private landlord or enlist the services of a letting agent? This decision should not be taken lightly, as it can significantly influence your daily life and profit margins.

PRIVATE LANDLORD

As a private landlord, you control every facet of your rental property. This means having the final say on everything from tenant selection to rent pricing. However, this level of control comes with its own set of challenges. Being a private landlord means being available around the clock. You are the go-to person for any emergencies, repairs or tenant disputes that may arise.

LETTING AGENT

On the flip side, letting agents offer a hands-off approach to property management. They handle the lion's share of landlord responsibilities, freeing up your time for other pursuits. They'll care for finding and vetting tenants, addressing maintenance issues and collecting rent. However, this convenience comes at a monetary cost.

PERSONAL CIRCUMSTANCES DICTATE YOUR CHOICE

Ultimately, the right choice depends on your personal circumstances. Both options have pros and cons, and what works best for one landlord might not suit another.

To help you make an informed decision, we delve into the roles and responsibilities of private landlords and letting agents. We also hear from landlords currently managing their properties, either independently or through agencies, to gain insight into the advantages and disadvantages of each path.

LET'S CLARIFY SOME TERMINOLOGY

Before we dive in, let's clarify some terminology. Who is a private landlord? In essence, a private landlord is an individual who handles property letting on their own, without the aid of a letting agent or property management firm.

Private landlords can be divided into two types: professional and accidental. Professional landlords typically manage a collection of properties and consider the rental process a business operation. On the other hand, accidental landlords become landlords due to unforeseen circumstances, such as inheriting property or relocating, leading to a more casual approach to managing their rentals.

UNDERSTANDING THE ROLE OF LETTING AGENTS

What is the role of a letting agent? Letting agents are employed to oversee properties on behalf of private landlords. These landlords pay them to ensure all legal responsibilities towards tenants are satisfied. As such, letting agents are contractually bound to prioritise landlords' interests.

A good letting agent can significantly ease the burden on private landlords by taking over tasks like rent collection and property inspection, ensuring everything runs smoothly.

WHICH ROUTE TO CHOOSE?

Choosing between being a private landlord and hiring a letting agent depends on several factors. Being a private landlord can be rewarding if t ime, familiarity with property laws and direct tenant interaction are not issues. However, hiring a letting agent might be the best action if these aspects seem daunting.

THE ROLE OF A PRIVATE LANDLORD

Regardless of the type of tenancy, private landlords have several legal obligations when renting out their properties.

PROMOTING THE RENTAL PROPERTY

The landlord's tasks begin with marketing the property. This involves advertising the rental property and arranging viewings for potential tenants.

VETTING POTENTIAL TENANTS

Next up, it's the private landlord's duty to find and reference tenants. This process may include background and financial checks and character references from previous landlords or current employers. Additionally, in England or Wales, landlords must verify the right to rent and the immigration status of tenants – and those over 18 living with them – by obtaining copies of passports or other accepted official documents. Failure to do so can lead to criminal charges.

SETTING THE RENT

Landlords are also responsible for determining the rental price, payment frequency and whether service charges are included within it. They oversee rental increases and follow up if the rent isn't paid on time.

CRAFTING LEGALLY COMPLIANT TENANCY AGREEMENTS

If there is a tenancy agreement in place, it must be fair and legally compliant. It's recommended that landlords provide tenants with a copy of this agreement before move-in.

SAFEGUARDING TENANT DEPOSITS

For assured shorthold tenancies, landlords must place a tenant's deposit in a government-approved tenancy deposit protection scheme within 30 days of receipt. Non-compliance could result in substantial fines.

PROVIDING ESSENTIAL TENANT INFORMATION

Private landlords are legally obligated to provide tenants with certain information at the start of a tenancy, including their full name, address, contact details, a copy of the property's Energy Performance Certificate, Gas Safety Certificate and, if applicable, a copy of the government's How to Rent guide.

PROTECTING TENANTS' PERSONAL DATA AND ENSURING HEALTH AND SAFETY

Since landlords handle tenants' personal data, they must comply with the General Data Protection Regulation (GDPR). They should provide potential and new tenants with a privacy notice outlining how their information will be used.

Regarding health and safety, tenants have the right to live in well-maintained and safe properties. Landlords are required by law to ensure their properties meet certain standards.

FACILITATING REPAIRS AND MAINTENANCE

Landlords are responsible for the general upkeep of their rental property and arranging any structural repairs. Regular property inspections, timely updates and prompt resolution of tenant issues are crucial to maintaining tenant satisfaction.

FOLLOWING LEGAL PROCEDURES FOR EVICTIONS

Lastly, landlords must adhere to strict legal procedures when evicting tenants to avoid accusations of illegal eviction – a criminal offence. In most cases, landlords must obtain a court order and provide tenants with a Section 21 notice before proceeding with eviction as outlined in the tenancy agreement.

THE ROLE OF LETTING AGENTS

Letting agents are professionals who bridge the gap between landlords and tenants, facilitating the rental of a residential property. They provide various services, varying from simple tenant-finding to comprehensive property management.

It's crucial to ascertain that your chosen letting agent is a member of a professional organisation like Property Mark, the Association of Residential Letting Agents (ARLA) or the UK Association of Letting Agents (UKALA). These affiliations ensure adherence to specific rules and regulations, providing more protection for landlords. Remember, legal liability in the landlord-letting agency relationship always rests with the landlord, even if the mistake lies with the letting agent.

LEVELS OF SERVICE OFFERED BY LETTING AGENTS

Typically, letting agents offer two or three tiers of service:

