THE
MORTGAGE & PROPERTY
MAGAZINE

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HOW TO IMPROVE YOUR MORTGAGE APPLICATION PROSPECTS

What steps can you take to improve your mortgage eligibility?

SPRING BUDGET 2024

A turn of events for landlords and investors

THE CHALLENGE OF FIRST-TIME HOMEOWNERSHIP

How new buyers customise strategies to confront the prevailing realities

SPRING INTO ACTION TO SELL YOUR PROPERTY

The season of rejuvenation and renewal is considered the prime time to sell a property

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Spring 2024

Mortgage finance

Selling property

ON THE COVER

Navigating the complexities of the mortgage application process can prove to be a formidable challenge. However, it need not be an insurmountable task.

Selling property

Property matters

Property investment

Financial protection

Property glossary

Welcome

WELCOME TO the Spring 2024 quarterly issue of *The Mortgage & Property Magazine* from IMC Financial Services.

Are you in the market for a new mortgage? Unfortunately, many individuals face barriers when it comes to securing financing for their dream home. For a vast majority of individuals, the quest to purchase a home begins with the daunting endeavour of securing a mortgage. Navigating the complexities of the mortgage application process can prove to be a formidable challenge. However, it need not be an insurmountable task. On page 28, we look at the steps you can take to improve your mortgage eligibility and increase your chances of approval.

Spring, the season of rejuvenation and renewal, is often considered the prime time to sell a property. From March to May, the property market tends to see a consistent surge in activity, making these months an ideal period for property sales. If you're a homeowner or investor planning to sell your property, on page 49, we explain why spring is the perfect time to put it on the market.

In the current market conditions, prospective first-time buyers face significant challenges in their journey onto the property ladder. From accumulating funds for escalating deposits to locking down mortgages amidst increasing rates, the hurdles are numerous and substantial. However, government schemes are available to ease the burden of saving for a mortgage. On page 78, we look at how new buyers can customise strategies to confront the prevailing realities by recognising these key obstacles.

The 2024 Spring Budget, released on 6 March, set the nation's course for the future and introduced several changes that will impact landlords, particularly those who own Furnished Holiday Lets. On page 100, we assess some of the main key points that every landlord should know based on the information currently available at the time of writing.

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

Navigating your mortgage options can be daunting, especially for those stepping into it for the first time, considering a move, refinancing their current home or exploring options to finance investment properties. This is where our seasoned team comes into play. We are committed to offering comprehensive mortgage guidance tailored to your unique situation, ensuring that every step you take is informed and confident. Trust us to simplify your mortgage journey, providing clarity and support from start to finish.

We hope you enjoy reading this issue. ◆

Andrew Jackson, Director

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Unveiling the First Homes scheme

A lifeline for local first-time buyers and key workers

"The First Homes scheme caters exclusively to first-time buyers in England who are local residents, key workers or Armed Forces personnel."

INTRODUCED IN 2021, First Homes is a government-backed scheme designed to help more first-time buyers onto the property ladder. Under the scheme, a first-time buyer or key worker may be able to buy a newly built home for 30% to 50% less than its market value.

Buying your new build home with the First Homes scheme means you'll have full ownership, and the reduced rates are applicable permanently. However, this scheme is only available on selected developments in line with local planning agreements.

UNDERSTANDING THE MECHANICS OF THE FIRST HOMES SCHEME

To illustrate how the scheme works, consider a First Homes property with a market value of £200,000. If you are a local key worker, the scheme enables you to purchase it with a 30% discount of £60,000, bringing down your property purchase price to £140,000.

This significant reduction increases the burden of amassing a large deposit and lowers your mortgage repayments. However, when it's time to sell, the 30% discount must be passed on to the next buyer from the local community who qualifies as a key worker or a first-time buyer.

ELIGIBILITY CRITERIA FOR THE FIRST HOMES SCHEME

The First Homes scheme caters exclusively to first-time buyers in England who are local residents, key workers or Armed Forces personnel. The definition of key workers encompasses a broad spectrum, including doctors, nurses, teachers, delivery drivers and supermarket staff.

In addition to current Armed Forces members, the scheme accommodates divorced, separated or widowed spouses and veterans who apply within five years of leaving the forces. Local councils have the discretion to extend the definition of a key worker to include professions deemed essential in their area.

QUALIFYING FOR THE FIRST HOMES SCHEME

Potential buyers must satisfy several conditions to qualify for the First Homes scheme. First, they must be first-time buyers – individuals who have inherited or been gifted a home are not eligible. Second, their income should not exceed £80,000 (£90,000 in London), whether they're purchasing alone or as a couple.

Further, the property of interest must not cost more than £250,000 (£420,000 in London). Moreover, applicants must already live or work in the area where they wish to buy or have a local connection. Key workers are given priority in this scheme.

DEPOSITS AND MORTGAGES UNDER THE FIRST HOMES SCHEME

A minimum 5% deposit is typically required for first-time buyer mortgages. Hence, if your First Homes property costs £200,000, a 5% deposit would amount to £10,000.

A First Homes mortgage will be necessary to facilitate purchases under this scheme. Several national and regional lenders provide 95% mortgages on properties purchased under this scheme. ◆

>> TIME TO MAKE YOUR HOMEOWNERSHIP DREAM A REALITY? <<

If you require further information or need assistance navigating the intricacies of the First Homes scheme, don't hesitate to get in touch. Our team of experts is ready to guide you every step of the way to make your homeownership dream a reality. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

AFFORDABILITY ASSESSMENT

Are you financially prepared to apply for a mortgage?

ARE YOU FINANCIALLY prepared to apply for a mortgage? This is a question that countless prospective homeowners grapple with each year. Succeeding in this process brings you significantly closer to your dream of homeownership, whereas falling short may require reassessing your plans.

This affordability assessment evaluation is structured to ensure you can consistently meet your monthly mortgage payments. Consider it a meticulous examination of your finances, scrutinising your ability to afford the desired home loan.

LENDER'S DECISION-MAKING PROCESS

Embarking on a mortgage application involves more than just evaluating whether you can manage the monthly repayments. Mortgage providers scrutinise your income and expenditure to determine if you can keep up with repayments if interest rates escalate or circumstances shift.

The loan-to-income ratio is a key element in a mortgage lender's decision-making process. This figure is derived by dividing the amount you intend to borrow by your annual earnings. Typically, the maximum amount you can borrow is capped at four-and-a-half times your yearly income.

ANTICIPATING LIFE CHANGES

Lenders are also responsible for evaluating the monthly payment you can feasibly afford. This assessment, known as the 'affordability assessment', considers both your income and outgoings. Lenders must make future projections and conduct a 'stress test' on your ability to repay the mortgage.

This practice helps ensure you can still afford payments if the interest rate increases or your lifestyle significantly changes. Such changes could include redundancy, having a baby or deciding on a career break. If a lender believes these circumstances could jeopardise your ability to meet mortgage payments, they may limit the amount you can borrow.

ASSESSING YOUR EARNINGS

Your income is a key factor in determining your borrowing capacity for a mortgage. This includes not just your basic earnings but also income from pensions or investments, child maintenance and financial support from ex-spouses, and any additional earnings you may have. Such extra earnings could come from overtime, commission, bonus payments, or income from a second job or freelance work.

PROVING YOUR INCOME

You must provide documents like pay slips and bank statements to validate your income. However, if you're self-employed, the process becomes more thorough. You'll need to provide documents such as your bank statements, business accounts and details of the Income Tax you've paid. Lenders typically require two to three years' worth of tax returns and business accounts.

EVALUATING YOUR OUTGOINGS

Your outgoings will significantly affect your ability to borrow. These include credit card repayments, maintenance payments, various types of insurance (building, contents, travel, pet, life, etc.), any other loans or credit agreements you might have, and bills such as water, gas, electricity, phone and broadband.

ESTIMATING YOUR LIVING EXPENSES

In addition to your fixed outgoings, lenders might ask for estimates of your living costs. This could include spending on clothing, basic recreation and childcare. They might request to see some recent bank statements to verify the figures you provide.

PREPARING FOR FUTURE UNCERTAINTIES

It is crucial to consider future changes affecting your ability to repay your mortgage. Lenders will assess whether you'd be able to meet your mortgage payments if situations such as an increase in interest rates, job loss, illness, or significant life changes like having a baby or taking a career break were to happen.

PLANNING FOR THE UNEXPECTED

Planning is also crucial to preparing for a mortgage. This includes considering how you'd meet your payments in case of unexpected financial changes. One way to protect yourself against unexpected drops in income is by building up savings when possible. Aim to save at least enough to cover three to six months outgoings, including your mortgage payments. ◆

Securing your first dream home

Guiding you through your home-buying journey from start to finish

VENTURING INTO HOMEOWNERSHIP as a first-time buyer is an enthralling yet complex endeavour requiring meticulous consideration and foresight. Those keeping a close eye on the news can attest to the rollercoaster ride the property market has been on in recent years.

This whirlwind of fluctuating market conditions can seem daunting for any first-time homebuyer. However, fear not! We're here to guide you through the labyrinth of first-time home buying and help you secure your dream home.

BOOSTING YOUR SAVINGS

The initial step towards homeownership involves building up sufficient savings. Unless you already have a substantial amount saved or have family who can lend a helping hand, it's advisable to accumulate a minimum deposit of 5% of the property value you're eyeing.

In April 2021, the government implemented a mortgage guarantee scheme to facilitate 95% mortgages for buyers with 5% deposits until mid-2025. This scheme, which was participated in by several major lenders, opens up opportunities for potential homeowners to secure 95% mortgages.

However, it's worth noting that aiming to save more than the minimum 5% deposit can offer numerous benefits. A larger deposit can lead to lower monthly mortgage repayments, access to more competitive mortgage deals, a more significant purchasing budget and reduced risk of falling into 'negative equity'.

FACTORING IN ADDITIONAL COSTS

You must also be aware of the additional costs when buying a home. In addition to the deposit, other expenses such as stamp duty and survey fees, conveyancing, mortgage arrangement fees and moving services can amount to thousands of pounds.

If these costs haven't been accounted for, you may find that your deposit fund is less than anticipated. So, remember to factor in these costs when planning your budget.

STAMP DUTY COSTS

Stamp duty is a crucial consideration for first-time property buyers in England. If you're stepping onto the property ladder for the first time and your new home costs up to £425,000, you're in luck – no stamp duty will be levied on your purchase. The situation changes if your first home costs up to £625,000. In this case, while you're exempt from stamp duty on the first £425,000, any cost above that attracts a 5% tax rate.

For homes priced over £625,000, standard stamp duty rates apply. These rates are tiered, increasing as the value of your house rises. For properties valued between £250,001 and £925,000, the rate is 5%, while those worth over £1.5 million attract a 12% rate.

VALUATION/SURVEY FEES

When buying a property, it's imperative to conduct a mortgage valuation. This process allows lenders to verify that the property's price aligns with its value. Some mortgage deals may include this valuation as part of the package, but you'll incur additional costs if you require an in-depth report or a full structural survey. Although this might seem like an extra financial burden, it can help you avoid unexpected issues with the property in the future.

SOLICITOR SEARCH FEES

Another expense to factor in when buying a property is solicitor search fees. Your solicitor carries out specific searches as part of the conveyancing process. For

instance, Local Authority searches can reveal any pending planning permissions or restrictions that may affect the property. The cost of these searches varies depending on the location of your prospective purchase.

MORTGAGE PRODUCT FEES

It's essential to understand mortgage product fees. Many mortgage deals include arrangement or product fees, which can amount to several hundred or over a thousand pounds. Therefore, it's crucial to look beyond the headline rate and consider the overall cost of the mortgage. While you can usually add arrangement fees to the mortgage amount, remember that this will increase your monthly repayment costs.

GETTING YOUR FINANCES IN SHAPE

Mortgage providers will thoroughly examine your financial situation before agreeing to lend. Hence, it's in your best interest to ensure your finances are in pristine condition. They will conduct affordability checks, scrutinising your expenditure to determine whether you can reliably meet the monthly repayments.

It's advisable to hold off on major purchases, close redundant accounts, settle your credit card balance every month and only take out new lines of credit after your mortgage is approved. Ensuring there are no outstanding issues affecting your credit score is also essential. Moreover, getting your paperwork organised ahead of time will enable you to provide clear evidence of your income and repayment capacity to a mortgage lender.

SECURING THE RIGHT MORTGAGE

One of the key steps in this process is securing a mortgage deal that is right for your needs. This isn't just about finding the lowest advertised rate; it's also about understanding the fine print, including extra fees and hidden costs.

Seeking professional mortgage advice will ensure you are equipped to navigate these complexities. This also means providing you with a comprehensive overview of different mortgage options and identifying the ones that align with your unique circumstances. Whether you're self-employed, have a small deposit saved up or are dealing with credit issues, professional mortgage advice provides tailored advice to enhance your chances of mortgage approval.

The expertise of professional mortgage advice can be particularly beneficial if someone's financial situation deviates from the norm. For instance, providing specific guidance for self-employed individuals or those with a history of credit issues. Their advice isn't confined to the obvious but extends to all possible scenarios that could affect your mortgage application.

AGREEMENT IN PRINCIPLE

Securing an Agreement in Principle (AIP) is the first concrete step towards acquiring your mortgage. Also known as a 'Decision in Principle', an AIP indicates how much a lender will let you borrow.

Having an AIP helps narrow your property search to homes within your budget. It also demonstrates to sellers and agents that you're a serious buyer, which could give you an edge in competitive markets. Obtaining an AIP doesn't usually take long, provided you have all the necessary documents and no issues with your application. ◆

>> ARE YOU A FIRST-TIME BUYER LOOKING FOR THE RIGHT MORTGAGE? <<

Here's the good news – you don't have to navigate this process alone. We're here to guide you through your home-buying journey from start to finish. This includes helping you find the right mortgage, assisting with application management and liaising with the lender on your behalf. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

How Loan-to-Value (LTV) ratio affects your mortgage

Helping lenders assess the risk associated with providing you with a mortgage

WHEN PURCHASING A home, the amount you borrow is often represented as a percentage of the property's value – this is known as the Loan-to-Value ratio (LTV). Your LTV plays a crucial role in your mortgage application's acceptance; a lower LTV is generally more favourable to lenders.

The concept of LTV becomes significant when you're considering remortgaging or if you're a first-time buyer. It directly impacts your property's equity, the portion of your property's value that remains unencumbered by debt. This equity can act as a financial safety net should you need to sell the property or refinance the mortgage in the future.

CALCULATING THE LTV

Suppose you're buying a £450,000 property and securing a £427,500 mortgage. Your LTV would then be 95% (£427,500/£450,000), indicating a 5% equity in your home. A high LTV ratio signifies less equity in your property, which could pose problems if you need to sell or refinance. You may lack sufficient equity to qualify for a loan.

Furthermore, a decline in your property's value could lead to a situation where you owe more than the property's worth, a state known as 'negative equity'. Hence, it's generally advisable to maintain a low LTV ratio. This can be achieved by having a larger deposit at the time of purchase or waiting for your property's value to increase before refinancing your mortgage.

FACTORS THAT CAN INFLUENCE THE LTV

SAVING FOR A LARGER DEPOSIT

A larger deposit means you own a greater portion of your property from the onset, reducing the amount you need to borrow. This could also unlock more competitive mortgage deals with lower interest rates.

The size of your deposit can influence the interest rate you're offered and the cost of your monthly repayments. Generally, the larger your deposit, the lower your repayments, term and interest rate. This is because a larger deposit reduces the lender's risk.

OVERPAYING YOUR MORTGAGE

Overpaying your mortgage can reduce your LTV ratio faster. A lower LTV could mean more competitive remortgaging deals.

Additionally, having more equity in your home could provide a safety net during financial difficulties, giving you more options. Overpaying your mortgage can effectively save money on interest and clear your mortgage loan sooner.

CHOOSING TO REMORTGAGE

Remortgaging at the right time can significantly lower your LTV. If you've been paying off your mortgage for a while and your property's value has increased, your LTV will be lower than when you first took out the mortgage. This could open doors to more favourable deals with lower interest rates. ◆

>> READY FOR A DISCUSSION ABOUT YOUR MORTGAGE REQUIREMENTS? <<

Understanding your LTV ratio and its implications can significantly affect your financial stability and the choices you make regarding your mortgage. Do you require more information or guidance on your LTV ratio? Our expert mortgage team is here to help you confidently navigate your financial journey. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Getting the green light on your mortgage application

How much could you borrow towards the purchase of a property or remortgage?

ARRANGING A MORTGAGE is a significant step, and the term you are likely to encounter is an 'Agreement in Principle' (AiP), also referred to as 'Decision in Principle.' But what does it entail, and how can it facilitate your dream home purchase?

During your property-hunting journey, you can expect to face competition from other potential buyers. Possessing an AiP communicates to sellers, developers and estate agents that you're not just a serious buyer but one who can genuinely afford the properties you're viewing or considering for offers. If you're buying property in Scotland, you'll have to get one before you submit a bid, and other charges may apply in Scotland and Wales.

DETERMINING YOUR BORROWING CAPACITY

An AiP is a simple way to determine if you can borrow the amount you need to buy or remortgage a property without a full credit check. You're not committing to anything, and you're not tied to a particular type of deal. But remember that an AiP isn't a guarantee you will secure the mortgage.

An AiP will help you understand how much you could borrow and give you the assurance of viewing properties. This is especially beneficial if you're a first-time buyer. You will typically need the following information to apply for an AiP: details of your income, your outgoings, any existing credit agreements and your addresses for the last three years.

ACCELERATING THE HOME-BUYING JOURNEY

Having an AiP allows you to start your property search. Although it isn't a formal offer or a guarantee, it usually lasts 30 to 90 days. However, it signals that the lender will likely lend you the required amount to buy the property. This assurance can speed up the buying process as sellers recognise your serious intent.

To obtain an AiP, you must disclose information about your finances, including your income, expenses and credit score. The lender will use this data to determine how much they may lend you. Remember that an AiP isn't binding, and the final loan amount may vary based on your circumstances. You will also need to pass a credit check for mortgage approval.

SEEKING PROFESSIONAL EXPERT MORTGAGE ADVICE

Considering an AiP is worthwhile if you plan to buy a property soon. It kickstarts your property search process and provides peace of mind. Additionally, it demonstrates to potential sellers that you have the means to secure a mortgage and afford their property.

However, each AiP application could impact your credit file. Hence, it's advisable to seek professional mortgage advice before you begin. If you require further assistance or information, please contact us. We're here to guide you through this process.

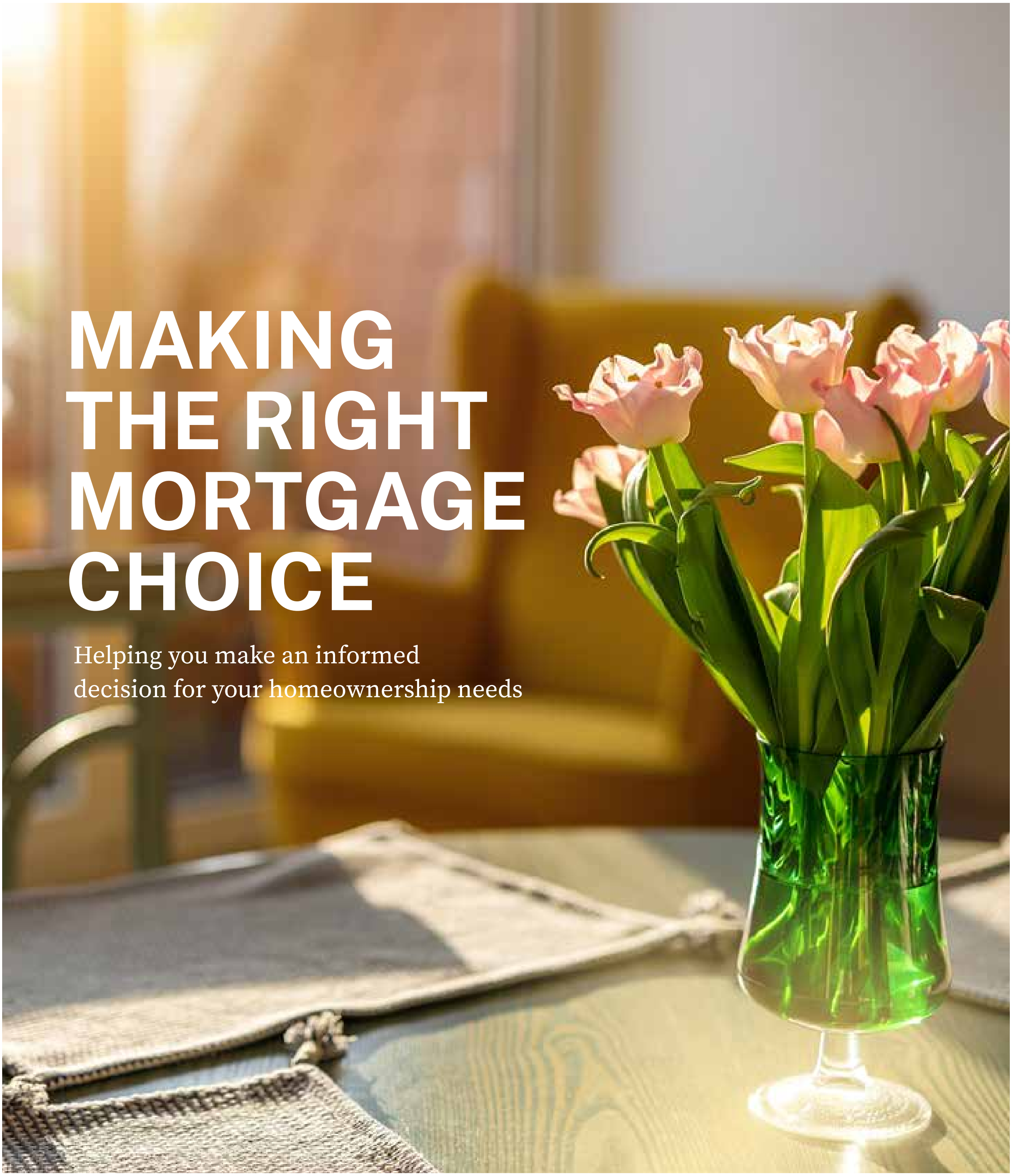
COMPLETING A CREDIT CHECK

Before any mortgage lender will approve your mortgage application, they conduct a comprehensive credit check. Understanding the difference between 'soft' and 'hard' credit checks is essential.

A 'soft' credit check is preliminary and doesn't adversely impact your credit score. On the other hand, numerous 'hard' checks within a short timeframe can diminish your credit score and remain on your report for four years. ◆

>> ARE YOU READY TO DISCUSS YOUR MORTGAGE OPTIONS WITH US? <<

We are here to assist you throughout the process of acquiring an AiP. Our team will evaluate your situation and explain your options. For more information or to discuss how we could help you with your mortgage requirements, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



MAKING THE RIGHT MORTGAGE CHOICE

Helping you make an informed decision for your homeownership needs

CHOOSING THE RIGHT mortgage type is a crucial decision. A wrong choice could lead to unnecessary expenses. Identifying the mortgage type that aligns with your financial situation is the first step towards selecting the right lender and mortgage product.

The right mortgage type for you will depend on various factors, including your credit score, deposit size, income and property value. By understanding the differences and considering your financial situation, we can help you make an informed decision that is right for your needs.

Here, we consider some basics of the different mortgage types and factors for consideration.

THE CAPITAL REPAYMENT MORTGAGE: A STEADY PATH TO OWNERSHIP

Capital repayment mortgages appeal to borrowers who aim to pay off the principal and interest over the loan term. This strategy allows you to steadily reduce the debt and build equity in the property. As a result, when remortgaging, you may be able to secure a smaller loan.

Traditionally, these mortgages span 25 years. However, some lenders have extended the term to 30 years or more. While this reduces monthly repayments, it extends your mortgage into retirement and increases the property's total cost.

INTEREST-ONLY MORTGAGE: AN IMMEDIATE RELIEF WITH LONG-TERM CONSIDERATIONS

Interest-only mortgages gained popularity before the 2008 financial crisis and remain a favourite among buy-to-let investors. With this type of mortgage, you pay only the interest, leaving the principal amount untouched.

This approach offers immediate relief from high monthly payments. However, you could face a sizeable loan upon retirement without an alternative debt repayment plan.

FIXED RATE MORTGAGE: PREDICTABILITY AMID FLUCTUATIONS

Fixed rate mortgages provide a consistent interest rate throughout the loan term. They offer payment stability and facilitate long-term budgeting. These loans also protect you from potential rate hikes. You can usually fix the rate on your mortgage for between two and five years at a time, although you may be able to get a fixed rate mortgage for between seven and ten years, or sometimes even longer, too.