LET-ONLY SERVICES

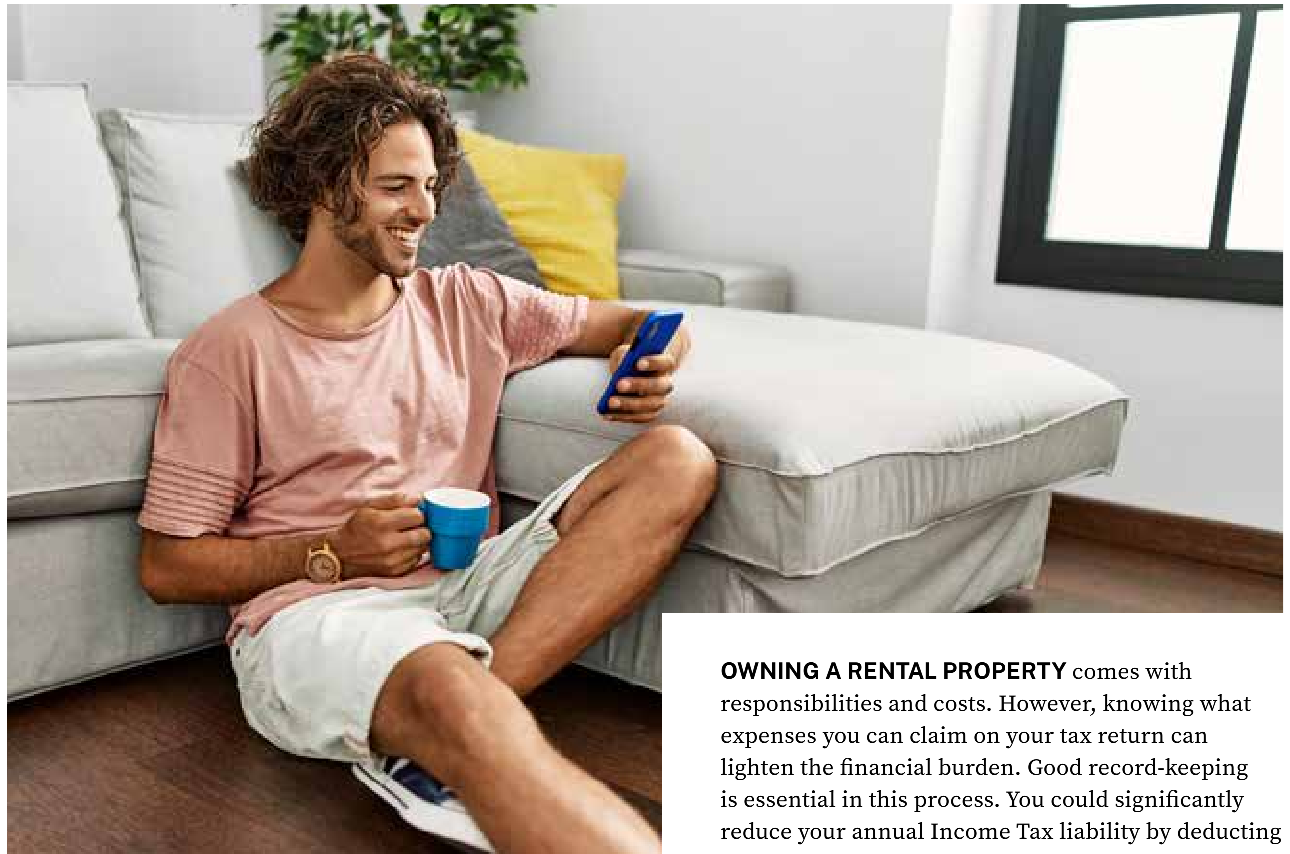
In a let-only agreement, the letting agent handles the marketing of the property, advises on setting rent levels, collects deposits, finds tenants, conducts reference and credit checks, drafts tenancy agreements and oversees inventories. However, once the tenancy commences, the landlord is responsible for the property's day-to-day management and the ongoing relationship with the tenant.

RENT COLLECTION SERVICES

Under a rent-collection service, letting agents not only find tenants but also collect rent from them – even chasing up any late payments – each month. But, all other aspects of the rental relationship fall under the landlord's purview.

FULL MANAGEMENT SERVICES

As the name suggests, a full management service means the letting agent takes care of all aspects of the rental property. This includes everything from marketing and finding tenants to collecting deposits, creating a tenancy agreement, conducting inventories, moving tenants in, collecting rent, chasing late payments, performing property inspections, arranging maintenance, and handling tenancy requests, rent increases, tenancy renewals and contracts ending. ◆



NAVIGATING RENTAL PROPERTY EXPENSES

How to reduce your annual Income Tax liability by deducting allowable expenses

OWNING A RENTAL PROPERTY comes with responsibilities and costs. However, knowing what expenses you can claim on your tax return can lighten the financial burden. Good record-keeping is essential in this process. You could significantly reduce your annual Income Tax liability by deducting allowable expenses from your rental income.

Allowable expenses must meet two key criteria: they must be incurred 'wholly and exclusively' for the rental business. They should not be classified as capital expenditure, meeting the revenue criteria.

BREAKING DOWN ALLOWABLE EXPENSES

Generally, allowable expenses include maintenance and repair costs, utility bills, professional fees (such as those for letting agents), insurance, rent, ground rent, service charges, advertising costs for new tenants, stationery, postage costs and telephone costs. The list isn't exhaustive, and expenses should be assessed individually.

Landlords might also consider using the £1,000 property allowance instead of actual expenditure. Remember, HM Revenue & Customs requires you to keep records relating to your rental business for at least five years after the 31 January following the end of the tax year.

PROPERTY INVESTMENT

MAINTENANCE EXPENSES: WHAT'S COVERED?

Tax relief can be claimed on maintenance payments against rental income, provided these are genuine repairs rather than improvements. Allowable maintenance costs include painting and decorating, dealing with electrical problems or leaks, roof or floor repairs, replacing broken windows and doors, changing to double-glazed windows, cleaning, gardening and professional repair costs.

LEGAL AND ESTATE AGENCY FEES

You can deduct costs such as legal and estate agent fees against rental income. These include fees for letting agents, accountants, property management companies, legal fees for arranging letting contracts during a tax year, service charges, rents (for sub-letting) and ground rents.

UTILITY BILLS AND INSURANCE COSTS

Utility bills for Council Tax, gas and electricity, water, TV licence, waste disposal and telephone costs can be claimed as allowable expenses. Similarly, insurance costs for buildings, contents and public liability are deductible against income.

THE REPLACEMENT OF DOMESTIC ITEMS RELIEF (RDIR)

Until the 2015/16 tax year, landlords could claim a 10% deduction for replacing furniture and furnishings against rental income under the 'Wear and Tear Allowance'. This was replaced by the 'Replacement of Domestic Items Relief' (RDIR) from the 2016/17 tax year, which applies to both furnished and unfurnished properties but excludes furnished holiday let properties or where rent-a-room relief has been claimed.

RDIR allows landlords to claim costs incurred on replacing domestic items against income. However, the replacement must be substantially the same as the old item.

EXPENSE RESTRICTIONS FOR LANDLORDS

As a landlord, it's crucial to be aware of certain restrictions on expenses. When calculating your rental profit for the relevant tax year, these restrictions should be considered.

THE LIMITATIONS ON FINANCE COSTS

Among the restricted expenses, finance costs like mortgage interest stand out. While you can claim Income Tax relief on these costs, they're only deductible at the basic tax rate of 20%. This limitation extends to loans, discounts, premiums or funds used for buying furnishings.

NAVIGATING MIXED-USE EXPENDITURES

Expenses with a private element are also subject to restriction. Take telephone costs as an example. Any expenditure incurred for private calls unrelated to the business must be restricted. A portion can be allotted for business use when an expense has personal and business aspects. ◆

PROPERTY INVESTMENT

Furnished holiday lets

A tax-efficient alternative to traditional buy-to-let properties

IF YOU'RE A LANDLORD with properties in popular holiday destinations, you may have considered a Furnished Holiday Let (FHL) as a tax-efficient alternative to traditional buy-to-let properties. The recent changes in tax relief on interest payments for buy-to-let properties have prompted landlords to explore this option.

WHAT IS A FURNISHED HOLIDAY LET?

An FHL is a distinct property category, separate from residential and commercial properties. HM Revenue & Customs views FHLs as a trade, meaning they come with their own tax implications and benefits. However, classifying a property as an FHL must meet specific criteria.

CRITERIA FOR FURNISHED HOLIDAY LET

The property must be located in the UK or European Economic Area, furnished for normal occupation, meet occupancy tests and be commercially let with the intent to make a profit.

OCCUPANCY TESTS: DETERMINING FHL STATUS

There are three occupancy tests that a property must pass to qualify as an FHL:

Pattern of occupation condition: If lettings exceeding 31 continuous days total more than 155 days per year, your property won't qualify as an FHL.

Availability condition: Your property must be available for letting as an FHL for at least 210 days in the year.

Letting condition: You must commercially let the property as an FHL for at least 105 days in one year.

TAX BENEFITS OF FURNISHING YOUR PROPERTY

The cost of furnishing your holiday let can be claimed as capital allowances, allowing you to deduct these expenses from your pre-tax profits – a benefit not available to long-term rental properties.

> "An FHL is a distinct property category, separate from residential and commercial properties."

PENSION CONTRIBUTIONS AND PROFIT SPLITTING

The income generated from an FHL is deemed 'relevant earnings', enabling you to make tax-advantaged pension contributions. Moreover, unlike long-term rentals, FHL profits can be distributed based on each person's beneficial interest in the property or the actual work done in letting it.

SELLING YOUR PROPERTY AND MORTGAGE INTEREST RELIEF

Selling your FHL property can also come with certain Capital Gains Tax reliefs unavailable to traditional rental properties. Furthermore, mortgage interest is fully deductible – a significant advantage over other residential property lettings, which currently have restrictions on relief claims.

THE DISADVANTAGES OF FURNISHED HOLIDAY LETS

VAT AND LOSSES

If your FHL property portfolio exceeds the VAT threshold (currently £85,000 tax year 2023/24), you must become VAT-registered. Additionally, losses from an FHL cannot be offset against other income but can be carried forward and offset against future profits.

INCREASED WORKLOAD

Managing an FHL involves more day-to-day tasks, such as monitoring the number of days it's let for and ensuring it's filled to meet the required days. ◆

>> DO YOU ALREADY RUN A HOLIDAY LET BUSINESS? <<
We can discuss helping you remortgage if you wish to refinance your property. We can also provide options to finance multiple holiday let properties as your business grows. We're committed to working with you to ensure you get the right mortgage to suit your individual circumstances. To learn more, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

CONSIDERING A BUY-TO-LET MORTGAGE?

Here's what you need to know if you're starting out

A BUY-TO-LET MORTGAGE is a unique loan designed specifically for individuals investing in property to rent out. It differs from a residential mortgage, primarily used for purchasing a home.

In this article, we delve into the intricacies of buy-to-let mortgages to help you determine if this kind of investment is right for you.

BORROWING LIMITS ON A BUY-TO-LET MORTGAGE

Unlike its residential counterpart, a buy-to-let mortgage considers the property's prospective rental income. Generally, lenders require the rent to be at least 125% of the monthly mortgage payments (based on interest-only repayment). So, if your mortgage costs £800 per month, you'll need to charge at least £1,000 in rent.

THE DEPOSIT REQUIREMENT FOR A BUY-TO-LET MORTGAGE

As with any mortgage, the larger the deposit, the more competitive deals are available. Usually, lenders expect a deposit of around 25% or more of the property's value. However, some may accept a minimum deposit of 15%, provided the rental income covers it.

THE IMPORTANCE OF A TENANCY AGREEMENT IN A BUY-TO-LET PROPERTY

Private landlords renting out a property serving as the tenants' home typically need an Assured Shorthold Tenancy (AST) agreement. Mortgage lenders insist on an AST and may request a copy during application. For more information on tenancy agreements, visit the GOV.UK website.

PROPERTY TYPES THAT MAY POSE CHALLENGES FOR A BUY-TO-LET MORTGAGE

Lenders evaluate each property individually for suitability and safety. They often impose restrictions on newly built flats, ex-local authority properties, high-rise flats, flats above commercial premises and holiday homes. Expert advice is crucial in navigating these restrictions and finding suitable lenders.

FIRST-BUYERS AND BUY-TO-LET PROPERTIES

Yes, first-time buyers can invest in buy-to-let properties, but their mortgage options may be limited. Lenders may require first-time landlords to own their residential property for a certain period or any property, including another buy-to-let property, while residing in rented accommodation.

UNDERSTANDING HOUSES IN MULTIPLE OCCUPATION (HMO)

An HMO is a property rented by several household tenants, sharing facilities like toilets, bathrooms or kitchens. Depending on the property and location, an HMO licence may be necessary. Contact your local authority to determine if your property qualifies as an HMO and if a licence is required. Getting a mortgage on an HMO property may be limited, but obtaining professional mortgage advice can help you find suitable lenders. ◆

>> ARE YOU CONSIDERING APPLYING FOR A BUY-TO-LET MORTGAGE? <<

Before proceeding, ensuring you meet the leading eligibility criteria is essential. Have a conversation with one of our mortgage advisers. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

"Lenders expect a deposit of around 25% or more of the property's value. However, some may accept a minimum deposit of 15%, provided the rental income covers it."

PROPERTY INVESTMENT

UPCOMING ENERGY EFFICIENCY RULES

The consequences of non-compliance for landlords

FROM 2025, NEW ENERGY efficiency rules are set to take effect, ushering in higher thresholds for properties before they can be rented out. Currently, rental properties need at least an E rating on the Energy Performance Certificate (EPC), but this is about to change. Over the next few years, the minimum EPC rating will be raised to a C. These new rules will apply to all new tenancies from 2025 and expand to cover all existing tenancies by 2028.

The repercussions of failing to meet the new energy efficiency standards are not just limited to ratings. The penalties for non-compliance are also increasing. Under the current regulations, landlords found renting out properties with less than an E rating could face a £5,000 fine. With the new rules, however, this fine could go up to a staggering £30,000 for not having a valid EPC.

RATIONALE BEHIND THE CHANGES

These changes are part of the government's plan to achieve Net Zero by 2050. Tackling emissions from various sectors, including housing, is crucial for this goal. By improving the efficiency of our houses, we can ensure more heat and light stay within, reducing the amount of energy needed.