Another consideration of a fixed rate mortgage is that your interest rate won't be affected if the Bank of England's interest rate changes. But remember, if rates fall before your term ends, you might pay more. Most fixed rate mortgages also include exit penalties for early loan repayment.

STANDARD VARIABLE RATE (SVR) MORTGAGE: THE DEFAULT YET COSTLY OPTION

Standard variable rate (SVR) mortgages are the lender's default rate, applied when a fixed or tracker loan ends. With an SVR mortgage, your monthly payments can change as the rate fluctuates, often tracking the Bank of England's official interest rate.

However, staying on your lender's SVR is rarely recommended, as they are usually priced above comparable fixed or tracker rates in the market.

ADJUSTABLE RATE MORTGAGES: A BALANCING ACT

An adjustable rate mortgage (ARM) is a home loan that follows a lender's standard variable rate (SVR) but at a discounted rate for a specific period. After this period elapses, the rate reverts to the SVR. While this might initially seem attractive, it's important to note that your repayments may vary as the SVR fluctuates.

This means you could face a significantly higher rate once your discount period ends. Therefore, it is crucial to keep track of when your discount period ends to avoid any unexpected increases in repayments.

TRACKER MORTGAGES: TIED TO THE TIDE

A tracker mortgage is a type of variable rate mortgage that tracks a pre-arranged, independently set interest rate, usually linked to the Bank of England base rate for a set period. The term could be between one and five years or an open-ended lifetime tracker mortgage. Like all variable rates, tracker mortgages go up and down, depending on movements in the Bank of England base interest rate, meaning your monthly repayments can change frequently.

"Fixed rate mortgages provide a consistent interest rate throughout the loan term."

Over the past decade, when interest rates were historically low, tracker rates were often more expensive than fixed loans. However, this trend has reversed in recent times. In our current economic climate, average tracker rates have become cheaper than the average fixed rate mortgage. This is due to markets pricing in more negative news on inflation over the next couple of years. An added benefit of tracker mortgages is the absence of early repayment charges, allowing borrowers to switch at any time without penalty. ◆

>> WHAT TYPE OF MORTGAGE IS RIGHT FOR YOUR HOMEOWNERSHIP NEEDS? <<

Choosing the right mortgage type can seem complex, but you can make an informed decision with the right information and professional guidance. Please speak to our highly experienced team if you require further assistance. We're here to guide you and help you secure the right mortgage for your needs. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Are you paying more than you need to on your mortgage?

If you are on a standard variable rate, it is time to consider your options

PURCHASING A HOME is often the most significant investment individuals make in their lifetime. Most buyers rely on securing a mortgage to facilitate this purchase and experience profound relief once the mortgage process is successfully navigated.

But are you among hundreds of thousands of mortgage holders on a standard variable rate? Also known as 'reversion rates', SVRs are lenders' default rates that people tend to move on to if their fixed period ends and they do not remortgage onto a new deal.

Lenders can change the rate at any time, and you may see a rise when the base rate increases, although they can go up by more or less than the Bank of England's move. Borrowers must be careful as the rates are often higher than the lender's fixed rate or tracker alternatives.

UNDERSTANDING YOUR POSITION

Typically, people on SVRs are either unaware they are on them or worried lenders will pull their mortgage due to a change in their financial situation. Alternatively, they may be concerned that if they returned to their lender for a new fixed rate, their finances wouldn't allow them to remortgage, so they continue on a higher SVR. In 2019, the Financial Conduct Authority introduced modified mortgage assessment criteria for borrowers based on their payment history rather than affordability.

EXPLORING YOUR OPTIONS

What can you do if you are on an SVR? First, it is worth approaching your lender or speaking to a professional mortgage expert to establish your situation and whether a switch might be possible. Establishing affordability is vital for any mortgage application or product switch. It's essential to consider the options if you are concerned you fall outside these parameters, which the current cost of living crisis may be causing.

NAVIGATING THE SWITCH

These days, lenders typically allow borrowers to switch their mortgage rate to a new one without additional underwriting, avoiding new affordability checks. If moving to a new lender may prove challenging, there could be an option from the current lender that could

"These days, lenders typically allow borrowers to switch their mortgage rate to a new one without additional underwriting, avoiding new affordability checks."

still prevent the need to pay an SVR and wouldn't require any new affordability assessment if switching on a like-for-like basis.

CONSIDERING TRACKER RATES

Another option may be switching to the lender's tracker rate, which may be lower than an SVR and doesn't charge penalty fees for switching off the product to a fixed rate when the time is right. Any borrowers whose current fixed rate deal is ending potentially face much higher costs and should explore their options as soon as possible. Those who have agreed to buy a property may also want to check their borrowing capacity and monthly payments and consider locking in a deal.

PLANNING AHEAD FOR REMORTGAGING

For those looking to remortgage, it's essential to compare rates to secure the option of a new rate. Anyone with a fixed rate deal ending within the next six to nine months should look into the most competitive rates they can obtain – and consider locking in a new deal. Often, there is no obligation to take it. If you plan ahead, it is possible that they may fall by the time you need the mortgage.

SECURING YOUR FUTURE

Most mortgage deals allow fees to be added to the loan and only charged when it is taken out. By doing this, borrowers can secure a rate without paying arrangement fees. We can discuss whether you are obliged to take the rate or could shift to a cheaper deal if rates fall before you take the mortgage out. Those with home purchases agreed should also aim to secure rates as soon as possible so they know exactly what their monthly payments will be.

PROCEED WITH CAUTION

Home buyers should beware of overstretching themselves and be aware that house prices may fall from their current levels, as higher mortgage rates limit people's borrowing ability and buying power. If you're navigating the complex world of mortgages and require further guidance or information, do not hesitate to discuss your options with our highly experienced team to ensure you make informed decisions about your future. ◆

>> WANT TO DISCUSS THE LATEST REMORTGAGE DEALS AND RATES? <<

If you are looking for a mortgage deal, want to move, or your fixed rate is coming to an end, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

A NEW NORM IN MORTGAGE TERMS!

First-time purchasers opting for mortgage durations exceeding 35 years

"The extension of mortgage terms, commonly referred to as 'term-stretch', is increasingly being utilised as a strategy to enhance affordability amidst soaring property prices and stringent lending criteria."

NAVIGATING THE COMPLEXITIES of purchasing a first home, many aspiring homeowners are grappling with the significant hurdles that come with securing a deposit and an affordable mortgage. In light of these challenges, recent insights have highlighted a notable trend among first-time buyers: the adoption of mortgages with extended terms.

This move aims to maintain monthly payments within an affordable range, offering a pragmatic approach to achieving homeownership in today's market. An unprecedented one in four individuals stepping onto the property ladder are now opting for mortgage terms extending beyond 35 years[1].

This trend has been catalysed by the escalating costs of borrowing, with data revealing that towards the close of 2023, 23% of all mortgages secured by first-time purchasers were for durations exceeding 35 years. This marks a substantial increase from 17% in the previous year and a mere 9% following the Bank of England's initial interest rate increases towards the end of 2021[1].

FINANCIAL IMPLICATIONS OF EXTENDED TERMS

Opting for a longer mortgage term can certainly ease homeowners' monthly financial burden, making homeownership more accessible in the short term. However, over the duration of the loan, borrowers will accumulate significantly higher debt, potentially impacting their financial stability into retirement.

Presently, mortgages exceeding 30 years constitute over a third of all agreements made by first-time buyers. This shift underscores a departure from the traditional 25-year mortgage, which was once the standard.

AFFORDABILITY AND MARKET TRENDS

The extension of mortgage terms, commonly referred to as 'term-stretch', is increasingly being utilised as a strategy to enhance affordability amidst soaring property prices and stringent lending criteria. Despite these measures, a considerable number of applicants fail to meet the affordability checks imposed by lenders, contributing to a marked reduction in the volume of loans issued over the past year.

Furthermore, by the conclusion of last year, approximately five million mortgage holders had not transitioned their loans to reflect the higher interest rates, indicating a potential financial strain on a significant portion of homeowners[1].

NAVIGATING THE CHANGING LANDSCAPE

This evolving landscape presents both opportunities and challenges for first-time buyers. On one hand, longer mortgage terms offer a viable path to homeownership in an era of rising property values and interest rates. On the other, they necessitate careful consideration of long-term financial planning and the potential implications of accruing greater debt over an extended period.

For those navigating the complexities of securing a mortgage in today's market, it's crucial to weigh the immediate benefits of reduced monthly payments against long-term financial commitments. As the property market continues to evolve, staying informed and seeking professional mortgage advice will help prospective homeowners make decisions that align with their financial goals and circumstances. ◆

>> NEED INFORMATION OR GUIDANCE ON NAVIGATING THE MORTGAGE MARKET? <<
If you require further information or guidance on navigating the mortgage market as a first-time buyer, speak to a member of our highly experienced team for expert advice tailored to your unique situation. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data: *[1] Research data from UK Finance – 04/03/24.*

HOW TO IMPROVE YOUR MORTGAGE APPLICATION PROSPECTS

What steps can you take to improve your mortgage eligibility?

"Navigating the complexities of the mortgage application process can prove to be a formidable challenge. However, it need not be an insurmountable task."

ARE YOU IN the market for a new mortgage? Unfortunately, many individuals face barriers when it comes to securing financing for their dream home. For the vast majority of individuals, the quest to purchase a home begins with the daunting endeavour of securing a mortgage.

Navigating the complexities of the mortgage application process can prove to be a formidable challenge. However, it need not be an insurmountable task.

You can take steps to improve your mortgage eligibility and increase your chances of approval. In this article, we'll explore ways to do so. Whether you're a first-time buyer or a seasoned homeowner, these tips can help you navigate the mortgage application.

ASSESSING YOUR FINANCIAL STANDING

A critical first step before embarking on property hunting is to ascertain your financial position. This is imperative because lenders will scrutinise your credit history to evaluate your creditworthiness and empower you with knowledge of your financial status. Access to your credit report can unveil any overlooked accounts or fraudulent activities.

Furthermore, understanding your credit score enables you to identify strategies to enhance it. Such strategies may encompass reducing existing debts, ensuring accuracy in your address and electoral register details, closing redundant accounts, punctually paying bills and refraining from initiating new credit lines to bolster your score.

PREPARING DOCUMENTATION

The mortgage application process demands a comprehensive array of documents. Being prepared with these documents, which typically include identification, proof of income, bank statements for a specified period and evidence of your deposit, can expedite the application process and mitigate delays.

FOSTERING OPEN COMMUNICATION

It is of paramount importance to furnish your mortgage broker with accurate information. Engaging in open dialogue, seeking elucidation on any ambiguities and keeping your lender apprised of any financial changes are essential practices. Such transparency and collaboration not only avert misunderstandings but also ensure the smooth progression of your application, empowering you throughout the process.

THE ADVANTAGE OF PRE-APPROVAL

Securing pre-approval for a mortgage by obtaining an Agreement in Principle (also known as 'Decision in Principle') before commencing your search for a property is highly advisable. Pre-approval enhances the credibility of your offer in the eyes of sellers and clarifies the amount you can borrow. This clarity is invaluable during property negotiations and when making an offer, especially in a competitive market.

PLANNING FOR THE LONG HAUL

Acquiring a home represents a significant financial obligation, necessitating forward planning. When selecting a home and mortgage, consider your career trajectory, family aspirations and potential lifestyle modifications to ensure compatibility with your near and foreseeable future. Evaluating whether the property and loan terms align with your long-term objectives and offer the necessary flexibility as your life circumstances evolve is crucial. ◆

>> NEED GUIDANCE ON NAVIGATING THE COMPLEXITIES OF IMPROVING YOUR MORTGAGE APPLICATION CHANCES? <<

If you require further assistance or more detailed information to navigate the complexities of improving your mortgage application chances, our team is ready to provide the guidance and support you need to make informed decisions in your journey towards homeownership. For more information, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Aiding the next generation to become homeowners

Protecting your financial future while helping your loved ones

IN AN ERA where the aspiration of homeownership seems increasingly out of reach for many, the so-called 'Bank of Mum and Dad' has become a familiar concept. Yet, it's not just parents who are stepping in to bridge the gap; grandparents, often with more disposable assets, are also finding ways to contribute to their grandchildren's first step onto the property ladder.

This article delves into the various methods through which grandparents can offer a helping hand, highlighting the importance of understanding the financial implications of each option.

GIFTING SAVINGS AND UNDERSTANDING TAX IMPLICATIONS

With interest rates on savings remaining disappointingly low, grandparents with substantial nest eggs may consider gifting a portion of their savings to aid their grandchildren's house deposit efforts. However, venturing down this path requires careful navigation of the tax landscape, particularly concerning Inheritance Tax.

In the UK, up to £3,000 can be gifted each tax year without attracting Inheritance Tax, with the possibility of carrying forward any unused exemption to the subsequent year, albeit for one year only. This method provides a straightforward means for grandparents to support their grandchildren financially, yet it demands awareness and planning around tax liabilities.

DOWNSIZING AND EQUITY RELEASE OPTIONS

For grandparents inclined towards a more significant gesture, downsizing presents an appealing option. By moving to a smaller and less expensive property, they can free up considerable sums from the equity tied up in their homes. Downsizing unlocks funds for gifting and often results in lower living costs due to reduced maintenance and utility expenses. This strategy enables grandparents to materially assist their grandchildren while simultaneously adjusting their lifestyle to a more manageable scale.

Alternatively, equity release schemes offer a different route for grandparents wishing to stay put in their family homes. These arrangements allow homeowners to access the equity built up in their property without the need to sell, repaying the loan only when the house is sold, usually upon the homeowner's death or moving into permanent care.

The decision to proceed with equity release requires thorough consideration of its long-term financial impact. Those contemplating this route are strongly advised to seek professional financial counsel to ensure it aligns with their overall financial strategy.

MORTGAGE SUPPORT FROM GRANDPARENTS

Another avenue through which grandparents can help their grandchildren secure a foothold on the property ladder is by facilitating their mortgage applications. However, it's imperative for grandparents to be aware of the potential risks involved, particularly when it comes to guarantor mortgages.

Such financial products entail the possibility that should the grandchild fail to meet the mortgage repayments; the grandparents could jeopardise their assets, potentially losing their own homes. An alternative to this is the single-income joint borrower mortgage, which allows individuals on a solitary income to purchase property with the assurance that grandparents or parents will cover any lapses in repayments. This option advantageously removes the family member's need to secure the loan with their personal assets.

PROFESSIONAL ADVICE IS A PREREQUISITE

Prior to making a decision, it's advisable for those contemplating these financial avenues to engage with a mortgage broker. Such a professional can offer invaluable insights into the benefits and drawbacks associated with each option, tailored to the unique circumstances of the individual. This initial step can also uncover other, perhaps more suitable, financial pathways.

LONG-TERM FINANCIAL CONSIDERATIONS

The inclination for grandparents to assist their grandchildren in acquiring their first home is both understandable and commendable. Nevertheless, it's crucial that they take into account the long-term implications such assistance may have on their own financial wellbeing. Deploying savings for this purpose could leave retirees in a precarious position should unexpected expenses arise, complicating efforts to replenish these funds.

Additionally, the financial support extended to grandchildren might pose a risk to the grandparents' financial stability, particularly if they outlive their anticipated lifespan and exhaust their pension resources. Each option carries its unique set of benefits and considerations, particularly concerning tax implications and long-term financial planning. In light of these considerations, obtaining professional advice is highly recommended to guide grandparents towards the most prudent financial strategies for their situation. ◆

>> PLANNING TO HELP YOUR LOVED ONES ACHIEVE THEIR HOMEOWNERSHIP DREAMS? <<

Should you require additional information or guidance on navigating the complexities of supporting your grandchild's entry onto the property ladder, our highly experienced team of experts is on hand to provide you with the insights and advice necessary to make informed decisions that protect your financial future while helping your loved ones achieve their homeownership dreams. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Embarking on a shared property journey

Contemplating the significant step of buying a property with a partner?

ENTERING INTO COHABITATION with your significant other marks a significant chapter in your relationship, especially if the move has been anticipated for some time. It's crucial to approach this transition armed with knowledge and a well-thought-out plan, particularly when it involves financial commitments such as purchasing property together.

Acquiring property jointly has undeniable financial benefits, yet its fair share of challenges accompanies it. Whether you are partners, friends or family, understanding the nuances of joint mortgages, including the distinctions between Joint Tenancy and Tenants in Common, is essential for anyone considering this path.

DELIBERATING KEY CONSIDERATIONS

Before taking the plunge into property ownership with a partner, it's imperative to reflect deeply on several aspects. The nature of your relationship, shared goals and financial standing all play pivotal roles in determining the most suitable approach to a joint mortgage. Questions such as the permanence of your living arrangement, how mortgage repayments will be divided and plans for unforeseen circumstances like separation need careful consideration.

SUSTAINABLE FINANCIAL FUTURE TOGETHER
Not every couple opts for equal contributions towards mortgage repayments; arrangements can vary based on initial investments and agreed-upon responsibilities. Furthermore, while discussing potential separation scenarios may seem pessimistic, having a clear understanding or agreement, possibly documented through a Deed of Trust, can safeguard both parties' interests. Lastly, assessing what you can collectively afford is fundamental, influencing not only the scale and location of your property but also ensuring a sustainable financial future together.

THE ROLE OF LEGAL DOCUMENTATION
Legal documentation, such as a Deed of Trust, can be invaluable in navigating the complexities of joint property ownership. This document outlines the financial arrangements between co-owners, detailing each party's contribution and the agreed-upon distribution of assets should the relationship dissolve. Its importance cannot be overstated, providing a clear, legally binding framework that can prevent disputes and ensure fairness.

FINANCIAL PLANNING FOR JOINT PROPERTY OWNERSHIP
Embarking on joint property ownership requires meticulous financial planning. This involves a comprehensive evaluation of combined resources to determine the affordability of the mortgage and, consequently, the property itself. Decisions regarding the type of joint mortgage, contribution ratios and contingency plans for separation are critical. These considerations not only impact the immediate feasibility of the purchase but also lay the groundwork for long-term financial stability and harmony between co-owners.

JOINT TENANCY VS TENANCY IN COMMON
Opting for a Joint Tenancy arrangement means that all parties involved have equal rights to the property. This arrangement ensures that upon the demise of one party, the surviving individuals inherit the property equally. Similarly, any profits from the sale of the property are divided equally among the owners. Conversely, a Tenancy in Common allows owners to possess shares in the property, which can be distributed as desired. This means the ownership stake and proceeds from any potential sale can vary among the owners, with the possibility of selling or bequeathing shares.

This decision largely hinges on your personal circumstances. Married couples often prefer Joint Tenancy for its equality, while Tenancy in Common might suit friends or family members with differing financial contributions to the property.

CONSIDERING A DEED OF TRUST
A Deed of Trust becomes invaluable when owners hold unequal shares in a property, as is common with a Tenancy in Common arrangement. This document specifies the ownership percentage of each party and the financial implications during a sale. Amendments to this deed can accommodate changes in circumstances over time. Notably, obtaining a Deed of Trust can be particularly beneficial for partners moving in together where one has made a more significant financial contribution. It provides a structured method to adjust the equity balance between the parties over time, aiming for an equitable distribution.

SIGNIFICANTLY INCREASING YOUR BORROWING CAPACITY
Joint mortgages can significantly increase your borrowing capacity since lenders consider the combined incomes and savings, allowing for a larger mortgage and potentially a more substantial property. This approach is deemed safer by lenders as it diversifies their risk across two incomes instead of one. It's also entirely feasible to buy a property with someone you're not married to, with a 'Tenants in Common' agreement often being the most suitable choice. This arrangement ensures that both parties can maintain their equity investment in the property, promoting fairness regardless of the relationship's nature. ◆

>> WANT TO SPEAK TO US ABOUT YOUR OPTIONS INVOLVING THE INTRICACIES OF JOINT MORTGAGES? <<
Understanding the intricacies of joint mortgages is crucial for those contemplating the significant step of buying a property with a partner. If you require further guidance or wish to explore your options in greater detail, do not hesitate to speak to our highly experienced team that will support you through every step of your property-buying journey, ensuring informed decisions that pave the way for a secure and prosperous future together. Please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

TIME FOR A FRESH LOOK AT YOUR MORTGAGE?

Ensuring you're on the most advantageous deal and interest rate is always a wise move

IN THE CURRENT economic landscape, many homeowners may be asking the question: When is the best time to search for a new mortgage? Should they act now or hold onto their existing mortgage? This decision, far from being inconsequential, could significantly impact their yearly finances by thousands of pounds.

Your mortgage deal appeared quite competitive in its early days. However, it's crucial to reassess your mortgage. Ensuring you're on the most advantageous deal and interest rate is always a wise move.

It's advisable to periodically review your mortgage, perhaps annually or every couple of years. This guarantees that you're still reaping the benefits of the best possible deal and that your mortgage remains aligned with your financial objectives and circumstances.

DECODING THE MOTIVATIONS BEHIND REMORTGAGING

There are several reasons why you may need to reassess your mortgage. These can range from changes in interest rates, alterations to your financial situation, fluctuations in the housing market, or revisions to your personal goals.

It's a significant decision that can shape your financial future, so understanding these motivations is crucial.

Here are instances to consider reviewing your mortgage:

SEEKING MORE COMPETITIVE RATES

One primary reason homeowners consider remortgaging is to secure a more competitive rate. However, breaking your initial agreement could result in an early repayment charge. That said, the savings from a new rate could offset this cost, making remortgaging a viable option.

SAFEGUARDING AGAINST RISING INTEREST RATES

As we have seen over the past year and a half, the overall cost of variable rate mortgages has increased, and other promotional rate deals have also risen. Securing a lower fixed rate mortgage through remortgaging could prove beneficial, especially if you anticipate an increase in the Bank of England rates.

CAPITALISING ON INCREASED HOME VALUE

With property prices often in flux, your home may fall into a lower loan-to-value (LTV) band than when you first secured your mortgage. In such cases, remortgaging could be advantageous.

REDUCING MONTHLY BILLS THROUGH REMORTGAGING

Mortgages often constitute our most significant expenditure, so reducing them can lead to substantial savings. Many of us may stay with our current lender to avoid stress. However, skilled negotiation and remortgaging could leave us better off financially.

NECESSITY OF REMORTGAGE AS CURRENT MORTGAGE ENDS

You'll need to find another mortgage when your current one expires. Typically, mortgage deals last between two and five years and offer incentives like fixed rates, tracker or discount mortgages. However, due to market fluctuations, your lender will automatically switch you to its Standard Variable Rate (SVR) once your deal ends. This rate is often higher and pricier than other options, making remortgaging to a cheaper rate an appealing choice.

SEEKING INCREASED FLEXIBILITY

If you're dissatisfied with the conditions of your current mortgage deal, you may want to consider a change. This could stem from factors like a new job, a career break necessitating 'payment holidays' or the wish to make larger payments due to increased income. If this resonates, an alternative mortgage may accommodate these needs or offer packages more suitable than your current lender's.

THE DESIRE TO BORROW MORE

Life occasionally necessitates an extra cash injection. If your lender isn't receptive to lending you additional funds, remortgaging with a different provider might allow you to raise the necessary capital or secure newer, more competitive rates. Your prospective lender will enquire about your intended use of the funds. ◆

>> READY TO TAKE THE NEXT STEP ON YOUR MORTGAGE JOURNEY? <<

Failing to review your mortgage when interest rates alter or your mortgage deal concludes could mean missing out on alternative deals available in the market. This oversight could ultimately cost you more. Our team is ready to guide you through every step of your mortgage journey. Please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

How to sell your home

Tips to get a sale at the right price in the current market

THE ESCALATING COST of living and a rise in borrowing costs have compelled some prospective buyers to halt their moving plans momentarily. Despite this, a robust market of individuals selling their homes remains buoyed by buyers seeking larger family living spaces, home office provisions, retirement options and energy-efficient properties.

For those considering a move in the prevailing climate, we offer the following guidance to help you navigate the process.

IDENTIFYING YOUR TARGET BUYER AND CHOOSING THE RIGHT TIME

The initial step towards a swift, hassle-free property sale involves understanding your target market. In your estimation, who would be the perfect buyer for your property? Tailor your space to appeal to this demographic but without alienating other potential buyer groups. For instance, if you believe your property would best suit a professional couple, consider transforming the second bedroom or office back into a bedroom while creating workspace elsewhere in the house.

This ensures the property remains appealing to young couples with a small child. Typically, the most favourable times to sell your property are spring (February/March) and autumn (September), when demand often exceeds supply, leading to potentially higher property prices.

STREAMLINING AND NEUTRALISING YOUR SPACE

Potential buyers need to visualise themselves residing in your property. Therefore, personal items such as ornaments and photos, particularly posters in children's bedrooms, should be removed. Everyday items not in regular use, along with large pieces of furniture, should be stored away to create a sense of spaciousness.