The EPC gives a detailed overview of a property's energy efficiency and the expected costs for heating and lighting. It's compiled by official energy assessors, who consider factors like the age and condition of the boiler, heating system, the property itself and any renewable energy sources present.

IMPROVING YOUR PROPERTY'S ENERGY EFFICIENCY

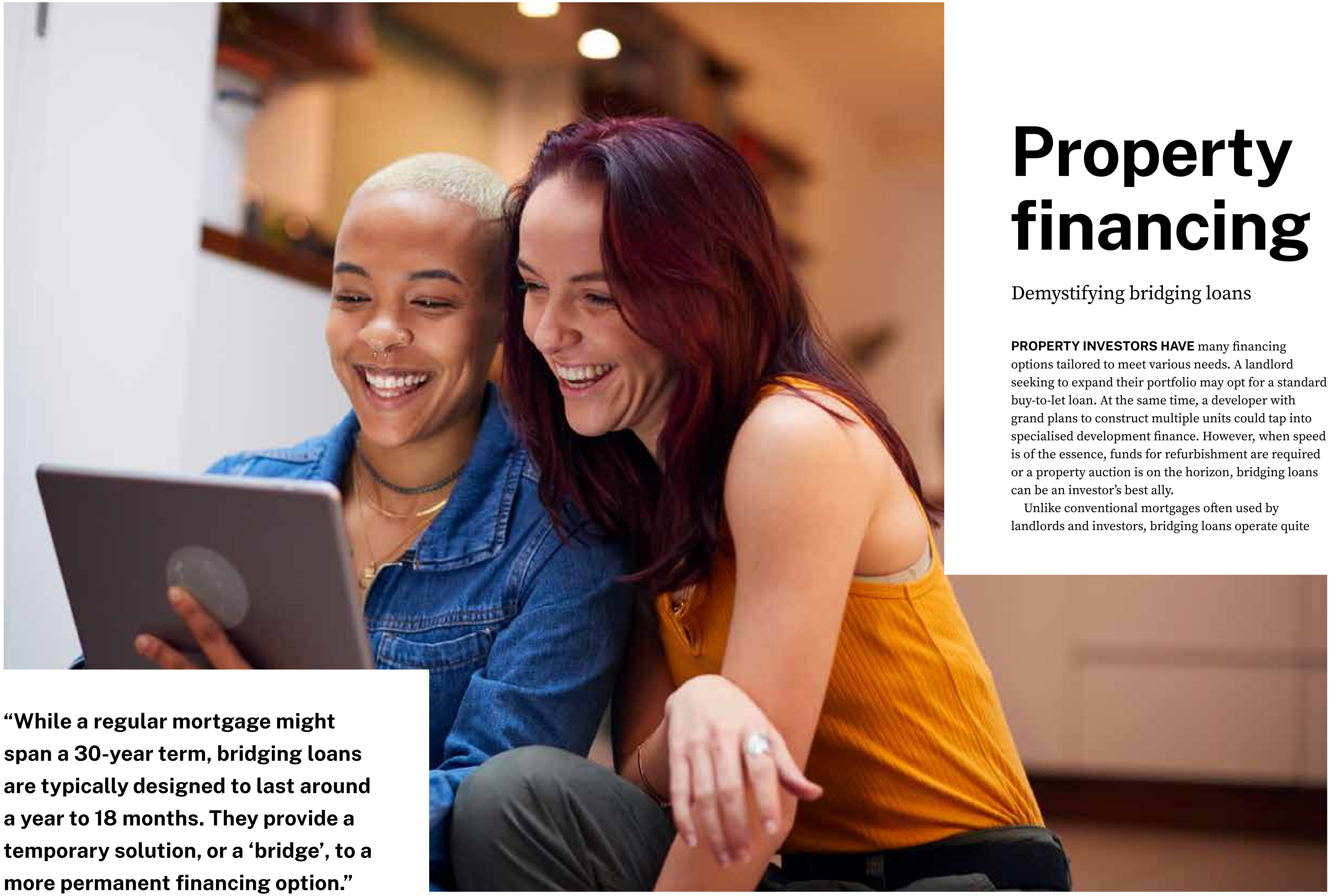
The resulting rating ranges from A for the most efficient properties to G for the least efficient. This certificate is valid for ten years. The EPC will also provide recommendations for improving your property's energy efficiency, like changing the boiler, draught-proofing windows and doors, or adding insulation. The cost of improving a property's EPC rating can vary widely, depending on the work required.

To fund these changes, landlords may consider remortgaging, taking out a second charge, a homeowner business loan or a bridging loan. Short-term loans can cover the immediate costs of improvements, which can be cleared in the longer term. ◆

>> WANT TO DISCUSS YOUR BUY-TO-LET REMORTGAGE OR ALTERNATIVE FINANCING OPTIONS? <<
We understand that every penny counts when it comes to a property investment. That's why we're committed to helping you save as much as possible. By letting us handle your remortgage or alternative financing process, we'll look to save you time and money! To learn more, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

"Over the next few years, the minimum EPC rating will be raised to a C. These new rules will apply to all new tenancies from 2025 and expand to cover all existing tenancies by 2028."

PROPERTY INVESTMENT



"While a regular mortgage might span a 30-year term, bridging loans are typically designed to last around a year to 18 months. They provide a temporary solution, or a 'bridge', to a more permanent financing option."

Property financing

Demystifying bridging loans

PROPERTY INVESTORS HAVE many financing options tailored to meet various needs. A landlord seeking to expand their portfolio may opt for a standard buy-to-let loan. At the same time, a developer with grand plans to construct multiple units could tap into specialised development finance. However, when speed is of the essence, funds for refurbishment are required or a property auction is on the horizon, bridging loans can be an investor's best ally.

Unlike conventional mortgages often used by landlords and investors, bridging loans operate quite differently. While a regular mortgage might span a 30-year term, bridging loans are typically designed to last around a year to 18 months. They provide a temporary solution, or a 'bridge', to a more permanent financing option. This could tide the investor over until they can remortgage or sell the property.

CHOOSING A BRIDGING LOAN

There are several reasons for property investors to consider bridging loans. One primary motive is speed. If an investor is under a tight deadline to complete a purchase or has identified a lucrative investment opportunity they want to snap up before competitors can bid, a bridging loan can be processed at lightning speed compared to traditional mortgages. This swift access to funds can be a game-changer for investors.

Bridging loans also favour landlords needing to raise capital for property refurbishments before letting it out. Investors use the loan proceeds to finalise the deal and fund the property enhancements, aiming to increase its appeal to tenants and market value. The exit strategy from the bridging loan could involve remortgaging to a traditional buy-to-let loan if the investor intends to keep or sell the property.

BROADENING PORTFOLIO HORIZONS

Bridging loans can be instrumental in enhancing or expanding an investor's property portfolio. For instance, a landlord could leverage a bridging loan against a property they already own with low gearing, using the loan proceeds as a down payment for a new property purchase.

Alternatively, the raised funds could finance refurbishments on another property within the portfolio. This can be particularly useful for energy efficiency upgrades, anticipating forthcoming regulations regarding minimum energy performance certificate ratings for rental properties.

PLANNING TO BUY A PROPERTY AT AUCTION

Developers nearing the completion of a project may also find bridging loans beneficial. Suppose the new housing units are almost finished but not yet sold.

In that case, a bridging loan can help the developer exit their development finance product and cover the remaining costs of selling the remaining units.

Additionally, bridging loans can be invaluable for those planning to buy a property at auction. Successful bidders at property auctions must usually provide an initial deposit (approximately 10% of the purchase price) on the auction day. They then typically have around 28 days to pay the remainder of the agreed price. Given this tight timeframe, arranging a regular mortgage can be virtually impossible, making bridging loans an alternative option.

COSTS AND INTEREST RATES ON BRIDGING LOANS

As with any loan, bridging loans come with their costs, which can be substantial due to their short-term nature. The interest rates on bridging loans can range from 6.99% to 12%, depending on factors like loan amount, credit profile, asset location and loan terms. These rates are usually quoted monthly, unlike traditional mortgages that quote annual rates.

Typically, the way interest is charged on bridging loans offers three main options:

Monthly: This operates similarly to an interest-only mortgage, where monthly payments cover the interest charged on the loan, with the remaining balance paid off at the end of the term.

Rolled up: Here, no payments are made during the loan duration. Instead, the interest charges are 'rolled up' with the borrowed sum, which is then paid off at the end of the loan term.

Retained: In this case, the lender subtracts the estimated interest amount from the overall loan at the outset. If the loan is repaid earlier than expected, borrowers receive a rebate on the interest charged.

CALCULATIONS WHEN COMPARING BRIDGING LOANS

Apart from the interest rates, there are additional costs to consider. Lenders usually charge an arrangement fee as a percentage of the borrowed sum. Legal, valuation and administration fees may also apply, and these should be included in your calculations when comparing bridging loans.

Closing costs and related fees are also part of the bridging loan package, much like traditional mortgages. These fees may include an origination fee, typically ranging from 1.5% – 10% of the loan amount, and other additional fees. Expected closing costs are usually between 2% – 5%.

OBTAINING BRIDGING LOANS

Given their specialised nature, high-street names do not offer bridging loans. However, that doesn't mean borrowers are left without options. A number of lenders are active within this market, with new lenders entering the bridging sector in recent years. This increased competition has driven down the rates charged on bridging loans and pushed lenders to be more innovative in their product design.

While bridging loans can be beneficial, borrowers must have a clear exit plan. This helps avoid escalating costs over time. As always, prospective borrowers should thoroughly research and compare different lenders to find the most suitable and cost-effective option. ◆

>> READY TO ARRANGE BRIDGING FACILITIES OR WOULD LIKE TO LEARN MORE? <<

The terms and conditions of a bridging loan can be very specialised, so it's important to understand the basics before proceeding. If you need help arranging bridging facilities or would like to learn more about this form of financing, feel free to contact us. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

NEW RENT CONTROL MEASURES

The cycle of low supply and high demand in the rental sector

"Despite the annual UK rental growth rate currently standing at 10.5% compared to 12.1% a year ago, renters are still likely to pay an additional £1,320 annually – or £110 per month."

THE RENTAL SECTOR seems trapped in a perpetual cycle of low supply and high demand, resulting in consistent double-digit rent growth for 18 consecutive months. Scotland, currently the most active rental market, has seen an increase of almost 13% in rents over the past year, according to Zoopla's latest quarterly Rental Market Report. This is due to landlords adjusting to new rent control measures.

UNAFFORDABILITY AND ADAPTATION: THE RENTERS' DILEMMA

Rents are escalating faster than earnings, thus exacerbating the affordability issue for those seeking to move. The report predictions indicate a 9% rise in rents during 2023, with the rate of growth largely influenced by the affordability of rent and how renters adjust to these increases rather than significant changes in supply or demand. The trend of renters sharing accommodation could sustain this growth into 2024 as the scarcity of rental homes shows no sign of abating.

RENTAL AFFORDABILITY AT A DECADE-HIGH

The report reveals that rental affordability – measured by the percentage of gross earnings needed to cover average rent – is currently at its highest level in ten years, at 28.4%. This figure is higher than the average of 27.2% over the past decade and is primarily attributed to the continuous rise in rents for new lets surpassing UK wage growth.

RENTERS' STRATEGIES AMID UNAFFORDABILITY AND SCARCITY

As rents become increasingly unaffordable and supply remains scarce, renters have been renting smaller homes, relocating to cheaper areas or sharing properties with other renters to cut costs. According to data from the Resolution Foundation, private renters have witnessed a 16% decrease in per-person floor space over the past two decades.

RISING COSTS AND DECREASING SUPPLY

Despite the annual UK rental growth rate currently standing at 10.5% compared to 12.1% a year ago, renters are still likely to pay an additional £1,320 annually – or £110 per month. Over the past three years, rents for new lets have increased by an average of £2,772 annually, exacerbating cost of living pressures for renters. Meanwhile, rental supply is 30% below the average for this time of the year, even though demand for rental homes is still 51% above the five-year average.

SCOTLAND: THE NEW EPICENTRE OF RENTAL GROWTH

Scotland has surpassed London as the region with the fastest rental growth at 12.7%. This is largely due to the implementation of rent controls in September 2022, which have limited rent increases for existing tenancies to 3% per year. With properties becoming vacant, landlords can reset the rent to the full market rate. This means landlords strive to maximise rent for new tenancies to cover increased costs and account for future rent increases being capped over the tenancy's lifespan, thus fuelling rental growth in Scotland compared to other UK regions. ◆

FINANCIAL PROTECTION

HOME INSURANCE

Safeguarding your property and precious possessions

OUR HOMES ARE more than just bricks and mortar; they're personal sanctuaries, spaces of comfort and repositories of cherished memories. They're also significant financial investments that house countless valuable belongings. Given the unpredictability of life, with its storms, fires and unforeseen incidents, how do we protect these irreplaceable assets?

Home insurance is an essential shield that protects the structural integrity of your property and its precious possessions. From your grandmother's heirloom jewellery to your state-of-the-art kitchen appliances, these policies provide a safety net for your belongings in theft or damage.

LABYRINTH OF INSURANCE JARGON

Navigating through the labyrinth of insurance jargon might seem daunting, but understanding the importance of these protections is a crucial step towards safeguarding your home, your belongings and your peace of mind.

Home insurance is divided into two primary categories: contents cover and buildings cover. While separate policies are available, you can opt for a combined one from the same insurance provider.