Pay special attention to areas like the hallway (remove any clutter), bathroom (conceal all products) and kitchen (clear bench surfaces of appliances, jars, tins, etc.). Replace any worn-out tea towels or odorous bins.

REVITALISING YOUR PROPERTY

A fresh layer of neutral paint, new tiles or other flooring, or even a few new kitchen cupboard doors can significantly enhance a tired-looking property. If re-tiling the bathroom isn't feasible, re-grouting could give it a fresh look.

Other simple improvements include installing matching chrome fittings, replacing broken light bulbs, repainting the front door, ironing bedroom sheets, removing heavy dark drapes, installing subtle up-lighters in the living room and strategically placing flowers throughout the house.

ENSURING CLEANLINESS

Even if redecorating isn't on the cards, cleanliness is paramount. If you don't have the time, consider hiring professional cleaners to clean your property deep. This could prove a worthwhile investment. This includes cleaning the carpets, sofa covers, oven and windows. Extra attention should be paid to the kitchen and bathrooms, which must appear inviting and sanitary.

Finish up with a new toilet seat, fresh white towels and perhaps a pot plant or two. Don't overlook overfilled wardrobes – prospective buyers often check them for storage space. Lastly, treat your garden as an additional room, making it a welcoming space for relaxation and entertainment.

SPREADING THE NEWS

Ensuring that your property's availability is well publicised is crucial. Make use of local networks—you never know who in your vicinity might be on the hunt for a new home and eagerly awaiting your property to hit the market.

PREPARATIONS FOR PROPERTY VIEWINGS

It's no secret that first impressions are crucial. Your aim should be to make your property appealing to a broad audience; the more people interested, the higher the potential selling price. Therefore, ensure your front garden and entrance hallway are tidy and inviting.

It might be a good idea to leave pets with a neighbour and clean up any pet hair, as this can trigger allergies in some people. Turn on lights and heating, air out the house and avoid cooking strong-smelling foods before viewings. If parking is available, leave the space free for potential buyers, enhancing their overall experience.

CONDUCTING A PROPERTY VIEWING

You may have hired an estate agent for this task, which is recommended; if, however, you find yourself conducting the viewing, plan the sequence of showcasing the rooms beforehand. Guide viewers around once, either beginning or ending with the best rooms. Avoid overwhelming them with minute details like boiler size or neighbourhood cat issues.

Maintain a professional demeanour during the initial viewing; personal interactions can follow during subsequent ones. Remember to underline positive aspects like a south-facing garden or convenient parking. Encourage viewers to take another tour independently while remaining nearby to address any queries.

SELECTING THE RIGHT BUYER

The highest bidder may not necessarily be the most suitable buyer. Heed your estate agent's advice regarding potential buyers and get as much information as possible about their circumstances. Factors to consider include financing the purchase (cash buyers are the most desirable), whether they are first-time buyers needing additional assistance and whether they have a related transaction.

If they have a property to sell, ensure it is under offer before taking yours off the market. Be aware of any forward chains that could complicate the completion dates. Buyers who are additional purchasers, returning to the market or represented by a professional home search consultant are usually promising as they tend to have their finances in order and can expedite the process.

EMBRACING THE OFFER

Your estate agent is a crucial intermediary responsible for presenting every offer that comes your way. They will be well-versed in all the relevant information about the buyer's position and capacity to expedite the process and will typically insist on receiving offers in written form.

The amount a buyer is willing to offer hinges on several factors: market conditions, competition and their emotional attachment to the property. Similarly, the lowest price you're willing to accept is influenced by these same market conditions, the speed at which you need to sell and the size of your relocation budget.

COMPROMISE AND NEGOTIATION

Securing a deal often requires compromise from both parties. Maintaining a flexible stance can help facilitate negotiations. Additionally, consider whether you plan to retain all your furnishings, curtains and white goods. These items might not suit your new home, but they could be used as effective bargaining tools to achieve the desired selling price.

OPEN COMMUNICATION A KEY TO SUCCESS

Once an offer has been accepted, the real work begins. The longer it takes to finalise contracts, the higher the risk of the deal falling through or the buyer 'gazundering', that is, reducing their offer. Therefore, maintaining regular contact with your solicitor and estate agent is crucial to ensure open lines of communication.

Staying informed about the status of the conveyancing process and understanding your buyer's feelings about the transaction's progress is vital. Knowing whether they remain committed or are exploring other options provides valuable insight. ◆

>> READY TO DISCUSS YOUR MORTGAGE REQUIREMENTS? <<

Should you require further information or assistance, we're here to guide you through every step of your property-selling journey and mortgage process, ensuring a smooth and successful experience. To discuss your mortgage options or for more information, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

FIRST-TIME HOME SELLERS

Looking to relocate, upsize or downsize?

TAKING THE LEAP to sell your home for the first time can be intimidating. It can seem like a mountain to climb, whether it's due to relocation, upsizing or downsizing. However, with the right preparation, you can navigate this journey smoothly and stress-free.

Here are some invaluable tips to assist first-time sellers in the process.

THE ART OF HOME PRESENTATION

The way your property is presented can often make or break a sale. Potential buyers will inspect every nook and cranny of your home, so ensuring it is at its absolute best is imperative. The photographs of your property serve as the initial introduction to potential buyers.

Therefore, ensure your home is clean, decluttered, well-lit and spacious. After all, a picture speaks a thousand words. Once your home is on the market, maintain this pristine condition, as unexpected viewings can occur at any time.

DECLUTTER

A cluttered house can feel small and uninviting. Consider temporarily renting external storage to store items until you move. However, don't completely declutter your home – people often buy into a lifestyle, so show them your home life at its best.

FRESHEN UP WITH PAINT

Your current decor may not appeal to all buyers. Prioritise selling your house over your attachment to a specific wallpaper design. A fresh coat of paint can tidy up areas and give your home a new lease of life. But remember, don't go overboard – it's good for homes to show some personality. A splash of colour on a feature wall can be very effective.

FIRST IMPRESSIONS COUNT

Curb appeal is crucial. Buyers often drive past a property to rate its exterior before they express interest. Tidy up the garden or driveway, clean the windows and give the front door a fresh coat of paint to make a great first impression.

FIX SMALL REPAIRS

Small outstanding repairs that you've grown accustomed to can make the house look tired to potential buyers. Walk through every room in your house, note down quick fixes and get them sorted.

SPRUCE UP YOUR GARDEN

In today's market, outdoor space is highly sought after. Whether it's a large lawn for kids to play on or a small cottage garden for evening relaxation, ensure it's well maintained. Simple, cost-effective steps like weeding, cutting the grass and adding decorative touches can significantly enhance your outdoor space and make your house more appealing.

By following these tips, you'll help potential buyers see the value and potential in your home, increasing your chances of a successful sale.

UNDERSTANDING YOUR FINANCIAL OBLIGATIONS

Selling a property involves various costs. Understanding these financial obligations and their associated fees clearly will help prevent unpleasant surprises. When you're selling a home, there are several important costs to keep in mind.

Here's what you need to know:

MORTGAGE EXIT FEES OR EARLY REPAYMENT CHARGES

If you're considering settling your mortgage before its term ends, be aware that you may face mortgage exit fees or early repayment charges. These vary depending on your mortgage agreement.

ENERGY PERFORMANCE CERTIFICATE (EPC)

In England and Wales, sellers must provide potential buyers with an Energy Performance Certificate (EPC). This document provides details about the property's energy efficiency.

HOME REPORTS IN SCOTLAND

Sellers in Scotland are obligated to provide a Home Report to potential buyers. This comprehensive document includes a

Property Questionnaire, a Single Survey and an Energy Report.

CONVEYANCING FEES

These fees cover the legal aspects of transferring property ownership. They typically include costs for searches, Land Registry checks and solicitor's services.

REMOVAL COSTS

Don't forget about the costs associated with moving out of your property. These can include hiring a professional moving company, renting a moving van or buying packing materials.

ESTATE AGENT FEES

Lastly, these fees cover the agent's services, including marketing your property, arranging viewings and negotiating with buyers.

By being aware of these costs upfront, you can plan your budget effectively and navigate the selling process more smoothly.

ENSURING YOUR FINANCES ARE IN ORDER

Calculate the total cost you are likely to incur from selling your property. This should include estate agent fees, mortgage exit fees, the cost of an Energy Performance Certificate (EPC) in England and Wales or Home Reports in Scotland, conveyancing fees and removal costs. Be sure to compare quotes for these services to avoid unnecessary expenses.

HUNTING FOR YOUR NEW HOME

The search for a new home can be thrilling and exhausting. To streamline this process, it's crucial to identify your needs and wants.

IDENTIFYING YOUR PREFERENCES

With a clear budget in mind, look for a property that meets your criteria. If proximity to specific schools, workplaces or transport links is important, identify these on a map for quick reference. In most cases, securing an offer on your current property is advisable before setting your heart on a new one. This makes you a more appealing buyer and increases your offer's likelihood of acceptance.

OFFER STAGE

You're under no obligation to accept or decline a proposal promptly. It's completely acceptable to take a day or two to consider it, and you may want to compare the offer with the selling prices of other local properties for reference. Before making any decisions, it's advisable to understand the buyer's circumstances via your estate agent.

BUYER'S FINANCIAL STATUS

Understanding the buyer's financial status is crucial. Determine whether they must sell their current property before purchasing yours as this could slow down the transaction. Cash buyers are generally preferred because they can expedite the sale. If they require a mortgage, enquire if they have a pre-approved Mortgage in Principle. This information could prove valuable if you have multiple similar offers.

Just like their financial status, knowing the buyer's intended timeline for finalising the deal is important. Are they part of a chain sale? The length of the chain could affect the speed of completion. If they're a cash buyer or first-time buyer, find out how soon they intend to move and their flexibility regarding the moving date.

CONSIDER YOUR OWN CIRCUMSTANCES

Do you need to move quickly to secure your next home? If so, you might prefer an offer from non-chain buyers. If there's no rush, you might wait for a higher offer. A buyer who is not in a chain has a pre-approved mortgage or is a cash buyer is more appealing than someone who needs to sell their own property first and does not yet have mortgage approval.

ACCEPTING AN OFFER

If you decide to accept an offer, it's typically 'subject to contract', meaning that as long as the survey doesn't reveal any issues, the buyer is likely to proceed with the purchase. Offers only become official once your agent verifies the buyer's financial ability to buy. An accepted offer doesn't legally bind either party until contracts are exchanged, allowing either the buyer or seller to withdraw from the sale before this point. ◆

BOOSTING YOUR HOME'S VALUE

Creating an impression of spaciousness and privacy and delivering a striking first impression

ENHANCING YOUR HOME'S appeal through general tidying and refurbishments can significantly increase its attractiveness to potential buyers. Given sufficient time and investment, major projects could yield substantial returns. Nevertheless, smaller changes can also have a remarkable impact.

Before considering listing your property for sale, evaluating and implementing any home improvements that could enhance your chances of meeting your desired price is beneficial. It's always advisable to consult with an estate agent to understand which features are most impactful when selling in your locality. Home improvements that create an impression of spaciousness, provide privacy and deliver a striking first impression will boost your home's marketability.

Boosting your home's value can be achieved through a variety of methods. Here are some to consider:

INSTALL A MODERN KITCHEN

A kitchen renovation is a common home improvement project, and for good reason. The kitchen is often the hub of a home, serving as a multifunctional space for dining, homework and socialising. As such, it's no surprise that it's a focal point for potential homebuyers. An inviting, well-lit and sociable kitchen can leave a positive first impression, potentially aiding in a quicker sale.

The increase in property value from a kitchen renovation depends on the cost of the improvements and the condition of the existing kitchen. Presenting buyers with a modern, appealing kitchen eliminates the need for them to consider renovation costs, potentially aiding in securing a sale and possibly enhancing your property's value.

That said, it's important not to overspend on kitchen renovations. A complete overhaul can add value to your home if your kitchen is notably outdated or worn. However, if your kitchen is already in good condition with neutral tones, a significant investment in renovations might not yield an equivalent increase in property value.

Often, impactful kitchen renovations can be achieved with a modest budget. Minor changes like repainting, replacing cabinetry doors or updating countertops can significantly enhance the space. Other updates, such as new tiles and improved lighting, can also refresh your kitchen's aesthetics.

CONSTRUCT AN EXTENSION

If your current home is becoming too small for your growing family, if appropriate, building an extension could be a more cost-effective solution than moving to a larger property. The bigger the extension, the more space it creates and the higher the value it can add to a future sale price. The type and size of the extension will influence the added value, but the primary focus should be on what suits your needs best.

For instance, if you need more living space, a double-height extension might be ideal as it provides additional living space downstairs and an extra bedroom upstairs. You might need planning permission for an extension, and having the relevant plans and permissions can increase your property's value, even if you don't proceed with the construction.

CONVERT A GARAGE, LOFT OR CELLAR

If an extension isn't feasible due to budget, space, or planning restrictions, consider other options like building a conservatory or converting your loft, garage or cellar. When considering a loft conversion, remember that you'll need to accommodate a full staircase, which can consume considerable space. Therefore, thorough planning is essential to ensure it adds the necessary space without limiting the existing rooms.

If you're contemplating a garage, loft or cellar conversion, consider which option is the most practical for your specific needs and property type and which will add the most value. While all options should add approximately the same amount of space to your house, a garage conversion is usually the least expensive, with loft conversions costing at least twice as much. Cellar conversions are typically more costly.

IMPROVE ENERGY EFFICIENCY

In its 2021 Net Zero Strategy, the UK government has reiterated its goal to upgrade all homes to an Energy Performance Certificate (EPC) rating of C by 2035. In an era where environmental sustainability is increasingly prioritised, homes boasting energy efficiency garner higher property market values.

Eco-friendly properties can command a premium due to the extensive benefits their energy-saving modifications provide. They lead to lower utility bills and help avoid costs associated with regular maintenance. This added value further mirrors the superior quality of life these green enhancements bring to homeowners, which includes health advantages and amplified comfort within the residence.

Therefore, residential energy efficiency should be viewed as a worthwhile investment. It presents immediate savings on a month-to-month basis while also promising potential lucrative returns when the property is put up for sale.

Given that all homes are now rated for energy efficiency and homeowners must acquire an Energy Performance Certificate

(EPC) when selling, any improvements to your home's energy efficiency will make it more attractive to potential buyers. Consider installing a new boiler or insulating the loft or walls. Additionally, fitting double-glazed windows and doors can enhance your home's appearance while making it more energy-efficient.

CONVERTING IT INTO MULTIPLE SEPARATE PROPERTIES

If you own a large building, converting it into multiple separate properties could significantly heighten its value and potentially create a steady stream of rental income. However, this route can be intricate and might require you to vacate the premises during renovation temporarily.

To successfully divide your property, you'll require the services of a solicitor to advise on freehold ownership issues, to draft leases for the new residences and to identify any legal impediments, such as deed restrictions, that could derail your plans.

Before initiating any construction work, consult with the planning department of your local council to ascertain if you require planning permission. Be aware of the fact that local planning policies may impose limitations on aspects such as parking, the size of each flat or the number of rooms per unit. Sometimes, there might be a blanket policy against conversions into flats.

CREATING AN EXCEPTIONAL GARDEN SPACE

This can be a game-changer when selling your property. Not only does an exceptional garden space captivate discerning buyers' attention, but it could also accelerate the sales process and elevate your property's value. A well-maintained garden contributes significantly to the property's overall impression and valuation.

Integrating a multi-functional garden room into your property can remarkably enhance its value. With the rise of remote work, a dedicated office space set apart from the main house is increasingly appealing to potential buyers. Garden rooms can also serve as tranquil spaces for relaxation or vigorous exercise zones.

Boosting garden privacy is another critical aspect that buyers value. Even if your property is within sight of other homes, implementing strategic measures like pergolas for screening or clever planting can effectively shield your outdoor space. Consider using tall planters or high-growing plants to create a secluded area, grow wisteria through a pergola to privatise your patio or use trellises along your fence for climbing plants.

Designing an engaging space for entertainment can impress buyers who enjoy hosting gatherings. This could involve incorporating more hard surfaces into your garden or crafting distinct zones for dining, relaxation or play. Take into account the sun's movement across your garden to establish suitable entertaining areas and introduce outdoor lighting to enliven your garden during evening hours.

If feasible, consider installing an outdoor kitchen to elevate al fresco dining. Although less common in the UK, having one can distinguish your property. However, bear in mind the cost implications and whether it aligns with potential buyers' preferences.

Ample garden storage and robust security are essential considerations for buyers, especially those with pets or children. Evaluate the security of fences and garden gates and ensure secure storage for expensive items like gardening equipment and bikes. Enhancements like improved locks, blacked-out windows, CCTV or security lighting can deter potential thieves and reassure potential buyers.

Lastly, if the budget doesn't permit, never underestimate the power of a thorough clean-up and touch-up. Although these may not directly add value to your property, they can significantly brighten up the place and create a positive impression on prospective buyers. ◆

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– **website** https://imcfs.co.uk
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THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

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

ACCEPTING AN OFFER ON YOUR HOME

Finding a reliable buyer who is prepared to proceed quickly

“Remember, there’s no need to rush your decision. Take a day or two to carefully consider all aspects before making your final call.”

WHETHER YOU’RE a first-time homebuyer or an experienced homeowner looking to make another move, the prospect of making an offer on a property can be both thrilling and daunting. The decision to accept an offer on your home is significant – should you opt for the highest bid? Is there room for negotiation?

Receiving an offer on your home can certainly be exciting, but deciding whether to accept it can be challenging once the initial joy subsides. While it’s natural to want to secure the highest price possible, it’s also crucial to find a reliable buyer who is prepared to proceed quickly.

ACCURATELY REFLECTING YOUR PROPERTY’S VALUE

Firstly, ask yourself if the offer accurately reflects your property’s value. If your home has only recently been listed, you might want to hold out for potentially better offers. Timing can also significantly influence your decision – if you need to sell quickly, you may be more inclined to accept a slightly lower offer to expedite the process rather than wait for a higher bid.

It’s also important to consider the buyer’s circumstances when deciding whether to accept an offer. How quickly are they able to complete the sale? Do they need to sell their current property first? Will they need to secure a mortgage to purchase yours or do they already have a mortgage Agreement in Principle in place?

NOT OBLIGATED TO ACCEPT THE FIRST OFFER

Remember, there’s no need to rush your decision. Take a day or two to carefully consider all aspects before making your final call. The question of whether to accept the first offer on your house is complex and depends largely on individual circumstances.

You are not obligated to accept the first offer, or indeed any offer, if it doesn’t meet your expectations or needs. However, there may be situations where accepting the first offer could be beneficial.

PROLONGED PERIOD WITHOUT MUCH INTEREST

For instance, if your home has been on the market for a prolonged period without much interest or you’re in a rush to sell due to work relocation or school considerations, accepting the first offer might be wise. Similarly, if you’ve already had an offer accepted on a new property and are eager to proceed with the purchase, the first offer on your current home could expedite the process.

As for whether sellers always select the highest offer, while most aim to secure the maximum price for their property, certain circumstances might lead homeowners to accept a lower bid. If a quick sale is necessary, a lower offer from a cash buyer or someone who has already sold their property or secured a mortgage Agreement in Principle might be more appealing.

WITHDRAWAL AND SUBSEQUENT TIME WASTAGE

There are also instances where a higher offer might not seem credible, leading to concerns about potential withdrawal and subsequent time wastage. Emotional factors can also influence decision-making, such as a desire for a family home to be passed on to another family or a preference for buyers who would make good neighbours if the seller is remaining in the area. Ultimately, it’s your property, and you have the right to sell it to whoever you choose.

When you find yourself with multiple offers on your property, you’re in an advantageous position to possibly secure a

high selling price. If the offers you receive are identical, you have two main options. Firstly, you can choose a buyer with the potential to close the sale swiftly, such as an individual who isn't part of a property chain or who has a pre-approved mortgage.

MAINTAINING THE RIGHT TO RETRACT AN OFFER

Secondly, initiate a sealed bid process, where both interested parties record their highest offer for the property in a sealed envelope to be submitted by a specific date.

With the second option, your estate agent will open the bids; typically, the highest bid is selected. However, it's crucial to remember that you aren't legally required to accept the highest bid. The buyer also maintains the right to retract their offer, with the sale only becoming legally binding upon contract exchange.

A MUTUALLY AGREEABLE PRICE IS REACHED

Negotiation is not just a possibility but often an expected part of property transactions. Buyers usually submit their initial offer at a level 5-10% below the asking price. As the seller, you'd typically respond with a price above their offer but still less than your original asking price.

This negotiation continues until a mutually agreeable price is reached. However, there's no obligation to negotiate. If an offer is so low that it questions the buyer's seriousness, feel free to reject it.

TURNING DOWN A FULL-PRICE OFFER

Remember, as the seller, you can turn down a full-price offer. There are several reasons why this might happen. For example, if a full-price offer is made shortly after listing, you might suspect undervaluation and decide to reject the offer and increase the price.

You might also reject a full-price offer if you anticipate a long completion time due to the buyer's circumstances, such as not yet listing their current home or being part of a lengthy property chain. Lastly, declining the offer is within your rights if you've simply changed your mind about selling. ◆

Spring into action to sell your property

The season of rejuvenation and renewal is considered the prime time to sell a property

SPRING, THE SEASON of rejuvenation and renewal, is often considered the prime time to sell a property. From March to May, the property market tends to see a consistent surge in activity, making these months an ideal period for property sales.

If you're a homeowner or investor planning to sell your property, spring is the perfect time to put it on the market. As we transition from winter to spring, the sun begins to set later, usually after 5:30 p.m. As the days grow longer, you'll find that there's more light available, providing ample opportunities for potential buyers to view your property.

APPEALING TO POTENTIAL BUYERS

Unlike the colder months, when most people prefer to retreat home after work, spring's longer daylight hours encourage prospective buyers to venture out. Furthermore, natural daylight is a property's best friend. It can beautifully illuminate your home's interior and exterior, accentuating its best features and making it more appealing to potential buyers.

Spring is synonymous with new beginnings. As buds sprout on trees and flowers bloom, a sense of freshness and new possibilities permeates everything, including the property market. It's a time when people start envisioning their future, which often includes plans for buying a new property or moving house.

EXTERIOR APPEAL OF PROPERTIES

The improved natural light during spring significantly enhances the exterior appeal of properties. The brighter days bring out the natural colour of stone or bricks, accentuating architectural details.

Even if your property doesn't have a garden, the blooming trees and flowers in your neighbourhood can make a positive impact on potential buyers' perception of your property. A few pots of vibrant spring flowers can add a welcoming touch to apartments with balconies.

CONVENIENT TIME TO MOVE

The same natural light that enhances your property's exterior also enhances interior photography. High-quality photos are crucial for successful property sales, and the abundant natural light in spring can help achieve this. With less need for editing, your agent could list your property more quickly, further speeding up the sales process.

From a practical perspective, spring is a convenient time to move. The weather is typically better than winter and not as intense as summer. It's an easier time for families with children to relocate, allowing them to settle into a new home before the new school year starts in September.

MORE TIME TO SEARCH FOR PROPERTIES

The Easter school holiday usually lasts about two weeks, which is significantly more manageable than the six to seven-week summer break. Property viewings and sales often slow down during this period as families prioritise holidays over house hunting.

REMEMBER THAT FIRST IMPRESSIONS COUNT

Before listing your property, remember that first impressions count. A thorough spring clean can refresh your interior, and a fresh coat of paint on your front door can significantly improve your property's overall look and feel. By capitalising on the benefits of the spring season, you can enhance your property's appeal and potentially secure a quicker, more profitable sale.

Additionally, properties listed during the spring season tend to have shorter average sale times compared to other times of the year. This means that if you list your property in spring, there's potentially a higher chance of it selling faster than in summer, autumn or winter. ◆

>> READY TO DISCUSS SELECTING THE RIGHT MORTGAGE PRODUCT FOR YOUR CIRCUMSTANCES? <<

Do you need professional advice to select the right mortgage product for your next move? Make an appointment to speak to one of our mortgage professionals. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Are you struggling to sell your property?

Some of the possible reasons why it's not selling

ARE YOU FINDING it difficult to sell your home despite it being on the market for an extended period? Selling a home can often be filled with stress and frustration, particularly if the process is taking longer than anticipated. There could be numerous reasons why your property isn't finding its new owner swiftly. The key to a quick sale at the right price lies in maximising your home's appeal and marketability from every perspective.

However, you might be surprised to know that many of these challenges are within your control. In this article, we look into the possible reasons why your property isn't selling and suggest actionable steps you can take to rectify the situation.

FACTORS THAT CAN AFFECT THE SALE OF YOUR PROPERTY

INFLUENCE OF PRICING AND MARKET VALUE

One of the primary reasons a property may not sell is its asking price. If your home is priced too high for the market, it might not attract sufficient interest from potential buyers. Ensuring the listed price falls under specific thresholds like £250,000 or £300,000 is crucial. Going over these limits could cause your property to be overlooked by people.

IMPACT OF LOCATION, LOCATION, LOCATION

Unfortunately, you have little control over your property's location, which can significantly influence its appeal. For instance, commuters often prefer homes near railway stations, while those without vehicles might avoid houses in remote rural areas.

Similarly, attracting buyers with school-age children may prove challenging if your property isn't near a reputable school or within its catchment area. Consider highlighting different selling points about your property's location that may appeal to potential buyers.

TIMING AND SEASONAL INFLUENCES

The time of year when you choose to sell your property can also impact its appeal. Spring is generally considered the optimal time for property sales due to longer daylight hours facilitating house viewing. Properties tend to look more appealing in natural light, and potential buyers appreciate the ability to move during the summer months.

OTHER POTENTIAL BARRIERS TO SELLING YOUR PROPERTY

IMPORTANCE OF KERB APPEAL

First impressions count, and this is particularly true when selling a property. Buyers often form an opinion about a house before they step through the front door. It can deter potential buyers if your property lacks kerb appeal due to an untidy garden, overgrown weeds, peeling paint or an unsightly skip on the road outside. Enhancing your property's kerb appeal with simple improvements like repainting gates and tidying the exterior can make a significant difference.

ROLE OF PHOTOGRAPHY

Underwhelming photography can also

hinder your house sale. Your estate agents will provide high-quality photographs that showcase your property in its best light and may engage professional photographers for this purpose. If you believe the existing photos don't do your property justice, your estate agent will retake them.

BOOSTING YOUR CHANCES OF A SALE

While no one can guarantee the number of offers or viewings a property will attract, certain 'quick wins' can enhance its appeal to prospective buyers. One of the most straightforward yet effective strategies is ensuring your home is clean and tidy.

IMPORTANCE OF A CLUTTER-FREE ENVIRONMENT

Potential buyers want to envision their lives within the property, which can be challenging if they're stepping over children's toys or navigating a kitchen overwhelmed by dirty dishes. Similarly, dusty skirting boards and cobwebs can reflect poorly on sellers, suggesting a lack of care and maintenance.

PREPARING FOR VIEWINGS

If a viewing is on the horizon, it's certainly worth making an extra effort to spruce up your property. Everyone has different definitions of what constitutes 'clutter', so it's best to err on the side of minimalism when preparing your home for a viewing. A clean, spacious environment allows potential buyers to imagine their own belongings within the space, fostering a personal connection to the property.

CONSIDERING HOME STAGING

You might want to consider hiring a home staging company to enhance your property's appeal further. These professionals can optimise your space, highlighting its best features and creating an inviting atmosphere that appeals to a broad range of potential buyers.

ENSURE SEAMLESS PROPERTY VIEWINGS

Estate agents usually prefer to schedule property viewings when the property is unoccupied to guarantee a smooth process. Ideally, viewings should be conducted when children or pets are not present to avoid distractions.

PREVENTING UNEXPECTED INTERRUPTIONS

If you're overseeing the viewings yourself, take steps to avoid any unforeseen interruptions. It's worth brushing up on common viewing turn-offs to ensure you evade them. A touch of courtesy can go a long way – offering potential buyers a cup of tea or coffee can make them feel comfortable and at home, which is, after all, the ultimate goal.

INCORPORATING FLOOR PLANS FOR ENHANCED PERCEPTION

Including floor plans in your property listing, though not standard in estate agents' sales packs, can significantly enhance how your property is viewed. After a viewing, the specifics of a property can quickly become hazy in memory, but a floor plan provides a clear reminder of the property's layout and room sizes.

HELPING BUYERS VISUALISE THE SPACE

By providing a detailed floor plan, potential buyers can better understand the property's size and layout. This allows them to organise their furniture and personal items within the space mentally. Any extra information that helps remind buyers of your property's unique features and layout will undeniably be appreciated. ◆

>> READY TO DISCUSS YOUR NEXT MORTGAGE REQUIREMENTS? <<

The process of selling a property can be intricate, but with the right strategies and guidance, it can be significantly simplified. If you need more information, have additional questions or want to discuss your mortgage options, we're here to help! Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Property division in divorce

One of your most significant financial decisions is what to do with the family home

EVERY MARRIAGE AND divorce is different. There are no hard and fast rules regarding the division of assets in divorce. If you're getting divorced or dissolving your registered civil partnership, one of your biggest financial decisions could be what to do with the family home.

In an ideal scenario, separating partners would amicably agree to divide their matrimonial property after divorce. However, reality often paints a different picture. For every relationship that parts ways cordially, there are numerous others where tension and conflict prevail. This can result in the divorce process dragging out far longer than necessary.

LEGALITIES OF HOMEOWNERSHIP IN DIVORCE

The decision on who retains the home is typically left to the divorcing couple. If they fail to reach an agreement, the matter falls into the hands of a judge. The legal ownership of the property only marginally influences this decision.

For instance, if a husband owns a property and the wife's name doesn't appear on the title, it doesn't automatically grant the husband exclusive rights to sell the property. The wife, by virtue of residing in the home, holds some interest in the property. The judge determines the value attributed to her.

INTRICACIES OF PROPERTY DIVISION

The division of property isn't as straightforward as splitting it down the middle unless the divorcing couple agrees. If the divorce is contentious, solicitors may attempt to mediate a resolution between the parties. They will provide their professional opinion on the division of the property.

As expected, both solicitors will advocate for their respective clients. However, in most cases, they should be able to negotiate a fair outcome. The situation becomes significantly more complicated if an agreement cannot be reached.

WHEN THE COURT STEPS IN

If the divorcing parties can't agree on the division of the property, the case will proceed to court. An expert judge will assess

"Dealing with a joint mortgage can be particularly challenging when navigating the complexities of divorce."

the situation and issue a 'financial remedy order' – a definitive ruling on who owns what percentage of the property.

Contrary to popular belief, the division of marital property isn't necessarily a 50/50 split or awarded to the person whose name is on the mortgage. In the eyes of the law, multiple individuals may hold an interest in the home, even if their name isn't on the deed.

KEY FACTORS UNDER SCRUTINY

When judges deliberate on the division of the marital home during a divorce, several key factors come under scrutiny. These include the duration of the marriage, whether there are any children involved, the name(s) on the property deeds or mortgage agreement, and who has been servicing the mortgage. The age of both spouses is also a crucial consideration.

Having considered these factors, the judge will then make an official ruling concerning the ownership share of the property and propose what should be done with the property.

REFINANCING THE EXISTING MORTGAGE

Dealing with a joint mortgage can be particularly challenging when navigating the complexities of divorce. If appropriate, the cleanest solution may be to refinance the existing mortgage and leave only one spouse's name on the loan. However, in some cases, both parties might decide to keep their names on the mortgage and continue making payments as they did while married.

This arrangement must be clearly spelt out in the divorce documents. It's important to note that even if one party quitclaims the deed, both divorcees may remain on the mortgage. If one party decides to stop paying, the other is legally obligated to continue payments.

UNLOCKING THE RETAINED EQUITY

Remortgaging your property offers an opportunity to unlock the retained equity, enabling you to buy out your ex-spouse's share from the joint mortgage. This process entails replacing the existing mortgage with a new one which doesn't bear your ex-partner's name. Depending on your circumstances, you may choose to remortgage solely in your name or include another individual on the new mortgage as a replacement for your ex.

Eligibility for remortgaging is determined by factors like income level, creditworthiness and age – similar to the original mortgage application process. However, it's essential to remember that your new mortgage might have different conditions from the previous one. These could include variations in rates, mortgage terms and facilities.

FINANCIAL CAPABILITIES AND LONG-TERM GOALS

Moreover, using the equity to purchase your ex-spouse's portion might escalate your mortgage costs. Therefore, careful consideration of these factors is crucial to ensure the decision aligns with your financial capabilities and long-term goals.

An alternative option for dealing with a joint mortgage in the event of a separation or divorce is to sell the house and divide the profits. Another possibility is transferring the joint mortgage to one person. Both options require careful consideration and should ideally be discussed with a qualified financial professional or legal counsel.

Remember, failing to meet monthly payments could lead to the repossession of the property and negatively affect both parties' credit scores. It's crucial that both parties communicate openly and honestly about their financial capabilities and intentions to ensure an equitable solution is reached.

FORCED SALE OR SHARED OWNERSHIP

The judge could mandate the sale of the property or propose that one spouse remain in the home and make a lump sum payment to the other party. The entire process to secure a 'financial remedy order' typically spans about a year. Therefore, it's paramount for both parties to reach some form of agreement prior to this.

PRIORITISING THE CHILDREN'S INTEREST

The law mandates that children should always take precedence in divorce

proceedings. The impact of parents separating is already significant; the court would not want to exacerbate this by forcing the children to change schools or homes unless absolutely necessary.

In most divorce cases, the primary caregiver for the child (i.e., the spouse who has custody most of the time) is allowed to stay in the property with the children until the youngest child turns 18. A property sale might be enforced at this point, but this isn't always a given. If children are part of the marriage, this is likely to be the court's decision when a 'financial remedy order' is issued.

SHARED CONTROL OF THE PROPERTY POST-DIVORCE

However, this doesn't mean that the spouse remaining in the house has complete control over the property. The non-resident party will still hold a stake in it. If their name is on the mortgage agreement, they are obligated to continue making their mortgage contributions. If a decision is made to sell the property, both parties' consent would be required.

Another consideration is that properties sold in the event of divorce provide a fresh start for everyone involved, offer each party their own home and minimise contact between the divorcing parties.

DEFERRAL OF THE PROPERTY SALE UNTIL A FUTURE DATE

In the context of a divorce, there are instances where the immediate sale of the property may not serve the best interests of one party involved. In such circumstances, the courts can provide a solution in the form of a Mesher Order. This order mandates the deferral of the property sale (or any other asset) until a future date.

Mesher Orders are frequently issued when children are still residing in the property. However, a variety of other situations can also lead to the issuance of a Mesher Order. For instance, if one spouse lacks the necessary funds to purchase the property's ownership, a Mesher Order could be granted. Additionally, in certain cases where market conditions are unfavourable, a Mesher Order may be considered.

PREVENTING THE FORCED SALE OF A PROPERTY

Typically, Mesher Orders have a set duration. This implies that the order will eventually run its course, enabling the property sale to go ahead. In some scenarios, a 'trigger' event might occur before the Mesher Order expires. For example, the order will cease to exist once the children living in the home reach 18 years of age, or if a parent accrues enough funds to buy out their share of the property.

It's crucial to note that a Mesher Order can be rescinded immediately if both parties are in agreement. The principal reason for its existence is to prevent the forced sale of a property when one party opposes it.

POINT OF CONTENTION BETWEEN EX-SPOUSES

In the wake of a divorce, the sale of the shared home can often become a point of contention between ex-spouses. A fundamental factor to bear in mind is that the financial division resulting from the sale must be mutually agreed upon. If an agreement cannot be reached, the situation necessitates court intervention.

It's essential to understand that no individual has the power to unilaterally decide the sale of the marital home, even if they hold exclusive ownership on paper, be it the deed or the mortgage agreement. The ex-spouse retains certain rights to the property. However, the extent of these rights hinges on a multitude of factors.

DRAFTING A LEGAL AGREEMENT

Should both parties find common ground regarding the distribution of assets post-sale, it's prudent to formalise this consensus through a legal agreement. This document should be drafted with the help of a qualified solicitor to ensure accuracy and fairness. Both parties are required to sign this contract to validate its terms.

Once the agreement is signed and in place, the path to selling the house after a divorce becomes significantly smoother. With clear guidelines and mutual consent, the process can proceed without unnecessary complications or disputes. ◆

>> REQUIRE PROFESSIONAL MORTGAGE ADVICE AFTER DIVORCE? <<

A divorce is something most people don't expect to go through, so it makes sense they don't plan their mortgage around that eventuality. We'll answer your questions and help you make informed decisions about your options. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Strongest home seller hotspots

Property market shows resilience, with homes selling close to 96.7% of the asking price

'I AM WONDERING how much I can sell my property for.' It's one of the most agonising decisions you'll have to make when selling. But the good news is that recent research examining the initial asking prices of properties listed for sale across all postcodes in England and Wales, and subsequently comparing these figures to the final sale prices as recorded by the Land Registry, has unveiled insightful trends for the period between July and December 2023[1].

This comprehensive research revealed that, on average, properties across England and Wales sold for 96.7% of their asking price. This figure is slightly down by 0.5% from the 97.2% average achieved in the first half of last year, despite the challenges posed by rising mortgage rates and a generally uncertain market environment during the latter half of the year.

REGIONAL DISPARITIES IN SALE PRICES

The North East emerged as the standout region, securing the highest percentage of asking prices for sellers, achieving an average of 97.5%. Following closely were the North East and Yorkshire and the Humber regions, with averages of 97.4% and 97.3% respectively, while the West Midlands also performed commendably, with properties selling for 97% of their listed prices on average.

Conversely, Wales recorded the lowest average percentage of asking price achieved at 95.7%, notwithstanding the less favourable market conditions. London, interestingly, maintained a steady performance, with homes selling for an average of 96.5% of their asking prices, showing no decline over the past six months, a unique trend within England and Wales.

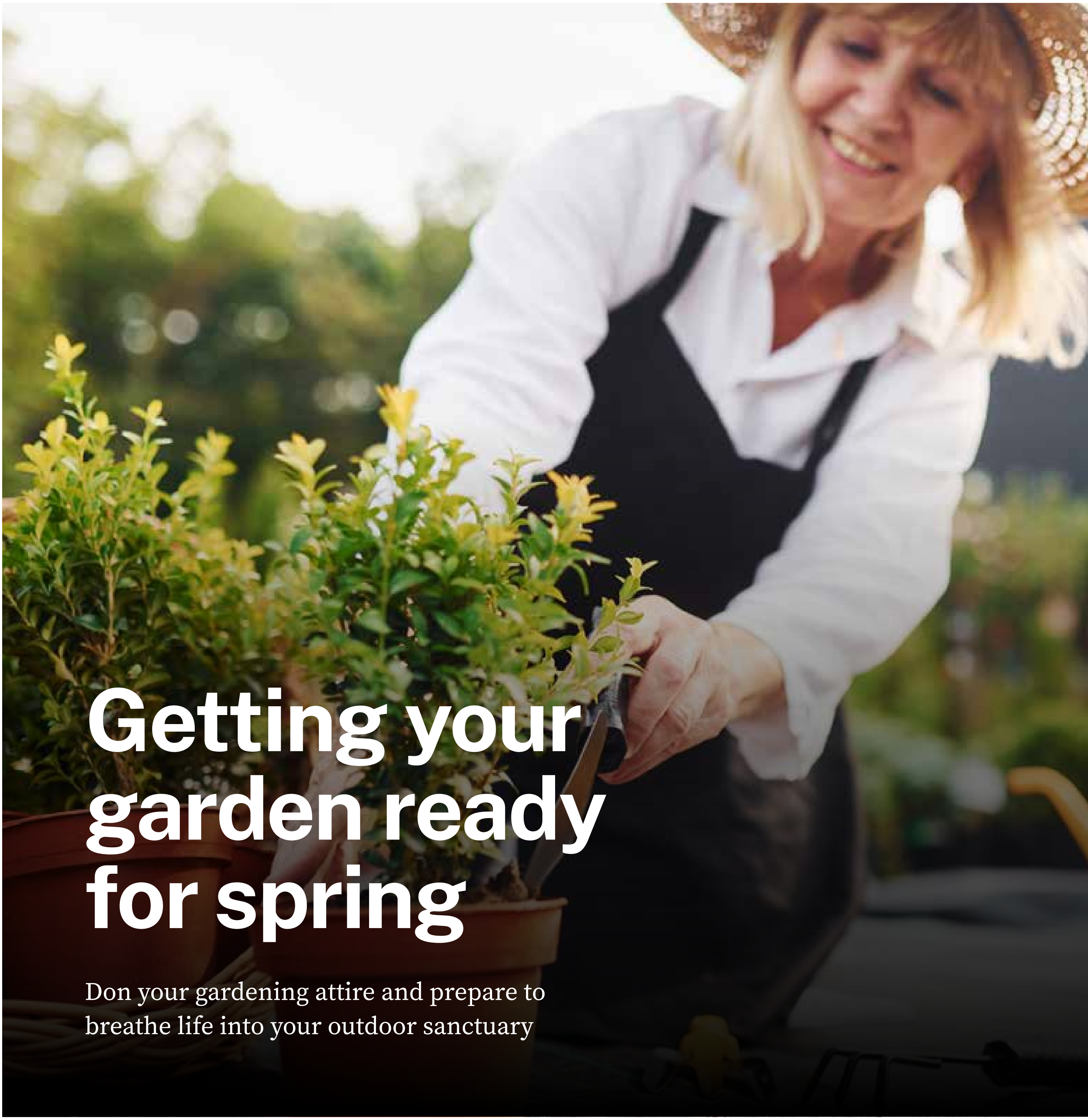
IMPACT OF MARKET CONDITIONS

The East Midlands witnessed the most significant decrease in the average percentage of asking price achieved, marking a reduction of 0.9% in the last six months of 2023 compared to the first half of the year. Despite these variances, the overall market resilience is noteworthy, with the majority of regions experiencing minimal declines in the percentage of asking prices achieved.

This data underscores the nuanced impact of broader economic factors, such as mortgage interest rates and market uncertainty, on different regions across England and Wales. ◆

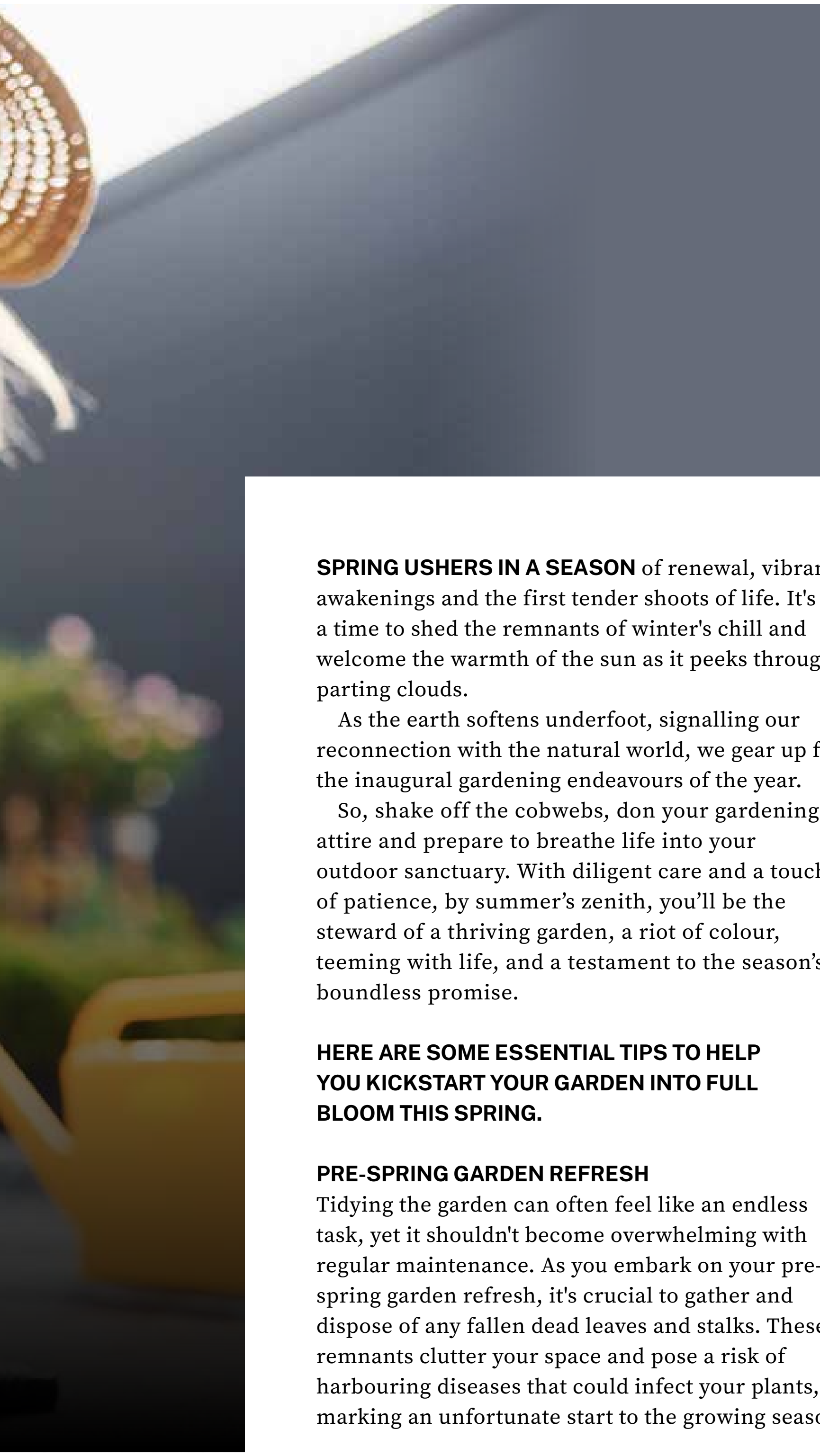
>> READY TO FIND THE RIGHT MORTGAGE FOR YOU? <<

Speak to our mortgage specialists about your options. Whether you're a first-time buyer brimming with excitement or an experienced homeowner seeking your forever home, with the right information and guidance, this journey can be navigated successfully. To discuss your mortgage options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



Getting your garden ready for spring

Don your gardening attire and prepare to breathe life into your outdoor sanctuary



"For enthusiasts of homegrown produce, now marks the time to secure your seeds. Certain vegetables can even be sown at this juncture, albeit under protection."

SPRING USHERS IN A SEASON of renewal, vibrant awakenings and the first tender shoots of life. It's a time to shed the remnants of winter's chill and welcome the warmth of the sun as it peeks through parting clouds.

As the earth softens underfoot, signalling our reconnection with the natural world, we gear up for the inaugural gardening endeavours of the year.

So, shake off the cobwebs, don your gardening attire and prepare to breathe life into your outdoor sanctuary. With diligent care and a touch of patience, by summer's zenith, you'll be the steward of a thriving garden, a riot of colour, teeming with life, and a testament to the season's boundless promise.

HERE ARE SOME ESSENTIAL TIPS TO HELP YOU KICKSTART YOUR GARDEN INTO FULL BLOOM THIS SPRING.

PRE-SPRING GARDEN REFRESH

Tidying the garden can often feel like an endless task, yet it shouldn't become overwhelming with regular maintenance. As you embark on your pre-spring garden refresh, it's crucial to gather and dispose of any fallen dead leaves and stalks. These remnants clutter your space and pose a risk of harbouring diseases that could infect your plants, marking an unfortunate start to the growing season.

MAINTAINING HARD LANDSCAPES

In addition to plant care, your clean-up regimen should extend to any hard landscaping features such as patios or decks. A thorough sweep paired with a generous wash can significantly enhance their appearance. Should you opt for chemical cleaning agents, taking measures to shield your plants from potential harm is imperative.

LAWN CARE ESSENTIALS

With the advent of spring, attention must turn towards lawn maintenance. This is an opportune moment to feed and rake your lawn thoroughly, removing any debris and dead grass that could hinder its ability to breathe and drain properly.

REVITALISING YOUR TURF

This period also presents a chance to rectify any uneven patches within your lawn and introduce new grass seeds. Such interventions are essential for rejuvenating your turf, ensuring it remains lush and vibrant.

EMBRACING COMPOSTING

Clearing away garden waste offers the perfect opportunity to contribute to your compost pile. Spring is the ideal time to turn over your compost, revealing the nutrient-rich layer at the bottom, which serves as excellent mulch for your flower beds. If you find excess compost, consider sharing it with neighbours, fostering a sense of community and environmental stewardship.

PREPARING THE KITCHEN GARDEN

For enthusiasts of homegrown produce, now marks the time to secure your seeds. Certain vegetables can even be sown at this juncture, albeit under protection. Whether you have access to a greenhouse or simply a sunny windowsill, begin by preparing your containers for propagation. This includes cleaning out old pots or, for the eco-conscious, crafting your own from materials such as newspaper, yoghurt pots or egg boxes.

INITIATING PLANT REVIVAL

The advent of spring necessitates a rejuvenation phase for many plants within your garden, which may encompass actions such as re-potting, relocating to more sheltered locales or the strategic trimming of stems to promote new growth. For those tending to buddleia or roses, it's crucial to earmark these for pruning once the threat of frost has subsided. This preparation period allows for identifying plants in need of pruning, ensuring they flourish in the forthcoming season.