DISTINGUISHING BUILDINGS AND CONTENTS INSURANCE

Buildings insurance covers the structure of your home, including fixed fittings, while contents insurance protects your possessions within the property.

WHAT'S INCLUDED IN BUILDINGS INSURANCE?

Buildings insurance covers damage repair costs resulting from fire, smoke, storms, floods, falling trees, subsidence or vandalism. It should sufficiently cover the cost of completely rebuilding your home.

This type of insurance covers:

- The physical structure (walls, ceiling, roof)
- Permanent fixtures like fitted kitchens and bathrooms
- Some policies may cover external structures such as garages, sheds and fences

INSIGHTS INTO CONTENTS INSURANCE

Contents insurance covers the cost of replacing belongings inside your home if they are stolen or damaged by incidents such as fire or flood.

It comes in two types:

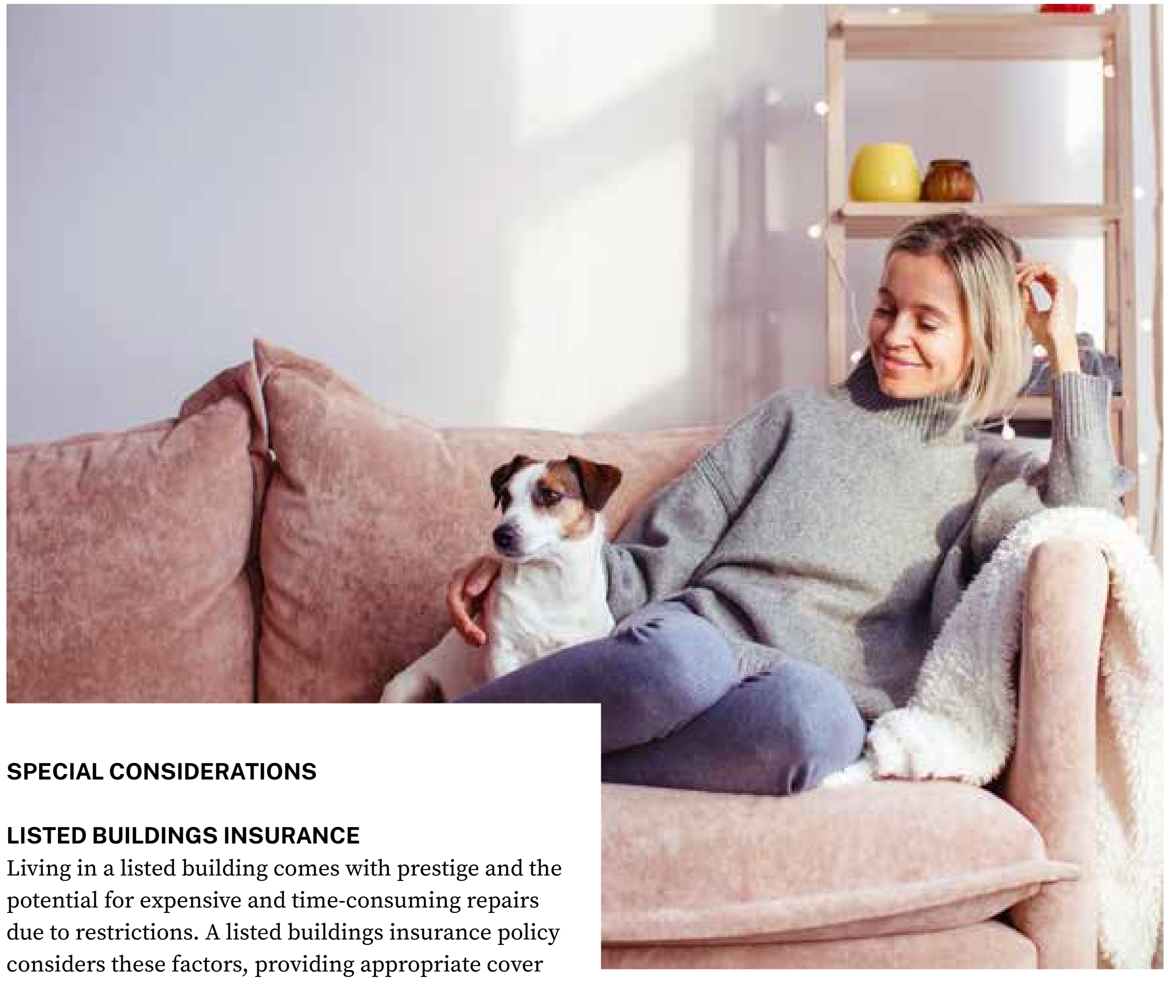
- An indemnity policy, which factors in wear and tear in its payout
- A new-for-old policy, which provides enough to buy a brand-new item

Standard contents policies typically cover furniture, cookware, glassware, soft furnishings, flooring materials, removable fittings, white goods, electronic goods, leisure products, art, jewellery, clothes, shoes and garden equipment.

If you own valuable items like artwork or sports equipment, you may need to pay higher premiums to insure their full value. Some policies also cover loss outside the home for possessions like mobile phones, cameras or jewellery.

IS HOME INSURANCE NECESSARY?

While not legally required, home insurance provides peace of mind that your home and possessions are protected. For homeowners with a mortgage, most lenders require proof of buildings insurance before lending.



SPECIAL CONSIDERATIONS

LISTED BUILDINGS INSURANCE

Living in a listed building comes with prestige and the potential for expensive and time-consuming repairs due to restrictions. A listed buildings insurance policy considers these factors, providing appropriate cover for potential damages.

HIGH-VALUE HOME INSURANCE

For homes and contents of significant value, standard home insurance policies may not provide enough cover. High-value home insurance policies are designed for such cases, offering protection for homes worth £1m upwards and contents valued at £100,000 – £250,000 or more.

NON-STANDARD CONSTRUCTION INSURANCE

Properties with non-standard construction elements like thatched roofs or timber frames are often considered more prone to damage and expensive to repair. If you own such a property, consider specialist insurers that deal specifically with non-standard houses. ◆

>> READY TO TURN YOUR PROPERTY INVESTMENT DREAMS INTO REALITY? <<
If you require further information or have any questions, don't hesitate to get in touch. We're here to help you navigate the complexities of home insurance and find the right policy for your needs. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

MORTGAGE PROTECTION LIFE INSURANCE

Enjoy your life today, knowing that your loved ones will be protected later on

"As you continue to make payments on your mortgage, the outstanding amount naturally decreases. Correspondingly, your mortgage protection life insurance coverage also diminishes over time."

IF YOU'RE SEEKING A WAY to protect your outstanding repayment mortgage debt from the unexpected, mortgage protection life insurance could be your ideal solution. This type of term life insurance, also known as decreasing life cover, provides a safety net for your loved ones, enabling them to pay off a mortgage or other long-term loan if you pass away during the policy term.

HOW DOES MORTGAGE PROTECTION LIFE INSURANCE WORK?
As you continue to make payments on your mortgage, the outstanding amount naturally decreases. Correspondingly, your mortgage protection life insurance coverage also diminishes over time. Throughout the duration of your policy, you'll be required to pay consistent premiums each month.

MATCHING YOUR COVER AND MORTGAGE REPAYMENTS
The cover amount, which denotes how much your loved ones might receive if they make a successful claim, gradually decreases until it reaches £0. The goal is to ensure that your life cover and mortgage repayments simultaneously reach £0. As a result, decreasing life insurance typically offers lower premiums than other life cover types.

KEY POINTS TO REMEMBER ABOUT YOUR COVER
However, remember that your cover will cease if you stop paying your premiums. Also, the cover amount can only be paid out once, and there's no cash-in value at any point.

IS LIFE INSURANCE MANDATORY WITH A MORTGAGE?
Although not legally required when obtaining a mortgage, some mortgage providers may insist on life insurance. The suitable life insurance type for you depends on your individual circumstances. Discuss your needs with your mortgage adviser to review the appropriate life insurance to cover your mortgage.

WHY CHOOSE LIFE INSURANCE FOR YOUR MORTGAGE?
Securing a mortgage is a significant life event and an opportune moment to consider the protective measures you have in place for yourself and your loved ones.

ENSURING FUTURE SECURITY WITH MORTGAGE PROTECTION LIFE INSURANCE
Mortgage protection life insurance offers future reassurance, allowing you to enjoy your life today, knowing that your loved ones will be protected later on. If you pass away before paying off your mortgage and it's within your life insurance policy term, the money from a successful claim could help pay off the rest of the mortgage or any other long-term loan. ◆

>> WANT TO DISCUSS MORTGAGE PROTECTION LIFE INSURANCE TO SECURE YOUR FAMILY'S FUTURE? <<
Need more information on choosing the right life insurance cover for your circumstances? We're here to provide the guidance you need. To discuss your requirements, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Property jargon buster

NEED CLARIFICATION on waffly terms and property speak? Though the world of mortgages and property is filled with unfamiliar vocabulary, there is no need to be intimidated. Our jargon buster will help you navigate the terms you are likely to encounter as you search for your new home in 2023.

ACCEPTANCE
A document indicating acceptance of a mortgage provider's offer.

AFFORDABILITY ASSESSMENT
The process which lenders complete to establish if someone can afford to repay the loan repayments over the term of the loan.

AGREEMENT IN PRINCIPLE (AIP)
A statement from a mortgage lender confirming they'll lend a certain amount before the purchase of your property is finalised.

ANNUAL PERCENTAGE RATE (APR)
A numerical value that represents the true cost of a loan or mortgage, taking into account not just the interest rate, but also the other costs, such as arrangement fees and charges.

ARRANGEMENT FEE
A fee paid to your mortgage provider at the start of your mortgage.

ASSIGN
To hand over the rights to a property from one individual to another.

ASSURED SHORTHOLD TENANCY (AST)
A common type of rental agreement in the UK, between a private landlord (or letting agent) and tenant. ASTs are periodic or fixed-term contracts that can be terminated by the landlord without stating a reason.

BASE RATE
An interest rate set by the Bank of England. Mortgage interest rates are often linked to the base rate.

BREAK CLAUSE
A contractual clause in a tenancy agreement that allows either party to terminate the arrangement after a fixed term, for example, six months into a 12-month contract.

BRIDGING LOAN
A short-term loan designed to help the borrower to buy property for a short period, for example, before they have arranged a mortgage, or if they intend to sell the property soon afterwards.

BUILDING INSPECTION
See 'Survey'.

BUY-TO-LET
A property bought with the sole intention of letting it to tenants.

CHAIN
A string of property sales dependent on one another to progress.

COMPLETION
The final stage of a property sale and the point at which a buyer receives the keys and becomes the legal owner.

COMPLETION STATEMENT
A solicitor's record of the transfers and transactions conducted as part of the completion.

CONDITIONS OF SALE
Items in a contract relating to the responsibilities of the various parties involved.

CONTRACT
An agreement and accompanying legal document between two parties. In a property context, these are usually the buyer and seller of a specific property.

CONVEYANCER/ CONVEYANCING
The individual who undertakes the legal procedures involved in property sales on behalf of the buyer and seller, and the work they undertake.

CREDIT SEARCH REFERENCES
Third-party checks on a tenant's credit history to establish their suitability to rent a particular property.

DECISION IN PRINCIPLE (DIP)
See 'Agreement in Principle (AIP)'.

DEEDS
The legal documents establishing the ownership of a property.

DEPOSIT
A lump sum of money a buyer (mortgage deposit) or renter (tenancy deposit) pays to a property owner to secure the right to own or rent their property.

DEPOSIT PROTECTION SCHEME (DPS)
An authorised scheme to hold and protect a rental tenancy deposit.

DILAPIDATIONS
Items requiring repair or replacement at the end of a tenancy due to damage by the tenant.

DISBURSEMENTS
Costs and expenses incurred and paid during the conveyancing process, such as search fees and stamp duty.

DISCOUNTED RATE MORTGAGE
A mortgage deal where the interest rate is a set amount less than the mortgage lender's standard variable rate (SVR).

DRAFT CONTRACT
An early version of a contract that may be updated before the contracts are exchanged.

EARLY REPAYMENT CHARGES (ERCS)
Penalty fees charged when someone leaves a mortgage during a specified period, usually the period of the initial deal.

EASEMENT
A right to cross or use an area of land, that may affect a property owned.

ENDOWMENT MORTGAGE
You pay money into a type of investment called an 'endowment' to pay off an interest-only mortgage at the end of the term.

ENERGY PERFORMANCE CERTIFICATE (EPC)
A document that displays a property's energy efficiency rating and environmental impact. Legally required for the sales and lettings process.

EQUITY
The value of a property owned by an individual (versus the value they are still required to make mortgage repayments on).

EXCHANGE OF CONTRACTS
The moment at which a property sale is final, and the buyer and seller have both signed the contract of sale, which can no longer be amended.

FITTINGS
Items current within a property that do not constitute part of the property and are not included in the sale, such as furniture.

FIXED RATE MORTGAGE
The mortgage interest rate stays the same for the initial period of the deal.

FIXTURES
Items attached to the land or property that are included in its sale.

FREEHOLD
A type of property ownership (see also 'Leasehold') that indicates that the land and building is within the ownership of an individual indefinitely.

GAS SAFETY RECORD
A document legally required of all landlords to demonstrate that all gas appliances have been checked by a qualified engineer and declared safe.