WEEDING OUT THE UNWANTED

The winter months often see weeds flourish in your garden, capitalising on the period of dormancy. Removing these invasive species is paramount in preparing the soil for spring planting. While some may be easily uprooted by hand, others might necessitate the intervention of weedkillers. Raking the soil and adding fresh topsoil can significantly enhance the medium in which your new perennials will grow.

FURNITURE PRESERVATION

Your garden furniture, irrespective of its material – be it plastic, wood or wicker – requires attention to ensure its longevity. Plastic items can be swiftly revitalised with a simple concoction of warm, soapy water, whereas wooden furnishings demand a more meticulous approach. Commence with a thorough cleaning, followed by the application of an appropriate wood oil to seal and safeguard against environmental elements.

ENSURING TOOL HYGIENE

The importance of maintaining the cleanliness and functionality of your gardening tools cannot be overstated. Tools such as pruning knives and shears should be regularly sharpened and oiled to guarantee precise cuts. This not only prolongs the lifespan of your tools but also plays a vital role in preventing the spread of diseases among your plants.

PEST MANAGEMENT

Despite rigorous efforts to maintain a clean garden, pests may still infiltrate and target your plants. A routine inspection under the leaves for signs of bugs and flies is recommended. While some pests can be easily removed manually, others may require a specialised pest control treatment to eradicate them effectively.

SAFEGUARDING FRUIT-BEARING PLANTS

With the arrival of spring, birds and other wildlife may be attracted to your fruit trees and bushes in search of sustenance. Employing protective netting can serve as a deterrent, while offering alternative food sources, such as nuts in a bird feeder, can divert their attention away from your precious produce. ◆

ARE YOU CONTEMPLATING THE PURCHASE OF YOUR FLAT'S FREEHOLD?

Understanding the implications before you embark on this journey

FEELING FRUSTRATED WITH exorbitant ground rents, hefty service charges or subpar maintenance from your freeholder? Contemplating the purchase of your flat's freehold could be a worthwhile consideration.

There are several advantages to this course of action, such as the potential to extend your lease at a lower cost. However, it's crucial to be fully informed about the required process and clearly understand the financial implications before you embark on this journey.

ASSESSING THE NECESSITY TO BUY A FREEHOLD

So, should you consider buying the freehold for your flat? Parliament is currently deciding on major leasehold reforms. You might choose to wait and see what happens with these reforms. But if you're eager to proceed, remember that buying the freehold can cost approximately as much as extending the lease of the property.

Furthermore, buying the freehold of a flat is slightly more complicated since you'll need to involve the other residents of the block. While you'll still have to contribute towards service charges, you'll gain more control over how much these charges are.

It's important to note that you still have a lease if you own a flat and a share of the freehold. However, you should be able to extend it for free. It'll be from a new entity that owns the freehold, of which you'll be a part.

THE STARTING POINT, ELIGIBILITY

The first step to purchasing the freehold of your flat is to ensure you meet the necessary requirements. These stipulate that the building must house at least two flats, and no more than a quarter of it should be dedicated to non-residential purposes.

Thus, if the majority of the building is utilised as office space or retail outlets, it may not be possible to buy the freehold. Here is a list of criteria you need to fulfil to qualify for the purchase.

GETTING YOUR NEIGHBOURS ON BOARD

Once you've confirmed your eligibility, it's time to engage your fellow residents. At least half of the flats in the building must express interest in buying the freehold. If you're all currently dealing with high ground rents or if your freeholder consistently opts for the most expensive services, rallying support might be relatively straightforward.

ESTIMATING THE COST OF THE FREEHOLD

Now comes the crucial part, determining the cost of the freehold. It's challenging to provide an exact figure as the price of freeholds can vary as much as house prices do. Some guides suggest that buying your freehold should cost approximately the same as extending your lease by 90 years.

However, treat this figure as a rough estimate. You'll need to

get an accurate valuation from a certified surveyor, which will incur its own costs. Remember, the shorter your lease, the more expensive the freehold will be.

SECURING RELIABLE LEGAL ADVICE

Remember that expert advice is essential when navigating the complexities of a freehold purchase. Securing a solicitor specialising in this area is vital to guide you through the process.

Obtaining sound legal advice is non-negotiable in this process. Not every property solicitor will have experience in freehold purchases, so it's crucial to find one that specialises in this area.

ACCOUNTING FOR ADDITIONAL COSTS

Like most property transactions, purchasing a freehold comes with other fees. In addition to the valuation costs, you'll have to cover the solicitor's fees and the freeholder's legal fees and valuation costs. Unfortunately, these costs are your responsibility!

PLANNING YOUR FINANCES

Once you've got a clear idea of the total cost, it's time to ensure you can afford it. Many mortgage lenders are willing to extend your mortgage to facilitate the purchase of the freehold. However, having this discussion early on is beneficial to confirm if this is a viable option for you.

THE PARTICIPATION AGREEMENT

Your solicitor will need to draft a participation agreement for each flat involved. The importance of this cannot be overstated; it prevents the possibility of someone opting out at the eleventh hour, which could escalate costs for others or reduce the number of willing participants below the required 50%.

The participation agreement serves as a contract among leaseholders participating in the freehold purchase and outlines all agreements between them, including terms for lease extensions post-acquisition.

“Many mortgage lenders are willing to extend your mortgage to facilitate the purchase of the freehold.”

PROFESSIONAL VALUATION OF THE FREEHOLD

At this juncture, it’s time to transition from rough estimates to a professional valuation of the freehold. Engaging a surveyor with proficiency in this area can provide invaluable guidance throughout the process.

ESTABLISHING A COMPANY TO AVERT POWER STRUGGLES

For the freehold purchase, either one member must step up as the 'nominee purchaser' or a company must be established. The latter is generally safer, circumventing potential disputes or power struggles. However, it's worth noting that setting up a company bears its own responsibilities, such as setup costs and timely filing of company accounts.

ISSUING A TENANT'S NOTICE, THE STATUTORY ROUTE

If appropriate, leaseholders should pursue the statutory route over an informal offer when purchasing the freehold. Your solicitor will need to issue a ‘tenants' notice’ to the landlord, essentially requesting the purchase of the freehold.

Signed by all involved leaseholders, this notice prompts the landlord to serve a ‘notice in reply’ within two months. The landlord can agree to sell or provide reasons for disagreement. Be prepared – the landlord can request a deposit equivalent to three times the annual rent.

NEGOTIATING WITH THE LANDLORD, THE CRUCIAL STAGE

Once the landlord agrees to sell, negotiations on the price can commence. However, it’s crucial that all notices served on the landlord are correct. Incorrect notices could result in a 12-month wait before they can be served again. Hence, the importance of engaging a specialist solicitor.

THE FINAL RESORT, FIRST TIER TRIBUNAL

If negotiations reach an impasse or the freeholder is unwilling to sell, your case can be taken to the First Tier Tribunal within six months of the notice in reply. This body arbitrates such disputes and determines the cost. ◆

>> WANT TO DISCUSS YOUR MORTGAGE OPTIONS? <<

Freehold flat mortgages are possible; however, only a handful of lenders will consider this type of property. To find out more, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

RETIREMENT LIVING

Should you move, unlock some equity, simply downsize or rent?

“The decision to rent or buy during retirement is an intensely personal one, heavily reliant on your individual retirement goals.”

AS THE SUN SETS on our working lives, the prospect of retirement living brings with it many decisions awaiting our attention. Choosing our home for the golden years is one such significant important decision.

Some may prefer to remain in their family homes, while others might be contemplating a move (perhaps to be near loved ones), unlock some equity or simply downsize. A crucial factor in this decision-making process is also whether to rent or purchase a new home.

The decision to rent or buy during retirement is an intensely personal one, heavily reliant on your individual retirement goals. The flexibility and additional funds that come with renting could enable more travel or other leisure activities. On the other hand, homeownership offers the comfort of a secure place to call home and a potential investment for future generations.

Here, we delve into the various advantages of both options to assist you in making an informed choice.

COMFORTS OF HOMEOWNERSHIP IN RETIREMENT

Homeownership in retirement comes with its own advantages. The sense of security derived from owning your home is undoubtedly one of the most appealing aspects. With no landlord to answer to, you can personalise and decorate your space as you like. Furthermore, you’re spared the anxiety of escalating rental costs over time.

On a more financial note, homeownership could prove to be a beneficial investment. With property prices generally displaying an upward trend annually, the value of your home could potentially increase over the years, contributing to your wealth.

STAYING PUT: THE COMFORT OF THE FAMILY HOME

There are compelling reasons to stay in your family home during retirement. Your home is more than just a building; it’s a place of memories and experiences, a familiar haven that offers comfort and security. If your retirement savings and income allow for it, maintaining your current lifestyle without the disruption of moving can be an appealing option.

"Many retirees downsize to asmaller home or retirement community."

However, affordability is a key issue for many retirees planning to stay in their homes. Be sure to consider all the costs involved, including mortgage payments, insurance and maintenance costs.

UNLOCKING EQUITY: SELLING THE FAMILY HOME

Your home could be your biggest asset in retirement and selling it could substantially boost your retirement savings. This could afford you the financial freedom to travel, invest or simply live more comfortably. However, selling also involves costs which need to be factored into the decision.

DOWNSIZING: A SMALLER HOME, BIGGER SAVINGS

Many retirees downsize to a smaller home or retirement community. However, downsizing is not for everyone. You need to weigh up the advantages and disadvantages carefully to avoid making a choice you might regret later.

RENTING: FLEXIBILITY AND FREEDOM

Renting a home in retirement offers flexibility and eliminates many of the costs associated with homeownership. It can be an attractive option if you plan to move frequently or don't want the responsibility of maintaining a property. However, renting also means dealing with landlords and potential rent increases over time.

FLEXIBILITY OF RENTING IN RETIREMENT

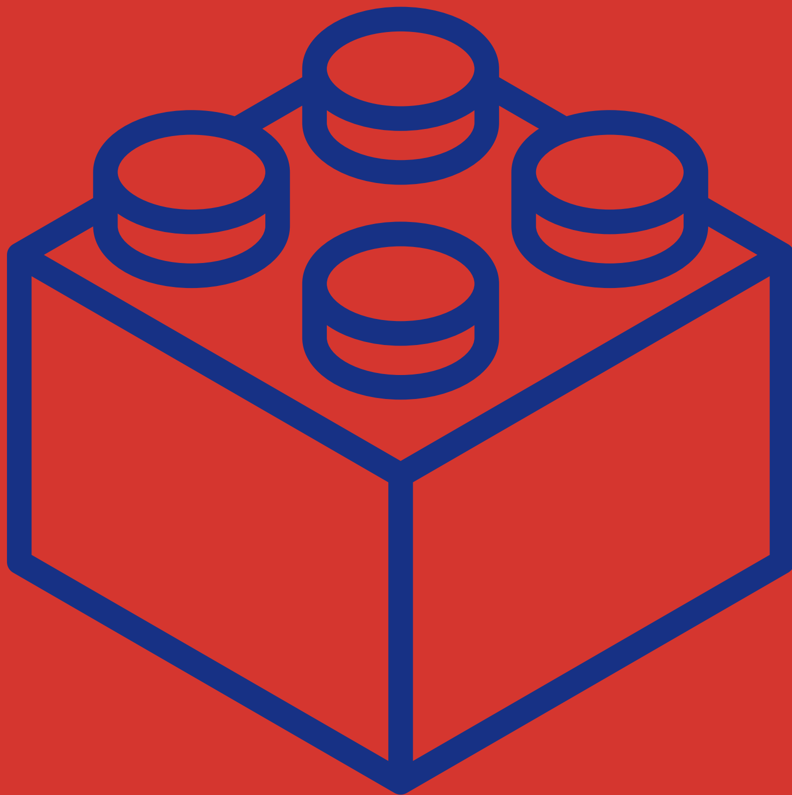
The other side of the coin presents the advantages of renting during retirement. If you currently own a home, selling it could free up a significant amount of equity, which could be utilised to enhance your retirement lifestyle. Maintenance and associated costs, which can often be a hassle, are not your responsibility when you're a tenant.

Renting also offers a higher degree of flexibility should you wish to relocate frequently. Additionally, renting typically involves fewer expenses than owning a house, primarily due to the lower maintenance costs.

NO ONE-SIZE-FITS-ALL ANSWER

Retirement signifies the dawn of a new chapter that brings with it an array of choices to consider. Ultimately, there's no one-size-fits-all answer to the question of whether to stay, sell, downsize or rent in retirement. Each option has advantages and disadvantages; the best choice depends on your circumstances, financial situation and retirement goals. ◆

>> WANT TO DISCUSS HOW TO MAKE THE MOST OUT OF YOUR RETIREMENT YEARS? <<
Should you find yourself in need of more information or assistance in making this significant decision, please feel free to get in touch with us. We are committed to helping you make the most out of your retirement years. To discuss your options, please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



EMBARKING ON A HOME-BUYING JOURNEY

The hurdles on the path to homeownership

"Over one in three (38%) homeowners aged between 18-34 have opted for a term of 30 years or more, compared to just 15% of UK homeowners overall."

RECENT RESEARCH SHOWS a challenging picture for young people who aspire to be homeowners[1]. An estimated 1.9 million hopeful homeowners harbour doubts about achieving the same level of homeownership as their parents. With 73% of these aspirants hailing from homes owned by their parents, only a mere 48% believe they can mirror this achievement, marking a significant decline of 25%.

DOMINO EFFECT OF DECLINING HOMEOWNERSHIP

The dwindling rates of homeownership today seem to foreshadow an even more challenging future. The study reveals a pattern of inherited homeownership, with 81% of current homeowners and 68% of non-homeowners having parents who owned homes. This trend suggests that as the number of homeowners continues to fall, the prospects of future generations owning homes also diminish.

CLOSER LOOK AT UK HOMEOWNERSHIP

But the narrative of homeownership in the UK extends beyond these figures. A considerable majority (71%) of Britons who do not currently own their homes aspire to do so eventually. Yet, more than half (52%) of these 7.5 million hopeful homeowners – approximately 3.9 million – have little to no confidence they will ever achieve this goal.

OBSTACLES ON THE PATH TO HOMEOWNERSHIP

The main hurdles on the path to homeownership include sky-high house prices (60%), the challenge of saving for a deposit (44%) and the difficulty of managing monthly mortgage repayments (33%). Additionally, securing mortgage approval presents a tough challenge for 31% of the hopefuls.

ROLE OF GOVERNMENT SCHEMES

Surprisingly, younger homeowners are increasingly relying on government schemes to afford a home. This figure stands at 28%, which is over three times higher than the overall percentage of homeowners in the UK (9%).

LONG-TERM MORTGAGES THE NEW NORM

Mortgage terms exceeding 30 years are fast becoming the standard. Over one in three

(38%) homeowners aged between 18-34 have opted for a term of 30 years or more, compared to just 15% of UK homeowners overall.

BANK OF MUM AND DAD A SIGNIFICANT CONTRIBUTOR

One in five homeowners (20%) aged between 18-34 count on financial support from their parents, making the 'Bank of Mum and Dad' a significant player in the housing market.

AFFORDABILITY IS THE MAIN BARRIER

Non-homeowners identified affordability as the primary obstacle to climbing the property ladder. Given these challenges, it comes as little surprise that younger homeowners aged between 18-34 are three times more likely to utilise government schemes. These schemes have assisted 28% of homeowners aged 18-34, compared to 9% of homeowners overall. ◆

>> DO YOU REQUIRE FURTHER INFORMATION OR GUIDANCE ON THIS MATTER? <<

Embarking on a home-buying journey is an exciting venture, but it requires careful consideration – particularly when it comes to selecting the right mortgage. We're here to guide you through this process. Don't leave such a significant decision to chance; contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] HomeOwners Survey – The generation gap worsens – 26 February 2024.

Unravelling common conveyancing challenges

Reliable, professional guidance to navigate property ownership effectively

RESIDENTIAL CONVEYANCING, which involves transferring property ownership from one entity to another, can often be a complex and demanding journey. Multiple elements can influence this process, leading to possible delays, complications and extra expenses.

This intricacy underlines the importance of having reliable, professional guidance to navigate the challenges effectively. Whether you're buying or selling, understanding the potential hurdles can help you prepare better and ensure a smoother transaction.

Various factors can contribute to a delay in the conveyancing process in property transactions. The most prevalent issue arises when either the buyer or seller or their appointed conveyancing solicitors are slow to respond to queries.

THE FOLLOWING ARE ADDITIONAL COMMON REASONS FOR CONVEYANCING DELAYS:

- Unforeseen issues highlighted by the building survey
- Complications with the property title
- Incomplete information provided by the seller
- Issues arising from the buyer's mortgage application
- A sale proceeding under probate
- Delays due to slow responses from local authorities during property searches
- Being part of a chain transaction
- Purchasing a newly built property that isn't completed
- Buying a leasehold property

NAVIGATING NEW BUILD CONVEYANCING

The legal intricacies involved in purchasing a newly built property can be more complex, emphasising the importance of engaging a proficient conveyancing solicitor with relevant experience.

To expedite the conveyancing process, it's advisable to delve into the contractual documentation as soon as possible. Seek clarification from your solicitor regarding the contract and familiarise yourself with guides on buying off-plan and securing a new build purchase.

WHEN COMMITTING TO A NEW BUILD PURCHASE, IT'S ESSENTIAL TO UNDERSTAND:

- Once you agree to buy a new build property, withdrawing and reclaiming your deposit isn't possible if the property isn't completed by the 'long stop' date. This final completion date should be stated in the contracts
- The 'long stop' date could be up to six months later than the legal completion date stated in the contracts
- The legal completion date might be several months after the estimated completion date at the time of exchanging contracts
- Most mortgage offers are only valid for between three to six months

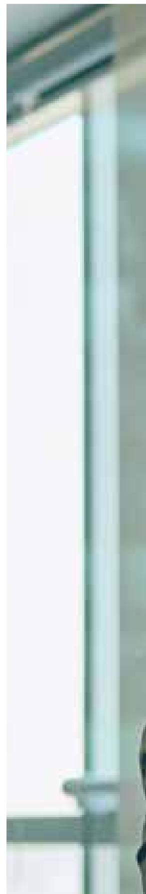
If you're considering a new build property, be prepared for potential delays. Due to construction delays, some buyers have incurred substantial costs for temporary accommodation.

ACCELERATING LEASEHOLD CONVEYANCING

Purchasing a leasehold property necessitates additional legal work for your conveyancing solicitor, which can extend the process and potentially increase costs. In addition to the standard legal requirements, your solicitor will need to verify the length of the lease and liaise with the seller's solicitor, landlord or management company regarding queries about the lease and property management before contracts can be exchanged. Upon completion of the purchase, your conveyancer must update the landlord or management company on the change of ownership.

"This intricacy underlines the importance of having reliable, professional guidance to navigate the challenges effectively."

“The seller is responsible for covering the cost of the LPE1, which can range from £300 to as much as £800. If this payment isn't made swiftly, it can delay the conveyancing process.”



IMPORTANCE OF LEASEHOLD PROPERTY ENQUIRIES (LPE1)

When dealing with leasehold property transactions, your conveyancer will require access to the Leasehold Property Enquiries (LPE1). This document, completed by the company or individual who oversees the lease terms and manages the upkeep of shared property areas, is crucial to the process.

The LPE1, also known as the leasehold management pack, provides essential information such as ground rent and service charge accounts. It also details whether service charges are expected to increase, if a substantial expenditure is imminent and if the ground rent is set to rise over time.

SELLER'S OBLIGATION AND POSSIBLE DELAYS

The seller is responsible for covering the cost of the LPE1, which can range from £300 to as much as £800. If this payment isn't made swiftly, it can delay the conveyancing process. The lease administrator typically takes an average of 54 days to complete the LPE1.

Once your conveyancer has reviewed the pack, they may have further questions or enquiries that need addressing. As a buyer, be prepared to pay between £25 and £500 to the lease administrator for the update of their records with your contact details.

SPEEDING UP THE CONVEYANCING PROCESS

If you're keen to expedite the conveyancing process, it's vital that your conveyancing solicitor requests the LPE1 as soon as possible. Similarly, if you're selling a leasehold property, ensure that you settle the payment for the LPE1 promptly to avoid any unnecessary delays. ◆

>> READY TO DISCUSS HOW WE CAN HELP NAVIGATE THE COMPLEXITIES OF PROPERTY TRANSACTIONS? <<

For further information or assistance with your conveyancing needs, please don't hesitate to get in touch. We are here to help you navigate the complexities of property transactions, ensuring a smooth and efficient process. For more information, please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

DREAM HOME DISCOVERED

Understanding the intricacies of leasehold property ownership

YOU'VE DISCOVERED your dream home, and it's classified as a 'leasehold'. But what does this imply? Acquiring a leasehold property is a prevalent method of property ownership, particularly when purchasing an apartment. Leasehold signifies that you've acquired a property with a lease from the freeholder (also known as the 'landlord').

The freeholder is accountable for maintaining shared areas and ensuring the overall building remains in good repair. This arrangement spares you from disputes with neighbours over issues such as keeping communal areas clean, replacing stairwell lightbulbs or maintaining shared gardens.

RESPONSIBILITIES AND INSURANCE CONSIDERATIONS

While you won't have to organise building insurance – that's the freeholder's responsibility – you will still be expected to contribute to the cost. However, you will be responsible for arranging contents insurance for your apartment.

UNDERSTANDING LEASE AGREEMENTS

When you buy a leasehold property, you'll enter into a legal agreement with the freeholder known as a 'lease'. This document

stipulates how many years you'll own the property. Leases are typically long-term – often 90 to 120 years, sometimes even as high as 999 years, but they can be shorter, such as 40 years.

The freeholder owns the building and the land it stands on. As a leaseholder, you'll have a contract with the freeholder outlining the length of your lease in years and the legal rights and responsibilities of both parties.

MAINTENANCE, FEES AND RESTRICTIONS

The freeholder is usually responsible for maintaining communal parts of the building, like the entrance hall and staircases, as well as exterior walls and the roof. However, in some instances, existing leaseholders may have claimed the 'right to manage', making it your responsibility.

As a leaseholder, you are required to pay maintenance fees, annual service charges and a share of the building's insurance. You will typically also pay ground rent to the freeholder.

OBTAINING PERMISSION FROM THE FREEHOLDER

If you're buying a leasehold property, you'll need to obtain permission from the freeholder for significant building works. Your lease may also contain other restrictions, such as bans on pets and subletting, or requirements like having carpeted floors.

Failure to comply with the terms of your lease could result in the freeholder forfeiting the lease and repossessing your home.

CAN I TRANSITION TO FREEHOLD OWNERSHIP?

When you invest in a leasehold property, it doesn't have to remain under that status indefinitely. As a leasehold flat owner, you're entitled to purchase the freehold of your building jointly with other flat owners in the same block.

This is a common practice, with numerous leaseholders banding together to transition their property status to freehold. However, to initiate this process, at least half of the leaseholders in your building must participate.

PROCESS OF FREEHOLD ACQUISITION

Upon the successful acquisition of the freehold, the following changes take place. You and your fellow participants will co-own the freehold, typically through a limited company owned and managed by the flat owners. Additionally, the new freeholders will issue each participant a long lease.

The benefits of owning the freehold are significant. You can set the ground rent, compare insurance policies for the best fit and generally exercise more control over your property.

PRECONDITIONS FOR FREEHOLD PURCHASE

Before buying a leasehold property and converting it to freehold, it's essential to understand the eligibility criteria. You need to meet certain conditions, such as the building having at least two apartments.

Non-residential usage, such as shops or offices, should not exceed 25% of the freehold building.

At least two-thirds of the apartments should be under the ownership of leaseholders who possess long leases.

Leaseholders who are interested in buying a share of the freehold should own at least half of the total number of flats in the building. ◆

>> TIME FOR PROFESSIONAL MORTGAGE ADVICE FOR YOUR UNIQUE NEEDS? <<

For further information or if you have any queries regarding leasehold property ownership, please don't hesitate to get in touch with our highly experienced team. We're here to help guide you through the process to ensure a smooth transaction. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

HOW TO SELECT THE IDEAL FAMILY HOME

Finding a home where your family can grow and thrive

CHOOSING WHERE TO live can be daunting, especially when it involves accommodating a family's needs. From school catchment areas to garden sizes, there's a plethora of factors to consider. It's not just about finding a home; it's about finding a home where your family can grow and thrive.

Is it important for you to be near grandparents or other close family members? Their support and companionship can be invaluable, especially when raising young children. Alternatively, you might be more inclined towards a location that offers more space for your money.