GAZUMPING
An alternative buyer makes a higher offer to buy a property that is already under offer.

GAZUNDERING
When the buyer lowers their offer to buy a property at the last minute, just before contracts are exchanged.

GROUND RENT
A charge paid by a leasehold owner to a freehold owner of a property, usually on an annual basis.

HOMEBUYER REPORT
See 'Survey'.

INTEREST-ONLY MORTGAGE
Interest is paid on the mortgage each month, without repaying any of the capital loan itself.

INVENTORY
A document stating the contents and condition of a property at the start and end of a tenancy period, to record any loss or damage.

LAND REGISTRY
The registry of ownership of land and property in the UK, to which a fee is paid when ownership changes hands.

LEASEHOLD
A type of property ownership (see also 'Freehold') that indicates that an individual has purchased the right to live in a property for a fixed period, although the land and building belong to a freehold owner.

LISTED BUILDING
A property or structure that appears on a register due to its special historic or architectural interest.

LOAN-TO-VALUE (LTV)
The size of the mortgage as a percentage of the property's value.

MARKET VALUE
The estimated value that a property would sell for at the current time on the open market.

MORTGAGE VALUATION
A report on the value of a property by an independent surveyor on behalf of the mortgage provider.

NEGATIVE EQUITY
A state in which the owner of a property owes more to their mortgage provider than the total value of the property.

OFFSET MORTGAGE
Mortgage linked with a savings and, sometimes, current account. Credit balances are offset against the mortgage debt so interest is only paid on the difference, while also paying off the capital.

REMORTGAGE
Changing a mortgage without moving property to save money, change to a different type of mortgage or to release equity from the property.

REPAYMENT MORTGAGE
Paying off the mortgage interest and part of the capital of the loan each month. Unless any repayments are missed, the mortgage is guaranteed to be paid by the end of the term.

SEARCHES
Checks conducted as part of the conveyancing process before a property sale is made final.

SHARE OF FREEHOLD
A form of property ownership (see also 'Freehold' and 'Leasehold') where several individuals own a portion of the property through a limited company.

SOLE AGENT INSTRUCTION
A sale or tenancy managed by a single estate or letting agent.

STAMP DUTY/LAND AND BUILDINGS TRANSACTION TAX/LAND TRANSACTION TAX
On 23 September 2022, the government increased the nil-rate threshold of Stamp Duty Land Tax (SDLT) from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland and increased the nil-rate threshold paid by first-time buyers from £300,000 to £425,000.

The maximum purchase price for First-Time Buyers' Relief was increased from £500,000 to £625,000. Following the Autumn Statement 2022 this is now a temporary SDLT reduction. The SDLT cut will remain in place until 31 March 2025.

If you're buying a second home, you'll usually have to pay 3% on top of Stamp Duty rates if buying a new residential property.

If you're buying a home in Scotland you will pay Land and Buildings Transaction Tax (LBTT) on properties costing more than £145,000. If you're buying an additional property, you might need to pay an extra 4% on the total purchase price of the property, as well as the standard rates of LBTT that may apply.

If you're buying a home in Wales you will pay Land Transaction Tax (LTT) if the property costs more than £180,000. If you're buying your main home, you will pay no LTT on purchases under £250,000. If you're buying an additional property, you will need to pay the higher residential rates for each band.

STANDARD VARIABLE RATE (SVR)
The default mortgage interest rate a lender will charge after the initial mortgage deal period ends.

SUBJECT TO CONTRACT
A phase of a property sale after an offer has been made and accepted but before contracts have been signed and exchanged.

SURVEY
A property inspection and report conducted by a qualified surveyor to identify issues or faults with the property that may affect its safety or value.

TENANCY/TENANT
A period in which an individual is granted the right to live in a specified property, subject to a tenancy agreement, and the individual involved.

TRACKER MORTGAGE
The interest rate on the mortgage tracks the Bank of England base rate at a set margin above or below it.

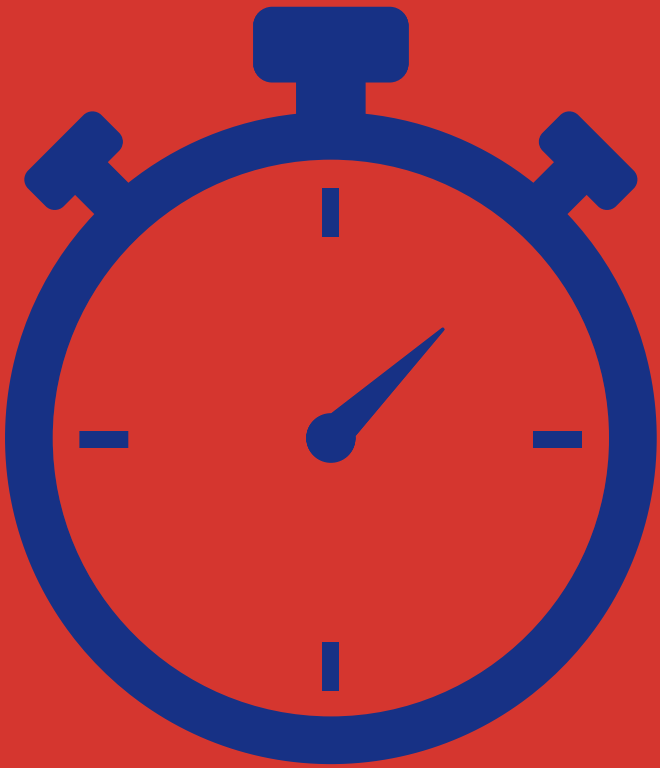
TRANSFER DOCUMENT
The document that legally transfers the rights to a property from one party to another.

UNDER OFFER
A phase of a property sale after an offer has been made.

VALUATION
An appraisal of a property to establish its market value.

VARIABLE RATE MORTGAGE
Interest rate on the mortgage can go up or down according to the lender's standard variable rate.

>> WANT TO FIND OUT HOW MUCH YOU COULD BORROW? <<
Let us help you find the right mortgage for your home. To discuss your particular situation and find out how much you could borrow, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



TIME TO SWITCH TO A NEW, CHEAPER MORTGAGE DEAL?

Whatever your mortgage needs, we'll explore the right options for you

You could save money by moving your mortgage. Let our dedicated mortgage advisers know what's important to you and we'll take all the confusion out of finding a new mortgage. You'll also get access to exclusive rates from some of the UK's biggest lenders.

To find out what you could borrow and what your payments may be, contact us today.

Contact IMC Financial Services
– **telephone** 020 3761 6942
– **email** info@imcfs.co.uk

– **website** https://imcfs.co.uk
– **address** Lambourn House, 17 Sheen Lane, Mortlake, London, SW14 8HY