This could mean moving further out of the city centre, although you'll need to consider commuting costs. Buying your family home is a significant step, often coinciding with welcoming your first child. Your priorities shift dramatically at this stage.

ESTABLISHING YOUR BUDGET

Before you embark on your home-hunting journey, it's crucial to establish your budget. This will help you focus your search and potentially expose a variety of areas with homes that fall within your price range. You may discover that your initial list of preferred locations lacks options within your budget.

Keep in mind that affordability does not necessarily equate to suitability. A home listed as affordable may

not be situated in your desired area or meet other important criteria. For instance, some budget-friendly homes may be located near high-traffic roads or highways, while some inexpensive neighbourhoods may not be the most conducive for families.

Your home is more than just a financial investment; it's an investment in your quality of life. Therefore, consider all aspects – from cost to community – before making a decision.

CONSIDERATIONS FOR LOCAL FACILITIES

The presence of local amenities can greatly impact the quality of your living experience. These may include supermarkets and shopping centres, parks and playgrounds, a variety of bars and restaurants, high-ranking schools or even efficient public transport access.

However, bear in mind that in certain rural settings, the closest supermarket may be in the outer suburbs of the nearest large town. Interestingly enough, this could also be the location of the nearest farmers market!

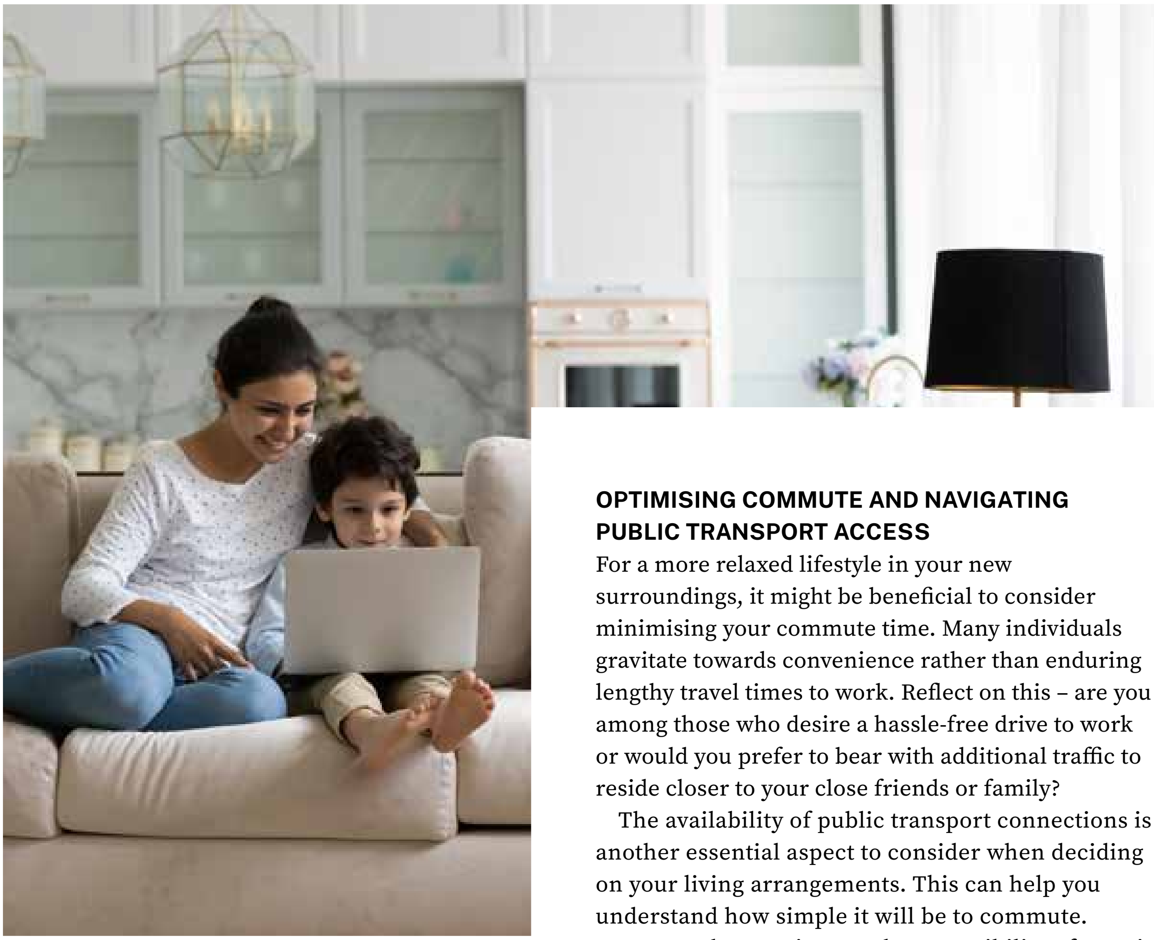
It's crucial to identify which amenities are of utmost importance to you. The chosen location might not have everything within a stone's throw. Therefore, it's vital to establish your priorities well in advance of your house-hunting journey.

PRIORITISING SCHOOLS

When deciding on a new home, the proximity to quality schools can be crucial. This is particularly relevant if you have children and have a specific school in mind for them. In this case, ensuring your prospective home is within the school's catchment area is important.

However, it's worth noting that the presence of numerous desirable, highly-rated local schools within walking distance can significantly drive up property prices in the area. Therefore, there's a clear trade-off to consider.

Additional factors to consider when considering school quality include whether you are inclined towards a private or a local state school for your child(ren) and whether there will be enough school places available when your children reach the appropriate age to start attending.



PRACTICAL CONSIDERATIONS

Practical considerations such as parking are crucial. If the property doesn't have a driveway, how close can you park? You don't want to disturb a sleeping baby by carrying it too far. Consider the property's accessibility, too. Are there steps leading up to the entrance? Can you manoeuvre a pram inside easily? Is there sufficient storage space for baby equipment and toys?

Never underestimate the amount of space children's items can occupy. From toys and baby walkers to changing stations, you'll be surprised at how quickly your home can fill up. Therefore, sufficient storage space is key when choosing your family home.

OPTIMISING COMMUTE AND NAVIGATING PUBLIC TRANSPORT ACCESS

For a more relaxed lifestyle in your new surroundings, it might be beneficial to consider minimising your commute time. Many individuals gravitate towards convenience rather than enduring lengthy travel times to work. Reflect on this – are you among those who desire a hassle-free drive to work or would you prefer to bear with additional traffic to reside closer to your close friends or family?

The availability of public transport connections is another essential aspect to consider when deciding on your living arrangements. This can help you understand how simple it will be to commute.

Factors that can impact the accessibility of transit links include the presence of a well-connected train station in close proximity, whether there's easy and traffic-free access to the motorway, the distance from the nearest airport (and determining what's too close for comfort), and your location relative to a bus stop or a well-connected bus terminal.

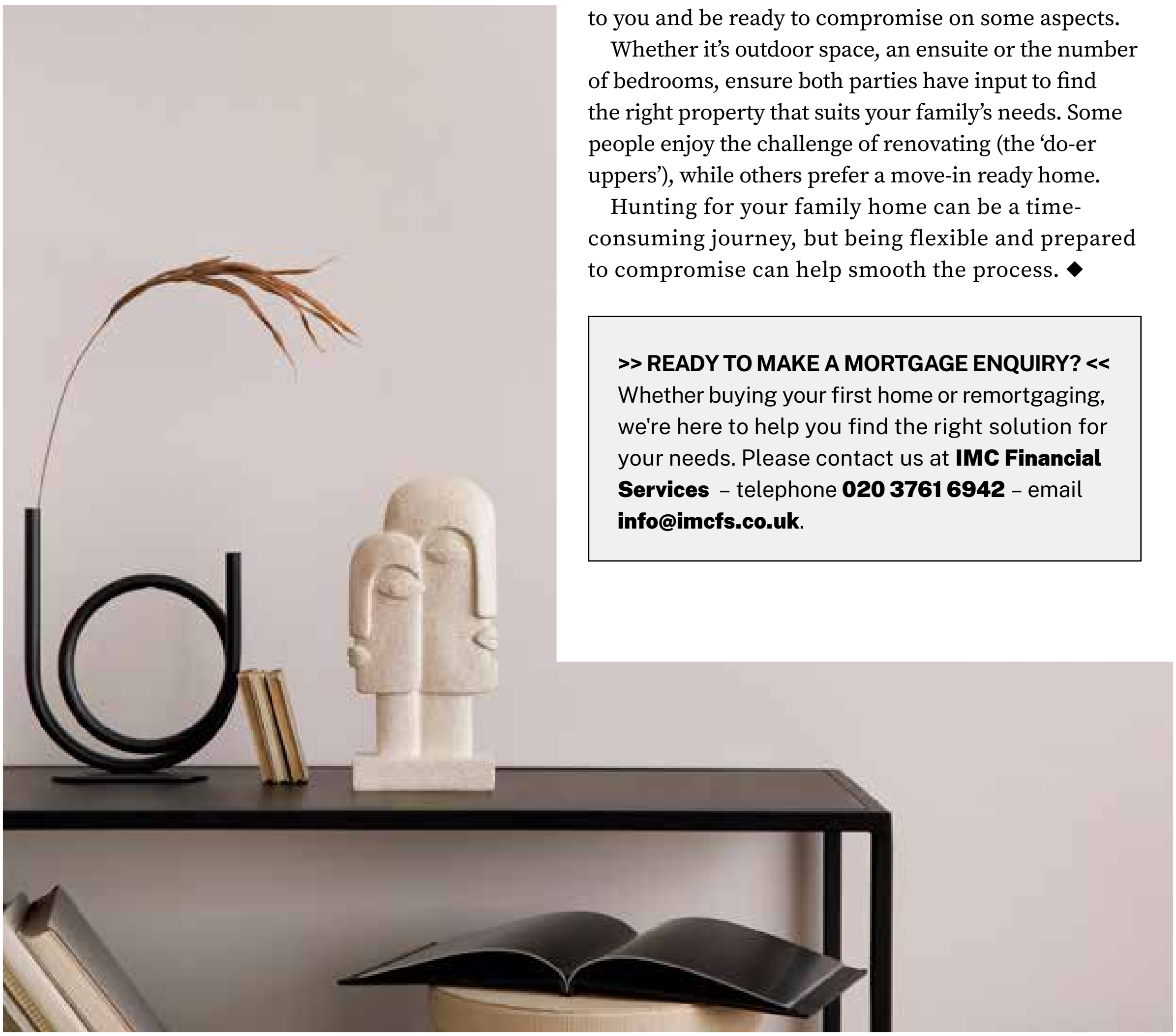
CRIME RATES AND ANTI-SOCIAL BEHAVIOUR

Another important factor to consider when you decide where to live is the safety of an area. While crime rates don't always reflect all incidents that have occurred, they're a good indicator of whether there are problems in the community and whether people feel safe or not!

Some considerations around this include the amount of drug-related offences that have been committed. How much violent crime has happened? How strong is the local community spirit?

RENT BEFORE BUYING?

Renting first can be a practical approach when considering a significant move. It provides an opportunity to experience daily life in a new area without the long-term commitment of buying a property there. This can be particularly beneficial if your circumstances, such as relocating due to a potential job opportunity, are likely to change.



CONSIDERATIONS FOR A LONG-TERM HOME

Finding the right home for your family involves thinking about what you want from a property long-term. If you're planning on a larger home, consider the maintenance it will require, including gardens. Also, consider practicalities like the kitchen size for meal preparations, parking availability and storage space for your growing family's needs.

THE ART OF COMPROMISE

Planning for a house full of children and possibly pets might seem overwhelming, and there will be many questions to address. Prioritise what's most important to you and be ready to compromise on some aspects.

Whether it's outdoor space, an ensuite or the number of bedrooms, ensure both parties have input to find the right property that suits your family's needs. Some people enjoy the challenge of renovating (the 'do-er uppers'), while others prefer a move-in ready home.

Hunting for your family home can be a time-consuming journey, but being flexible and prepared to compromise can help smooth the process. ◆

THE CHALLENGE OF FIRST-TIME HOMEOWNERSHIP

How new buyers customise strategies to confront the prevailing realities

IN THE CURRENT MARKET conditions, prospective first-time buyers face significant challenges in their journey onto the property ladder. From accumulating funds for escalating deposits to locking down mortgages amidst increasing rates, the hurdles are numerous and substantial. Many lenders now require a deposit of between 10% and 15% of the property's value.

However, government schemes are available to ease the burden of saving for a mortgage. New buyers can customise strategies to confront the prevailing realities by recognising the key obstacles. Here's a look at the primary difficulties first-time home buyers encounter.

SETTING YOUR SAVINGS GOAL

Once you've selected an account to kickstart your savings, the question arises – how do you accumulate the funds? Exactly how much do you need for a deposit? The first step is to establish a savings goal. Consider the type of property you desire and the area you're interested in. Conducting research into property prices in your chosen locality will allow you to calculate approximately, based on 10-15% of the property value, the required deposit you'll need to find.

This figure provides a tangible goal to strive towards. Keep this number in a visible location, such as near your computer or within your wallet. It serves as a potent reminder to curb impulsive spending on non-essential items.

SEEKING PROFESSIONAL MORTGAGE ADVICE

It's important to see a professional mortgage broker at the start of your mortgage journey. It can save you a lot of time and effort in the long run and enable you to understand your mortgage options.

To gain clarity on what you can realistically afford, engaging with a professional mortgage broker means you'll get an understanding of deposit requirements and your potential borrowing capacity based on your income. Your mortgage broker can look through market deals to provide advice on the most suitable lender and mortgage for your circumstances.

THE ART OF FRUGALITY

Are you a fan of a midweek takeaway treat? Do you typically purchase lunch at work instead of preparing food at home? Perhaps you could reconsider your high-end smartphone and its premium monthly contract. As challenging as it may be, tightening your belt wherever possible is highly beneficial.

This could involve cutting back on regular nights out, skipping your daily coffee or reducing expensive contracts like gym memberships. Even minor lifestyle adjustments, such as stricter budgeting on your weekly food shopping, can contribute to notable savings over the long term.

FUNDS FOR YOUR INITIAL PROPERTY DEPOSIT

When you're genuinely committed to accumulating funds for your initial property deposit, this goal must supersede other indulgences in life. It might be challenging to resist the allure of available theatre tickets, discounted holiday packages or the cutting-edge technology you're craving. Nevertheless, these sacrifices become more manageable with the ultimate aim in mind and the joy of possessing your own home.

RETURNING TO THE PARENTAL NEST

Moving back in with your parents might not appear to be the most appealing option, but it can be one of the most astute choices when saving for a house deposit. If your parents empathise with your situation, they may let you contribute a symbolic sum towards living costs. As property prices surge and securing mortgages becomes tougher, retreating to the parental home is an increasingly prevalent trend.

Curtailing expenditures on rent, utilities and bills is one of the most potent strategies for amassing significant savings. Establishing ground rules upon returning home is imperative – you're moving back as an adult, necessitating new boundaries for both parties. Setting a deadline can also facilitate adjustment to being back home.

TAPPING INTO THE 'BANK OF MUM AND DAD'

You might feel uneasy about soliciting or accepting financial assistance from your parents or other relatives, but the so-called 'Bank of Mum and Dad' has been financing an increasing number of property purchases in recent years.

Even if your parents can't provide a lump sum for your deposit, they can assist in other ways, such as acting as a guarantor on a specific type of mortgage. If your parents are inclined to aid you in ascending the property ladder, there are numerous methods through which they can provide support.

CHOOSING THE RIGHT SAVINGS ACCOUNT

When it comes to securing funds for your first home, it's essential to be meticulous about what you need from a savings account. Look for an account that perfectly balances attractive interest rates and the requisite access to your money. If you're setting aside funds over several years, consider accounts that allow regular contributions and offer incentives for not withdrawing your savings.

Alternatively, if your savings have reached a level where you're actively perusing properties, you'll want your money in an account that allows speedy access when you discover your dream home. The goal here is to align the need for robust returns on your savings with the ability to respond quickly when the right property opportunity arises.

"Many lenders now require a deposit between 10% and 15% of the property's value."

UNVEILING HIDDEN HOME-BUYING COSTS

Your deposit will unquestionably be the most significant expense when buying your first home. Nevertheless, it's also crucial to budget for other costs associated with your property purchase. These might encompass mortgage arrangement fees, conveyancing fees, house survey costs and Stamp Duty, not to mention the costs of relocating your furniture or belongings to your new abode if you hire a removal firm.

Incorporating these added expenses into your savings goal, thus enabling you to continue saving while house hunting, ensures you won't encounter any unexpected financial surprises along the way. Early planning for these extra costs will put you in a stronger position when it's time to make the big move. ◆

Demystifying building surveys

Among the most critical steps when planning to buy a property

THE BUILDING SURVEY you require will largely depend on the type and age of the property you aim to purchase. Securing a building or home survey is among the most critical steps when planning to buy a property. The question that arises is, which one should you opt for?

A building survey is essentially an evaluation of a property's state. These surveys come in various forms, each offering their unique advantages, and are categorised by levels. The higher the level, the more comprehensive the survey.

A survey is usually undertaken when considering buying a property in England, Wales and Northern Ireland. In Scotland, a survey known as a Scottish Home Report is acquired before the property is placed on the market.

ROLE OF ACCREDITED SURVEYORS

Professional surveyors execute building surveys. Using a surveyor accredited by RICS (Royal Institution of Chartered Surveyors) ensures they have undergone expert training and are updated with any industry changes. Consulting with a building surveyor for their expert recommendation will be beneficial. This could help you avoid the pitfall of choosing an unsuitable survey and subsequent rejection.

EXPLORING THE VARIOUS BUILDING SURVEYS

Let's delve into the different types of house surveys. If you are contemplating buying an older property, one that has had substantial construction work or one where you intend to carry out building work, then a Level 3 Building Survey would be ideal. This is a more thorough survey that will underline potential issues and the estimated cost of work required to rectify them.

DECIDING BETWEEN A BUILDING SURVEY AND A HOMEBUYER REPORT

Conversely, a Level 2 HomeBuyer Report is more rudimentary but is the most suitable for most properties. A Building Survey will likely be a more appropriate option if your property requires detailed analysis and information. This could be due to the property being older, made from unusual material or having undergone significant renovations.

DECODING THE HOMEBUYER REPORT (LEVEL 2 SURVEY)

The Level 2 HomeBuyer Report is ideally suited for modern, standardised properties constructed from common building materials and in fair condition.

Prepared in a standardised format laid down by the Royal Institution of Chartered Surveyors (RICS), this report provides ratings for the condition of each element of the property. The survey includes all permanent structures within the property, such as garages.

HIGHLIGHTING FEATURES OF THE HOMEBUYER REPORT

The HomeBuyer Report plays a crucial role in highlighting significant issues that could potentially affect the value of the property. It also offers advice on the ongoing maintenance needs of the property.

The assessment of the property's condition is based on visual inspection, with no manual testing involved.

AN OVERVIEW OF THE BUILDING SURVEY (LEVEL 3 SURVEY)

On the other hand, the Level 3 Building Survey provides a more comprehensive evaluation, offering an in-depth inspection of the property's interior and exterior. This survey is particularly suited for certain properties, which may be older, constructed from unusual materials like thatch or have undergone significant building work.

DIVING DEEPER INTO THE BUILDING SURVEY

The Building Survey offers a detailed report and analysis of the property's construction and overall condition, involving visual checks on accessible areas such as roof space or cellars.

A full structural survey under this level examines any issues that might jeopardise the structural integrity of the building. These could include damp, dry rot, woodworm infestation or potential hazards such as large trees near the structure.

UNDERSTANDING THE MORTGAGE VALUATION

The mortgage valuation is not technically a survey but an assessment your mortgage lender conducts. The aim is to ascertain if the property value aligns with the amount you intend to pay and whether the lender should grant you a mortgage on it.

Valuation methods can range from 'drive-by' assessments to more in-depth property inspections. However, the valuation specialist's primary concern is identifying issues that could potentially affect the security of the lender's loan.

LIMITATIONS OF MORTGAGE VALUATIONS

It's crucial to understand that the valuer is under no obligation to disclose any structural problems to you. The lender's sole interest is ensuring that they can recover their loan if necessary.

INTRODUCING THE CONDITION REPORT (LEVEL 1 SURVEY)

The Level 1 Condition Report is the most rudimentary of reports, offering a general overview of the property's condition. While this may suffice for new builds requiring a basic assessment, most properties will require a more detailed HomeBuyer Report (Level 2 Survey).

DECODING SCOTTISH HOME REPORTS

Scottish Home Reports differ slightly, as the property seller provides them. To sell a property in Scotland, an up-to-date Home Report is mandatory, which potential buyers must have access to before making an offer. Therefore, a Home Report is a requisite if you plan to sell a property in Scotland. ◆

Shifting dynamics in UK homeownership

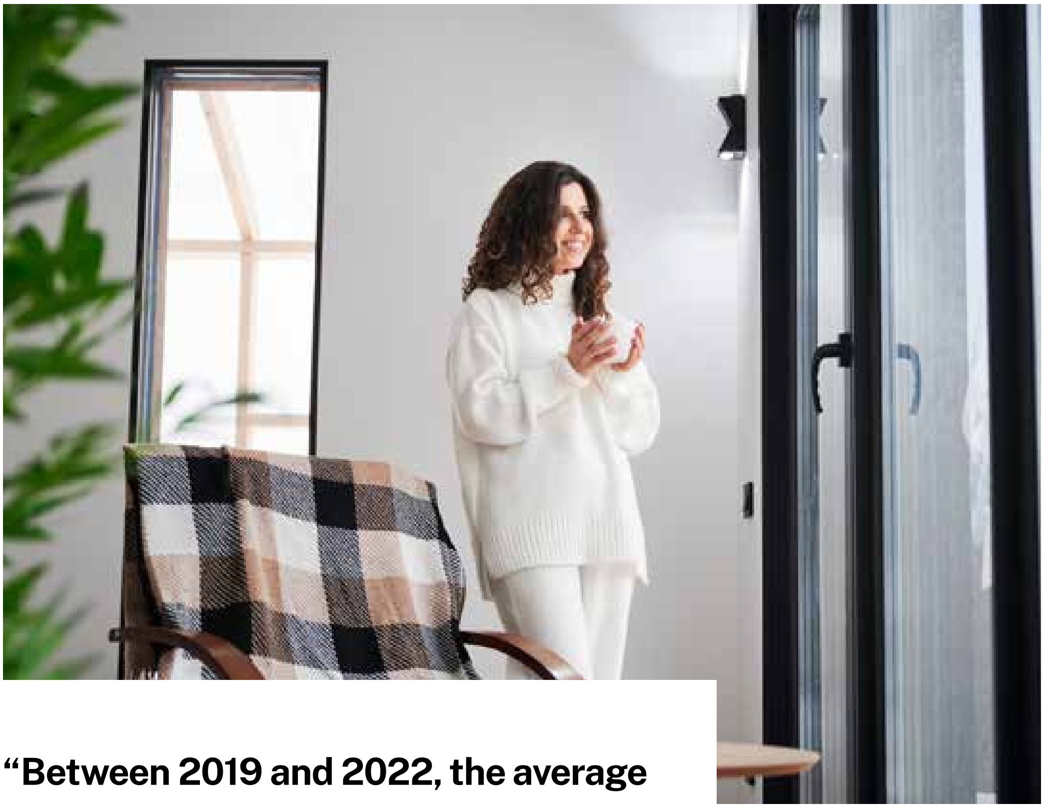
Individuals now residing in their homes for extended periods

THE UK'S HOMEOWNERSHIP landscape has undergone significant changes, with individuals now residing in their homes for extended periods. Between 2019 and 2022, the average duration climbed to an impressive 121 months or 10 years, compared to the 110 months or 9 years recorded between 2015 and 2018.

This marks a considerable increase from the period between 2011 and 2014, when the average stay was just 99 months or approximately 8.25 years. The findings emerge from new research that has analysed Land Registry data, shedding light on evolving trends in residential stability[1].

IMPACT OF PROPERTY SIZE

When delving into the specifics of property sizes, a pattern emerges that sees individuals typically dwelling in three-bedroom houses for 94 months (7.8 years), with this duration extending to 102 months (8.5



“Between 2019 and 2022, the average duration climbed to an impressive 121 months or 10 years, compared to the 110 months or 9 years recorded between 2015 and 2018.”

years) for four-bedroom houses and further to 109 months (9 years) for five-bedroom homes. Those in six-bedroom properties tend to remain even longer, averaging 113 months (9.4 years).

While it is expected that larger family homes will be inhabited for longer periods, the data also highlights a pressing issue: a significant lack of liquidity in the market for larger properties. Many homeowners feel entrapped and unable to downsize due to formidable barriers such as the cost of moving and the financial burden of Stamp Duty Land Tax.

REGIONAL VARIATIONS IN HOME TENURE

Examining the data on a regional scale reveals that homeowners in a five-bedroom house in the Central London typically stay for 129 months (10.75 years), slightly surpassing the UK average.

This trend is mirrored in locales such as Richmondshire in North Yorkshire and Knowsley in Merseyside, where the average durations are 126 months (10.5 years) and 137 months (11.4 years), respectively. Furthermore, the data indicates a notable difference in stay duration based on property size within these regions, providing insight into the diverse housing dynamics across the UK.

CHANGING PRIORITIES AND CHALLENGES

The shifting patterns of homeownership in the UK, marked by longer stays in properties and a growing interest in downsizing, underscore the changing priorities and challenges faced by many homeowners today.

These trends reflect broader economic factors, shifts in lifestyle and demographic needs. Understanding these trends is crucial for those considering a move, whether upsizing, downsizing or simply seeking a change. ◆

Source data:

[1] Research carried out by Spring and PropAlt from Land Registry data 19/03/24.

JOINT FIRST-TIME BUYERS

Shift towards collaboration in stepping onto the property ladder

A SIGNIFICANT TREND has emerged amongst those aiming to purchase their first home. As property prices continue to remain high and financial landscapes evolve, the traditional pathway to purchasing a home single-handedly is becoming increasingly challenging. This has led to a growing trend towards collaboration, where individuals are joining forces to step onto the property ladder.

According to a recent analysis, almost two-thirds (63%) of mortgage completions involve joint first-time buyers, indicating a shift towards collaboration in stepping onto the property ladder[1]. This comes as no surprise, also given the notable rise in required deposits over the last decade. The average deposit now stands at £53,414, a striking £21,000 increase from ten years ago.

FINANCIAL LANDSCAPE FOR NEW HOMEOWNERS

According to the analysis, the average salary is higher than it was a decade ago, now £43,257 (+30%). However, getting together a deposit large enough to put down on a first home means raising more than a year's average pay. Consequently, joint applications have become a strategic move for many first-time buyers.

Despite these hurdles, first-time buyers continue to represent a significant portion of the housing market, accounting for over half of all home loans last year, the highest proportion since 1995. However, it's noteworthy that the total number of first-time buyers saw a decline of 21% in the previous year, with the average price of homes entering the market at £288,136, marking a 5% decrease from the prior year.

SHIFTS IN HOUSING PREFERENCES

The landscape of starter homes has also evolved, with flats gaining popularity, evidenced by a 6 percentage point increase over the past decade. This shift suggests that new buyers are finding flats to be more accessible options, both financially and availability-wise.

On the flip side, the preference for terraced homes among first-time buyers has seen a decline, further illustrating the changing dynamics within the property market. Despite these changes, terraced homes still accounted for 30% of all new mortgages for first-time buyers last year.

AGE AND AFFORDABILITY CONCERNS

The demographic of first-time buyers is also shifting, with the average age now exceeding 30 years across all UK regions, peaking at an average age of 32. This reflects broader socio-economic trends and the challenges associated with accumulating sufficient funds for a deposit.

Moreover, with the average property value for first-time buyers now approximately 6.7 times the average UK salary, the rationale behind joint mortgage applications becomes even clearer, offering a practical solution to affordability issues.

SUPPORT SCHEMES AND FUTURE PROSPECTS

Thankfully, a range of schemes exists to aid first-time buyers, including the mortgage guarantee scheme, which supports up to 95% mortgages and has been extended until June 2025. Other initiatives, such as the First Homes scheme, offer discounts on new build homes, while shared ownership options provide a viable path to homeownership by allowing buyers to purchase a portion of the property and rent the remainder. These support mechanisms are crucial in enabling first-time buyers to navigate the complexities of the property market.

First-time buyers' journey onto the property ladder is fraught with challenges, from heightened deposit requirements to the evolving landscape of starter homes. However, navigating these hurdles is achievable through strategic joint purchases, leveraging available support schemes and adapting to market trends. For those embarking on this journey, staying informed and exploring all available options is essential. ◆

Source data:

[1] Based on combined Halifax, Lloyds Bank and Bank of Scotland mortgage completion data between January and December 2023, 63% were joint (two parties or more), and 37% were sole applicants.

Navigating Inheritance Tax through late-life mortgages

Why some over-60s take out a mortgage on a property they own outright

TAKING OUT A MORTGAGE in later life to bypass Inheritance Tax (IHT) is an option that some over-60s may look to consider if appropriate to their situation. This approach could potentially significantly reduce a potential IHT liability when passing on assets or property to family members after one's demise.

IHT is levied on the entire value of an individual's estate after their death, encompassing assets such as property, possessions and cash. The current IHT rate stands at 40%, applicable only to the portion of the estate exceeding the tax-free Nil Rate Band threshold of £325,000 for the tax year 2024/25.

CONDITIONS THAT EXEMPT YOUR ESTATE FROM IHT

Several conditions can exempt your estate from this tax: if your estate's total value is below the £325,000 threshold, if you leave everything above the threshold to your spouse or registered civil partner, or if you leave everything above the threshold to an exempt beneficiary, like a charity.

If you pass your home to your children or grandchildren, the threshold may increase to £500,000. For example, with an estate valued at £525,000 and an IHT threshold of £325,000, the taxable portion would be £200,000, resulting in IHT due of £80,000.

REDUCING ESTATE VALUE THROUGH MORTGAGES

Transferring a home to a spouse or registered civil partner upon death does not trigger IHT. However, leaving the home to another individual contributes to the estate's total value. The Residence Nil Rate Band (RNRB) provides an exception, increasing your tax-free threshold if you leave your residence to your children or grandchildren.

This includes stepchildren, adopted children and foster children but excludes nieces, nephews and siblings. The total estate value exceeding £2 million sees a gradual reduction in the home allowance.

DIMINISHING THE IHT AMOUNT

The Finance Bill 2021 confirmed that IHT Nil Rate Bands will remain constant until April 2026, allowing for a £175,000 IHT-free allowance when transferring a home to a direct descendant in the 2024/25 tax year. Taking out a mortgage could reduce an individual's estate, diminishing the IHT amount.

This may be particularly beneficial for property owners whose assets exceed the threshold but who wish to minimise the financial burden on their families. For instance, a parent with a £400,000 house

could secure a £150,000 mortgage, effectively reducing the estate's value to £250,000 – below the threshold and exempt from IHT.

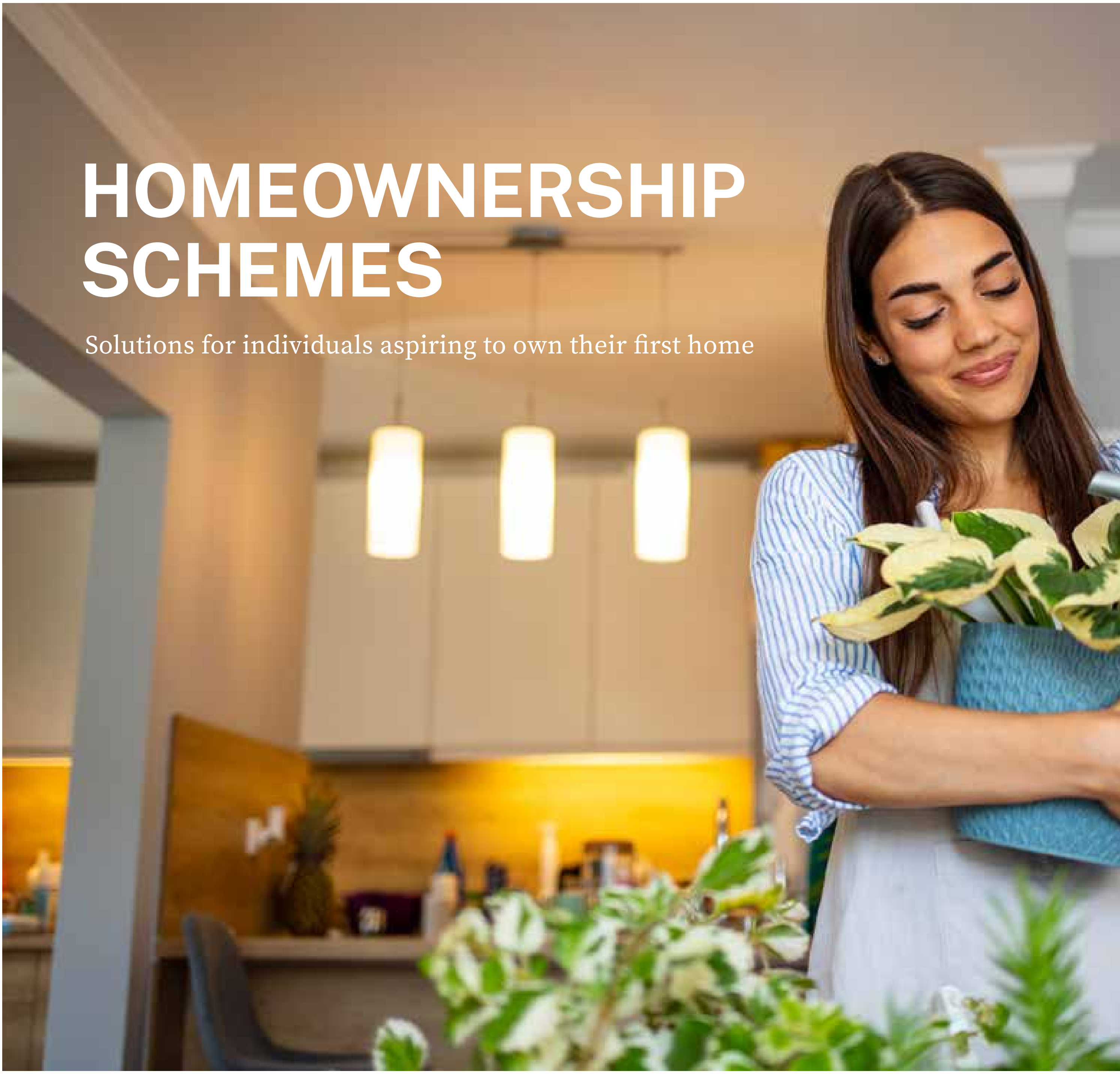
PROFESSIONAL ADVICE IS ESSENTIAL

While securing a mortgage later in life can offer more competitive interest rates and reduce IHT liabilities, it is crucial to consider all implications before proceeding. Borrowing at an advanced age comes with risks, so seeking professional advice is imperative. This step ensures that individuals can make the most of their financial assets without inadvertently complicating their estate planning.

For those considering this strategy as part of their IHT planning, the adviser can provide tailored advice based on your specific circumstances, helping you navigate the complexities of IHT and ensuring your loved ones are adequately provided for. ◆

>> WANT TO DISCUSS HOW THIS STRATEGY MIGHT APPLY TO YOUR SITUATION? <<

If you require further information or wish to discuss how this strategy might apply to your situation, please do not hesitate to contact us. Our team of experts are here to help you make an informed decision about your needs. Don't hesitate to contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



HOMEOWNERSHIP SCHEMES

Solutions for individuals aspiring to own their first home

AFFORDABLE HOMEOWNERSHIP schemes offer a solution to individuals aspiring to own their first home, presenting various options tailored to varying financial situations. These programmes are designed to ease the financial burden of purchasing a home, making it more accessible for first-time buyers to step onto the property ladder.

Key benefits of these schemes include the potential for reduced initial deposits, smaller mortgage requirements and the opportunity to secure a larger equity stake in the property from the outset. Given the diversity of these schemes, prospective buyers must thoroughly research and comprehend the specifics of each option.

EMPOWERING FIRST-TIME BUYERS TO MAKE INFORMED DECISIONS

The right choice can significantly impact one's financial future, making it crucial to seek professional mortgage advice that provides personalised guidance based on one's unique circumstances and goals.

Understanding the nuances of each scheme can empower first-time buyers to make informed decisions. This ensures they select the programme that best aligns with their financial capabilities and homeownership aspirations. By doing so, individuals can navigate the path to owning their dream home with greater confidence and financial savvy.

LIFETIME ISA (INDIVIDUAL SAVINGS ACCOUNT)

A Lifetime ISA (Individual Savings Account) stands out as a beacon for prospective homeowners or those looking to save for retirement. Eligibility is exclusive to individuals aged between 18 and 39. Contributors can deposit up to £4,000 annually (2024/25 tax year) until reaching the age of 50, with the stipulation that the first deposit must be made before the age of 40.

The allure of the Lifetime ISA is further magnified by the potential to achieve a substantial government-endorsed bonus, capped annually at £1,000. This scheme is particularly appealing, as it directly rewards savers with a 25% increase on their contributions, thereby accelerating the journey towards homeownership or a more comfortable retirement.

It’s important to note that the bonus is calculated exclusively on contributions, not cash interest or investment returns.

SHARED OWNERSHIP

Shared Ownership presents an alternative route into the housing market for first-time buyers, allowing them to purchase a fraction of a new build or resale property. This scheme requires buyers to secure a mortgage for the portion of the home they wish to own initially while paying a reduced rent on the remaining share to a housing association. Additionally, buyers have the opportunity to increase their ownership stake over time through a process known as ‘staircasing’, potentially leading to full ownership, where rent is no longer applicable.

While the prospect of Shared Ownership is enticing, potential buyers must be aware of the ongoing financial responsibilities, including maintenance and repair costs, regardless of their ownership percentage. Opting for a new build may offer certain advantages, such as coverage under the building warranty or an initial repair period provided by the landlord, which could mitigate some of these concerns.

FIRST HOMES SCHEME

The First Homes scheme is tailored specifically for first-time buyers in England. It offers an enticing prospect of purchasing a new build home with a minimum discount of 30%, and in certain areas, discounts may rise to 50%. This initiative aims to make homeownership more accessible to individuals with a combined income of less than £80,000, or £90,000 in London. The scheme is noteworthy for its exclusivity to the English market, with eligibility criteria set by local councils possibly prioritising key workers or local residents.

For those interested in the First Homes scheme, it's essential to research eligible properties, which might include homes constructed by developers or those previously purchased through the scheme. Prospective buyers should express their interest to participating developers, who will then guide them through the application process and liaise with the local council on their behalf. This process underscores the importance of engaging with the scheme proactively to secure a place within it.

GUARANTOR MORTGAGES

Guarantor mortgages present a viable pathway for individuals, particularly first-time buyers, to ascend onto the property ladder. By engaging a guarantor – often a parent or a close relative – who pledges their own assets or savings as security, applicants are empowered to borrow up to the full value of their desired home. This innovative financial solution addresses the challenges faced by many prospective homeowners, who may struggle to amass a substantial deposit or meet the demands of significant monthly repayments.

Over time, the scope of eligible guarantors has expanded beyond family members to encompass friends and loved ones. Some lenders permit the involvement of up to four guarantors to fortify an application, albeit with varying lender-specific practices. Historically, the mantle of mortgage co-signer was typically assumed by parents or close family members.

However, the modern lending landscape has adapted to include a wider circle of trusted individuals willing to support an applicant's home-buying journey. This flexibility reflects a broader understanding of family dynamics and personal relationships in today's financial decisions. It's worth noting that while this approach opens new doors for many, it also underscores the importance of carefully selecting guarantors who are both willing and financially capable of undertaking such a commitment.

95% MORTGAGE GUARANTEE SCHEME

The government's recent announcement to extend the 95% mortgage guarantee scheme until June 2025 has been met with widespread approval. This scheme, which initially launched in April 2021, has significantly lowered the barrier to homeownership, enabling purchasers to secure properties valued up to £600,000 with a minimal 5% deposit. Notably, this initiative is not confined to new build homes, broadening its appeal and accessibility.

Underpinning the 95% mortgage guarantee scheme is a government pledge to provide financial guarantees to lenders. This assurance enables financial institutions to offer mortgages covering up to 95% of a property's purchase price, subject to standard affordability checks. This strategic move eliminates the need for a separate application process for the mortgage guarantee, streamlining the path to homeownership for many. With properties valued up to £600,000 eligible under this scheme, a broad spectrum of potential homebuyers stands to benefit from this supportive measure. ◆

"The government's recent announcement to extend the 95% mortgage guarantee scheme until June 2025 has been met with widespread approval."

>> WHAT IS THE MOST SUITABLE SCHEME FOR YOUR CIRCUMSTANCES AND MORTGAGE OPTION? <<

If you require further information or guidance on selecting the most suitable scheme for your circumstances and mortgage options, please do not hesitate to contact us. Our team of experts is dedicated to assisting you in making informed decisions on your journey to becoming a homeowner. Speak to the team at **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

PREPARING CHILDREN FOR A HOME MOVE

How to transform the moving process into a favourable milestone

RELOCATING TO A NEW home marks a significant shift for all family members, particularly for children who may oscillate between excitement and apprehension. As a parent, it's natural to strive for a seamless adaptation for your youngsters, aiming to transform the moving process into a favourable milestone.

That said, research highlights that a significant number of parents consider the opinions of their younger family members before making their next move. The figures show that nearly nine in ten parents (87%) say they would 'consult' with their children regarding moving home, with a fifth (20%) going as far as saying they would 'do what their children want' and let them decide[1].

Furthermore, a notable fraction, approximately one-third, have experienced direct

"Children are remarkably adept at picking up on the emotional states of those around them, making it imperative to approach the topic of moving home with a positive demeanour."

opposition from their offspring against potential relocations. This trend underscores a shift towards more inclusive family decision-making processes, particularly in matters as impactful as changing residences.

The dynamics of family relocations are evolving, with a considerable portion of parents, about 20%, expressing a willingness to defer the decision to relocate entirely to their children. This inclination has led to instances where families have either abandoned prospective moves or refrained from initiating them due to the objections raised by their children.

However, this cautious approach might be an overestimation of the potential negative impact, as subsequent findings suggest. Despite initial reluctance, a striking 77% of children who have experienced relocation report a preference for their new home, indicating a possible misalignment between parental concerns and actual outcomes.

CHILDREN'S REACTIONS AND ADJUSTMENTS

Delving deeper into the emotional landscape surrounding family relocations, it becomes apparent that although apprehensions and sadness are common initial reactions among children, the eventual acceptance and enjoyment of the new environment are remarkably high.

Nearly half of the children surveyed reacted positively to the news of moving, and upon settling in, a significant majority expressed love for their new homes and bedrooms. This positive outcome highlights children's resilience and adaptability, although the importance of addressing their concerns during the transition cannot be understated.

ROLE OF COMMUNICATION IN TRANSITION

The discussion process between parents and children, regardless of the final decision, plays a crucial role in preparing young ones for the impending change. An overwhelming majority of children advocate for open discussions regarding relocations, suggesting a desire for involvement and consideration within the decision-making framework. This feedback loop not only helps mitigate potential anxieties associated with the move but also fosters a sense of inclusion and respect for the children's perspectives within the family unit.

TIPS FOR MOVING HOME WITH CHILDREN

BE POSITIVE WHEN YOU FIRST BRING IT UP

Children are remarkably adept at picking up on the emotional states of those around them, making it imperative to approach the topic of moving home with a positive demeanour. Employing phrases like 'We have something very exciting to tell you' can significantly influence their initial reaction, setting a constructive tone for the discussions that follow.

FOCUS ON WHAT WON'T CHANGE

The prospect of moving can immediately trigger concerns in children about leaving behind their school, friends and familiar environment. If the move is local, it's crucial to reassure them that their daily life will largely remain unchanged, bar the transition to a new home. For moves over greater distances, emphasise that all their cherished possessions, including toys and personal items, will accompany them. This reassurance can mitigate fears associated with losing their familiar settings and belongings.

BRING THEM ON THE JOURNEY

Involving children in the moving process has been shown to foster a sense of participation and control. While adults ultimately make the final decisions, including children in discussions and decisions where feasible can enhance their engagement with the process. This could range from involving them in house viewings to soliciting their input on decorating their new rooms, thereby transforming the move into a shared family endeavour rather than an event that they passively experience.

FOCUS ON THE BENEFITS

When discussing the move, it's beneficial to highlight aspects that will appeal directly to your child's interests and preferences. Whether it's the prospect of a larger bedroom, a spacious garden for play or nearby amenities such as dance studios or go-kart tracks, emphasising these positives can play a pivotal role in shifting their perspective towards viewing the move as an exciting adventure.

BE PREPARED FOR TEARS

It's natural for children to feel apprehensive and overwhelmed by the idea of moving, and such emotions may persist for a while. Despite this, it's important to remain steadfast in your decision. Research indicates that, in most cases, children eventually view the move positively. Sometimes, perseverance and confidence in the decision's long-term benefits for your child are essential.

FACILITATE A SMOOTHER TRANSITION AND FOSTER A STRONGER FAMILY BOND

The insights gleaned from the research underscore the significant influence children hold in the decision-making process related to family relocations. While the apprehensions of both parents and children are valid, the overall positive reception of new homes by the younger family members suggests a need for balanced consideration of all viewpoints. Engaging in open and empathetic dialogues can facilitate smoother transitions and foster stronger family bonds through shared decision-making experiences. ◆

"It's natural for children to feel apprehensive and overwhelmed by the idea of moving, and such emotions may persist for a while."

>> READY TO MAKE YOUR NEXT MOVE? LET'S TALK ABOUT MORTGAGES <<

If you are ready to make your next move, talk to our highly experienced team about your mortgage options. To discover more about how we can help you – speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Research from Zoopla – Kids could hold the key to family home moves – 19/01/24.

Data reveals property profits in 2023

Considerable financial boost for residential movers

IN THE YEAR 2023, homeowners who chose to sell their properties realised significant capital gains, providing a considerable financial boost for their subsequent residential moves, new research shows[1]. On average, sellers in 2023 achieved gains of £74,000, having owned their homes for around nine years.

Notably, London residents reaped the highest rewards, with average capital gains amounting to £137,000, especially among those who had been property owners for over 15 years. When it comes to the type of property sold, bungalows and detached houses led the pack, with average gains exceeding £100,000.

YIELDING THE HIGHEST CAPITAL GAINS

Despite the overall positive trend, a small fraction of home sales – merely one in ten – resulted in a loss, averaging at £17,000. The demand for detached homes saw a significant decrease of 41% in 2023, yet both detached houses and bungalows emerged as the property types yielding the highest capital gains.

Owners of smaller properties, such as terraced and semi-detached homes, experienced comparatively modest gains, which correlates with their lower market value. Flats exhibited the least growth, with only a 19% profit margin on average from sales, underscoring the sluggish price appreciation for this category over recent years. The disparity in gains across different property types highlights the nuanced dynamics of the housing market.

LONG-TERM HOMEOWNERS

The length of homeownership undeniably influences the profitability of selling a property, with longer-term owners generally securing larger returns. However, the timing of the purchase and the property's location also play critical roles. Those who acquired properties before the 2007 financial crisis saw lesser gains compared to their counterparts who bought during the subsequent dip in average prices.

In terms of geographical variation, London stands out, with long-term homeowners typically enjoying gains upwards of £250,000. Outside the capital, the contrast is stark, with properties purchased 10-15 years post-crisis in northern England averaging gains of £63,000, while those in the south fetched around £115,000.

PROPERTY VALUE APPRECIATION

The landscape of property sales in 2023 has been marked by noteworthy capital gains, particularly for long-standing homeowners and those in prime locations like London. While the future may present a different scenario in terms of property value appreciation, understanding the current trends is crucial for making informed decisions.

Should you require further information or wish to discuss the implications of these trends for your property, please do not hesitate to get in touch. Your next move could be more rewarding than you anticipate. ◆

Source data:

[1] Research from Zoopla – Homeowners who sold in 2023 made £74,000 on average, with nine in ten selling

Spring Budget 2024

A turn of events for landlords and investors

THE 2024 SPRING BUDGET on 6 March set the nation's course for the future and introduced several changes that will impact landlords, particularly those who own Furnished Holiday Lets.

In this article, we've looked at some of the key points that every landlord should know and is based on the currently available information at the time of writing.

STAMP DUTY LAND TAX ADJUSTMENTS

One of the key changes announced pertains to the Multiple Dwellings Relief within the realm of Stamp Duty Land Tax. Historically, Multiple Dwellings Relief offered tax relief for purchasers acquiring two or more dwellings in a single or linked transaction, allowing the tax calculation to be based on the average value of the dwellings rather than their total combined value. However, from 1 June 2024, this relief will no longer be available, marking a significant shift in tax policy.

FIRST-TIME BUYERS' RELIEF MODIFICATION

In another notable alteration, the conditions for claiming Stamp Duty Land Tax First-time Buyers' Relief have been revised. Previously, individuals purchasing a new residential lease through a nominee or bare trust arrangement were ineligible for this relief due to the application of special rules.

These rules designated the nominee or trustee as the purchaser, not the individual, disadvantaging victims of domestic abuse who used such arrangements to obscure their new address from former

partners. Effective from 6 March 2024, the eligibility criteria have been expanded to include individuals employing these arrangements, aligning them with those purchasing residential freeholds and pre-existing leases under similar terms.

CAPITAL GAINS TAX RATE REDUCTION

Moving on to Capital Gains Tax, the Spring Budget 2024 outlined a reduction in the higher rate applicable to the sale of residential properties. For higher rate taxpayers, the rate decreases from 28% in the 2023/24 period to 24% in the 2024/25 tax year. This adjustment provides a more favourable capital gains scenario for those landlords selling residential properties.

FURNISHED HOLIDAY LETTINGS TAX REGIME CHANGES

The Furnished Holiday Lettings tax regime is marked for abolition from 6 April 2025, heralding a significant shift in the taxation landscape for property rentals in the UK. At the time of writing, the changes have yet to be fully disclosed, but it is clear that they will impact landlords operating within this sector.

This move seeks to streamline tax processes by eliminating the distinction between short-term furnished holiday lets and longer-term residential lets. The forthcoming changes mean that landlords will no longer need to segregate these income streams for tax reporting purposes. The anticipation surrounding the draft legislation is palpable, with stakeholders eagerly awaiting the specifics of the new measures.

TAX CREDIT REPLACES DEDUCTION FOR INTEREST

From the 6 April 2025, the way businesses operated by individuals handle interest will transform. The previous model, which allowed interest as a deduction, will be replaced by a model offering relief as a 20% tax credit against the individual's tax liability. This adjustment signifies a decrease in tax relief for interest for higher rate taxpayers, who will now only receive relief at the 20% rate.

CHANGES TO CAPITAL GAINS TAX

The disposal of assets under the Furnished Holiday Lettings tax regime currently enjoys the potential for business asset disposal relief, with eligible gains taxed at a favourable 10% rate up to a £1m lifetime limit. However, this is set to change from April 2025, when such gains will attract Capital Gains Tax rates of 18% or 24%, depending on the profit band.

Additionally, Capital Gains Tax rollover relief, which allows for the deferral of tax on gains when a replacement qualifying asset is purchased, will narrow its scope only to include investment properties in cases of compulsory purchase.

WITHDRAWAL OF CAPITAL ALLOWANCES

As we approach the April 2025 threshold, it is essential to note that capital allowances for expenditure on qualifying assets in a Furnished Holiday Lettings business will be phased out. Despite this, businesses appear to be able to claim deductions for the cost of replacing domestic items, offering a semblance of relief amidst the tightening regulations.

IMPLICATIONS FOR PENSION CONTRIBUTIONS

The impending changes also cast a shadow over pension contributions, with tax relief for individuals' contributions being pegged to either £3,600 or 100% of net relevant earnings, whichever is higher. Given that profits from Furnished Holiday Lettings currently qualify as relevant earnings, individuals relying on Furnished Holiday Lettings profits for pension contributions may find themselves navigating a complex financial landscape post-April 2025.

UNANSWERED QUESTIONS AND THE PATH FORWARD

The transition towards the abolition of the Furnished Holiday Lettings tax regime raises numerous questions, particularly concerning the fate of capital allowances claims and the valuation of assets upon business closure. As the property rental sector braces for these changes, the promise of forthcoming draft legislation offers a glimmer of hope for clarity and guidance.

VAT THRESHOLD ADJUSTMENT

The UK government announced a significant update to the VAT registration and deregistration thresholds, effective 1 April 2024. Specifically, the VAT registration threshold has increased from the previous £85,000 to £90,000, while the deregistration threshold has risen from £83,000 to £88,000.

This development represents a strategic move to alleviate the administrative strain on smaller enterprises, facilitating a more conducive environment for their growth and sustainability. However, it is pertinent to note that these revised thresholds will be subject to a freeze, the duration of which remains unspecified by the authorities.

CAPITAL GAINS TAX ADJUSTMENT FOR RESIDENTIAL PROPERTY SALES

In a parallel fiscal adjustment, the Capital Gains Tax rates applicable to the sale of residential properties by higher rate taxpayers have undergone modification in the tax year 2024/25. The rate has decreased from the current 28% to 24%, whilst the basic rate remains unchanged at 18%. This policy shift aims to invigorate the property market by making it more financially appealing for both investors and homeowners to engage in property sales.

TRANSITIONING TAXATION FOR NON-UK DOMICILED INDIVIDUALS

A pivotal change is set to occur concerning the taxation of non-UK-domiciled individuals. Effective from 6 April 2025,

the existing remittance basis of taxation will be abolished, giving way to a residence-based regime. Under this new framework, individuals who opt into the regime and have not been UK tax residents in the last ten years will be exempt from UK tax on any foreign income and gains for their first four years of tax residence.

Conversely, those who have been tax residents in the UK for more than four years will be required to pay UK tax on their foreign income and gains. Furthermore, the government plans to implement transitional arrangements for current non-UK domiciled individuals utilising the remittance basis, including options for rebasing the value of capital assets and temporary tax exemptions.

ENHANCEMENTS TO STAMP DUTY LAND TAX LEGISLATION

Turning our attention to the Stamp Duty Land Tax legislation, recent amendments have been introduced to bolster the exemption for purchases of social housing by registered providers, especially those partially funded by public subsidy. Historically, outdated legislative references and definitions have occasionally subjected such transactions to Stamp Duty Land Tax, contrary to policy intentions.

The recent amendments aim to rectify this by updating the list of public subsidies and removing public bodies from the SDLT 15% higher rate charge. These adjustments are expected to significantly reduce the tax burden on public entities and social housing providers, ensuring that public funds are utilised more effectively. ◆

>> LOOKING TO DISCUSS YOUR MORTGAGE FUNDING OPTIONS?<<

You may have seen a property or a number of properties you'd like to purchase or want to refinance your existing property portfolio. To discuss your options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

"The UK government announced a significant update to the VAT registration and deregistration thresholds, effective 1 April 2024. Specifically, the VAT registration threshold has increased from the previous £85,000 to £90,000, while the deregistration threshold has risen from £83,000 to £88,000."

Understanding Energy Performance Certificates

The imperative of energy efficiency in rental properties

AN ENERGY PERFORMANCE CERTIFICATE (EPC) plays a crucial role in determining a property's energy efficiency, assigning it a rating between A (most efficient) and G (least efficient). These certificates hold validity for a decade. Since the year 2018, there has been a legal mandate requiring properties to have an EPC rating of at least E to be eligible for leasing.

This threshold is set to increase in 2025; properties will be mandated to have a minimum EPC rating of C. As a landlord, you have a legal responsibility to read through recommendations in your EPC report and ensure your property meets the legally required rating.

REGULATORY CHANGES AND THEIR IMPLICATIONS

The introduction of a minimum EPC rating of C by 2025 aims to diminish carbon emissions from buildings and enhance home energy efficiency. This regulation stipulates that all new tenancies commencing from December 2025, along with existing tenancies by December 2028, must occur in properties that meet or exceed a C rating.

STEPS TOWARDS ENHANCED ENERGY EFFICIENCY

It is advisable for property owners to commence enhancement works on their properties sooner rather than later, particularly if substantial construction work is required to meet the forthcoming energy efficiency standards.

Some strategies for improving a property's energy efficiency include the adoption of low-energy LED lighting, ensuring adequate pipe insulation, installing a condenser boiler, sealing any gaps in loft hatches, doors and pipes, and using draught excluders.

EXEMPTIONS AND CONSIDERATIONS FOR PROPERTY OWNERS

Certain exemptions are available for landlords where the cost associated with upgrading a property's Energy Performance Rating exceeds £3,500 plus VAT. Such

properties can be registered on the exemption register for a period of five years.

Furthermore, there are several scenarios in which properties might be exempt from requiring an EPC, including temporary structures utilised for less than two years, places of worship, certain industrial sites, workshops, non-residential agricultural buildings with minimal energy usage, detached buildings with a total floor space under 50 square meters, and properties slated for demolition with the necessary planning and conservation consents in place.

THE EVOLVING REGULATORY LANDSCAPE

Navigating the complexities of EPCs and adhering to the evolving regulatory landscape requires careful consideration and planning. For landlords and property owners looking to ensure compliance and enhance the energy efficiency of their properties, now is the time to act.

Should you require further information or assistance in understanding how these changes may affect your property, do not hesitate to speak to a member of our team. ◆

"Navigating the complexities of EPCs and adhering to the evolving regulatory landscape requires careful consideration and planning. For landlords and property owners looking to ensure compliance and enhance the energy efficiency of their properties, now is the time to act."

>> LOOKING TO FIND THE RIGHT FUNDING SOLUTION FOR YOUR PROPERTY INVESTMENT REQUIREMENTS? <<

If you want to borrow money to acquire an investment property to rent out, you'll need a buy-to-let mortgage. Our expert team will discuss your options to find the right funding solution for your requirements. So whether you want to purchase an investment property or remortgage an existing property, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

How to avoid potential deposit-related disputes with tenants

Essential role of inventories in property management

AMONG THE MYRIAD RESPONSIBILITIES that come with being a landlord, maintaining a comprehensive inventory stands out as paramount. This document is not merely administrative; it acts as a shield for your property and a bulwark against potential deposit-related disputes with tenants. Maintaining a detailed and up-to-date inventory is indispensable in the realm of property management.

Not only does it safeguard the landlord's interests, but it also ensures fairness and transparency for the tenant. The inventory meticulously documents everything that a property encompasses upon occupancy – ranging from furniture (if included) to the condition of fixtures, fittings and décor.

INVENTORY PREPARATION AND MAINTENANCE

Prior to welcoming tenants, it is imperative to prepare a thorough inventory. This process sets the foundation for a transparent relationship between landlord and tenant. Upon moving in, tenants should be encouraged to use the inventory as a roadmap to inspect the property, noting any discrepancies or confirming the state of the premises as described.

Regular inspections by the landlord are advisable to spot any damage or alterations, ensuring the inventory remains reflective of the property's current condition. The absence of an accurate inventory could lead to complications in proving claims about the property's state, which may arise during disputes over damages or the condition of fixtures and fittings.

BEYOND LISTING TO PROTECTING

The protection of a tenant's deposit within a deposit scheme necessitates the provision of solid evidence in case of disputes, evidence that is often derived from the inventory. Inventories play a pivotal role in the adjudication process, facilitating a smoother and more expedient resolution, thereby reducing the downtime between tenancies.

It's also worth noting that certain insurance policies for landlords might require inventories as part of their terms of coverage. A well-constructed inventory does more than list the items found within a property; it accurately describes the quality and condition of the property's contents, décor, fixtures and fittings, both inside and out.

ENSURE NOTHING IS OVERLOOKED

Emphasising attention to detail, it is crucial not only to enumerate the items but also to document the condition of the building and its contents comprehensively. Including photographic evidence can prove invaluable, especially regarding the cleanliness of the property at the time of tenant move-in.

Additionally, recording serial numbers for any provided appliances can offer further clarification. It is advisable to err on the side of caution by including as much detail as possible in your inventory, ensuring nothing is overlooked that might become pertinent later in the tenancy.

NAVIGATING ACCIDENTAL DAMAGE

Accidental damage in rental properties tends to occur most frequently during the check-in or check-out phases. This is understandable, given that tenants are often moving large items of furniture in or out of the premises during these times, increasing the likelihood of accidents.

To mitigate such risks, it's imperative that the inventory is meticulously checked, agreed upon and signed before the tenants' occupancy begins. Providing tenants with the inventory report well in advance of their move-in date allows them to verify the accuracy of each room's contents. It is essential for both parties to concur on the inventory's contents and any accompanying photographs.

REGULAR INSPECTIONS AND COMMUNICATION

Regular property inspections are beneficial not only for identifying maintenance needs but also for ensuring tenant satisfaction and compliance with the tenancy agreement. By notifying tenants before inspections, landlords can foster a transparent and cooperative relationship.

Documenting issues discovered during these inspections is crucial for later reference, whether for resolving disputes or for updating the property's inventory to reflect changes such as appliance replacements or repairs. Although landlords are recommended to conduct visits every three to six months, they must remember to provide at least 24 hours notice and obtain tenant consent.

CHECK-OUT PROCESS AND DISPUTE RESOLUTION

At the end of a tenancy, it is critical to compare the property's condition to the initial inventory report. This comparison should focus on potential dispute areas like cleanliness, damage, missing items and meter readings. Updating the inventory after this inspection is vital for addressing any issues uncovered.

If discrepancies arise, particularly those that might affect the deposit, landlords are obligated to notify their tenants within ten working days.

In situations where agreement on deductions from the deposit cannot be reached through direct communication, the dispute may need to be escalated to the deposit protection scheme.

ROLE OF EVIDENCE IN ADJUDICATION

In the event of unresolved disputes, adjudicators from the deposit protection scheme will evaluate evidence from all involved parties to reach a decision.

This underscores the importance of comprehensive documentation, including the tenancy agreement, inventory, and check-in and check-out reports, as these form the basis of any evidence submitted.

Adjudicators rely solely on the provided documents and photographs without visiting the property or engaging in further inquiries. They may, however, request receipts or estimates for any necessary repairs. Their decision is final and binding, highlighting the necessity for landlords to maintain thorough records throughout the tenancy. ◆

>> BECOMING A BUY-TO-LET LANDLORD OR LOOKING TO EXPAND OR IMPROVE YOUR CURRENT PORTFOLIO? <<

If you're considering becoming a buy-to-let landlord or looking to expand or improve your current portfolio, there's a lot to consider. To discuss your options and navigate this ever-changing mortgage landscape, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Boosting rental yields

How to increase the net income from investment property

INCREASING RENTAL YIELD requires a multifaceted approach that includes optimising fixed costs, understanding market demands and maximising property potential. By adopting these strategies, landlords can not only improve their rental income but also enhance the value of their investment over time.

Boosting rental yields is not just about increasing the rent charged. It also involves a comprehensive review of expenses and finding ways to optimise them. Fixed costs such as mortgage payments, insurance premiums and leasehold fees are good starting points.

STAYING INFORMED ABOUT MARKET TRENDS AND AREAS WITH HIGH GROWTH

By shopping around for better deals on these expenses, landlords can significantly reduce their outgoings. This, in turn, increases the net income from the property, thereby improving the rental yield. It's also crucial to stay informed about market trends and identify areas with high growth potential. These locations often offer higher rental yields due to demand exceeding supply.

In this article, we look at some of the ways landlords can boost rental yields.

APPEAL OF UNIVERSITY TOWNS

Another strategy to consider is investing in properties located in university towns and cities. These areas tend to offer higher rental yields due to the consistent demand for accommodation from students. Houses of Multiple Occupation (HMOs), although requiring more management due to higher tenant turnover, can be particularly lucrative in such settings.

Landlords should, however, be aware of the additional regulations and standards required for HMOs. Successfully managing these types of properties involves understanding the specific needs of your tenants and ensuring that the property meets all necessary criteria.

MAXIMISING YOUR PROPERTY'S POTENTIAL

To further increase rental yield, landlords should look at ways to maximise the use of space within their properties. This could involve converting unused areas into additional living spaces or improving existing layouts to make them more appealing to potential tenants.

Such enhancements not only increase the property's rental value but can also lead to higher capital appreciation over time. Additionally, keeping the property well maintained and responding promptly to repair requests can significantly enhance tenant satisfaction. This, in turn, encourages longer tenancies, reducing the costs and time associated with finding new tenants.

UNDERSTANDING YOUR MARKET

A key aspect of boosting rental income is a deep understanding of your target market. Knowing what potential tenants are looking for in a property can guide landlords in making informed decisions about refurbishments and amenities to offer. For example, in areas popular among young professionals, providing a high-speed internet connection and a modern, functional living space could make a property more attractive.

Similarly, in family-oriented neighbourhoods, ensuring parking and outdoor space availability can be a significant draw. Tailoring your property

to meet the demands of your target market can lead to quicker tenancies and potentially higher rents.

STRATEGIC RENT ADJUSTMENTS

Charging a higher monthly rent to tenants is a fundamental method for improving rental yield. Nonetheless, fairness and market alignment are paramount. Engaging a letting agent to evaluate the local market rate for comparable properties is essential.

It may transpire that your current charges are either below or above the market standard. Incorporating rent review clauses in tenancy agreements presents the flexibility to adjust rent in line with market dynamics or property improvements.

UNDERTAKING REFURBISHMENTS

Ensuring your property's condition warrants any contemplated rent hikes is crucial. Undertaking refurbishments and aesthetic enhancements demonstrate a commitment to tenant welfare, fostering a culture of respect towards the property.

Initiatives such as repainting, carpet replacement, and modernising bathrooms and kitchens can significantly uplift tenant satisfaction, making them more receptive to higher rental charges.

SECURING LONGER-TERM TENANCIES

Maintaining long-term occupancy is instrumental in augmenting rental yield while reducing operational expenses. Fostering stable tenancies can substantially mitigate the costs associated with frequent tenant turnover, including re-letting fees and maintenance.

Implementing thorough tenant referencing, maintaining the property to high standards and cultivating positive relationships with tenants are key strategies to encourage longer stays.

ADVANTAGE OF PET-FRIENDLY PROPERTIES

Adopting a pet-friendly stance can distinguish your property in an increasingly restrictive market. Despite the Tenants Fee Act limiting landlords' ability to levy higher deposits for potential damages, tenants' willingness to pay a premium for the assurance that they can reside with their pets offers a lucrative opportunity.

This approach not only broadens your property's appeal but can also contribute to achieving higher rental rates.

ENERGY EFFICIENCY AND SPACE OPTIMISATION

Enhancing your property's energy efficiency serves a dual purpose: it contributes to environmental sustainability and appeals to tenants seeking cost-effective heating solutions. Properties that promise reduced energy bills and a warmer living environment can command higher rents.

Furthermore, expanding rentable space, such as converting an attic into an additional bedroom, can significantly elevate the property's rental yield by offering more accommodation or improved living conditions. ◆

>> THINKING OF INVESTING IN A RENTAL PROPERTY? <<
If you are considering purchasing a property to rent out in order to supplement your income or as a full-time income, speak to our experienced team about your funding options. To find out more, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

RENTING TO DISABLED TENANTS

Understanding accessibility and adaptation in rental properties

AS A LANDLORD, you may rent your property to a tenant with a disability. This necessitates that the property be suitable for them, ensuring they do not struggle with day-to-day living or accessing their home. It is against the law for a landlord to discriminate against a disabled tenant.

However, it's crucial to differentiate between an accessible property and an adapted one, as each comes with specific legal obligations for landlords. The Accessible Property Register defines an accessible property as one designed and laid out without barriers that might limit its suitability for some potential buyers. For instance, a property with steps leading up to the entrance would likely not be suitable for a wheelchair user.

FACILITATING A FULL AND ACTIVE LIFESTYLE

An accessible home is one that allows a disabled person to live independently, facilitating a full and active lifestyle. Such properties might also enable them to receive the necessary care at home safely. Key features of accessible properties can include level access showers or wet rooms, adapted kitchens with lowered work surfaces, wider doorways and easy access to upper floors via stairlifts or through-the-ceiling lifts, among others.

On the other hand, an adapted property is one that was not initially designed with disabled access or use in mind but has been modified to meet these needs. For landlords, adapting a property to be more inclusive can broaden the pool of potential tenants.

"When renting to a disabled tenant, it is a landlord's duty to provide necessary and reasonable adaptations to make the property accessible and suitable for the tenant's needs."

TENANTS CAN REQUEST ADAPTATIONS

Legally, a tenant can request adaptations, and landlords can access funding to help cover these costs, often through a Disabled Facilities Grant (DFG) from the local council. In England, Northern Ireland and Wales, DFGs are provided by local authorities to assist with the costs of adapting a property for the needs of a disabled person, with the maximum grant payable varying by region.

The maximum grant payable under a DFG is £30,000 in England, £25,000 in Northern Ireland and £36,000 in Wales. The grant will only be paid when the local authority is satisfied that the work has been completed to their satisfaction and in accordance with the grant approval.

GENERAL RESPONSIBILITIES AND OBLIGATIONS

Moreover, landlords have general responsibilities and obligations, including adhering to the legal rights of disabled tenants. It is illegal for landlords to refuse to rent to a disabled person because of their disability, impose higher rents on disabled tenants or deny access to facilities available to other tenants, such as parking spaces.

Evicting a tenant due to disability or illness, providing less secure tenancy agreements or refusing to allow guide or assistance dogs under a 'no pets' rule are also prohibited.

ENSURING EQUALITY AND COMPLIANCE

When renting to a disabled tenant, it is a landlord's duty to provide necessary and reasonable adaptations to make the property accessible and suitable for the tenant's needs. Auxiliary aids might include wheelchair ramps, raised toilet seats and clear Braille signage. Failure to make these changes could constitute a breach of the law.

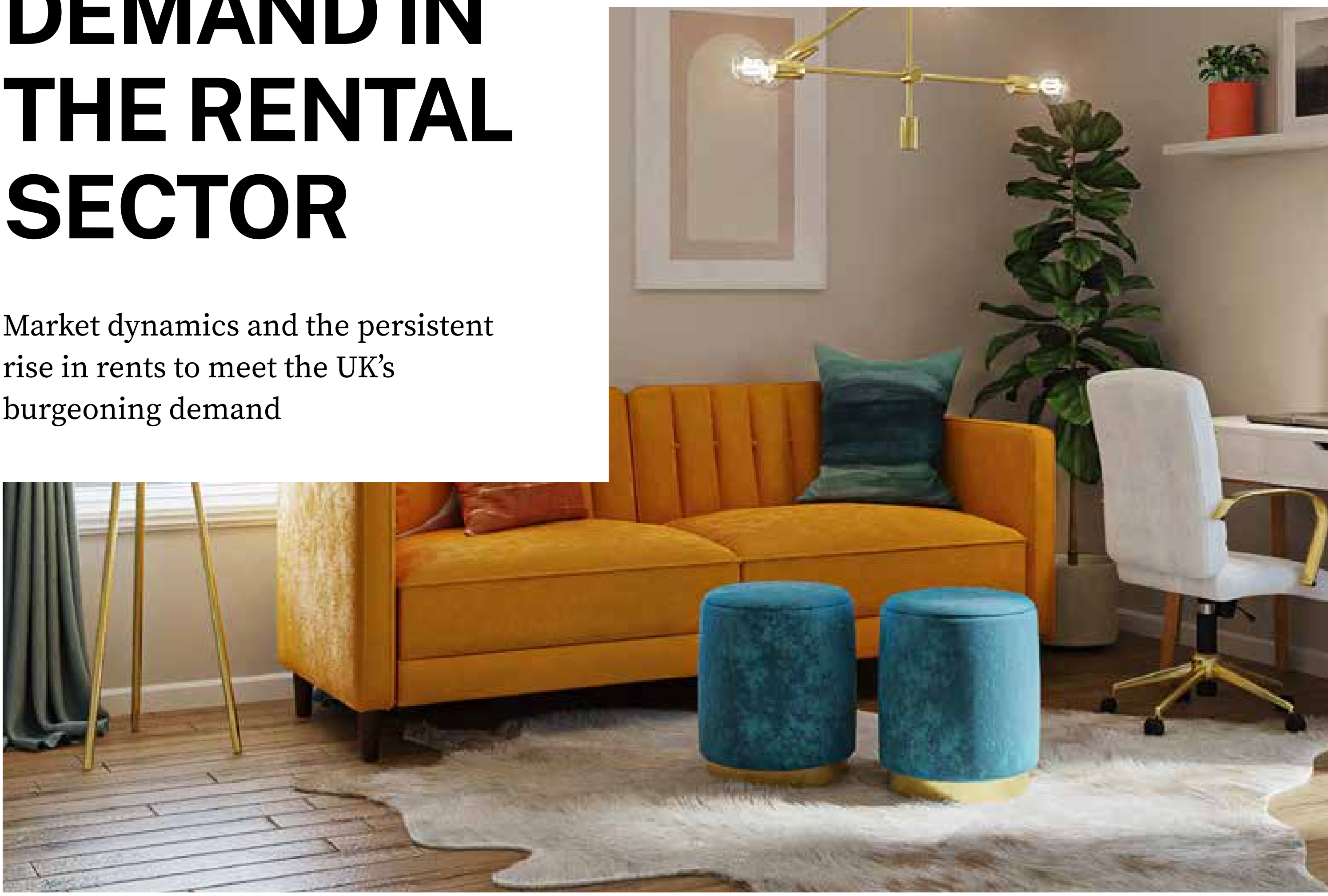
However, landlords may consider factors such as the lease's length, the extent of required adaptations, and planning permissions or leaseholder consents. Ensuring your property is inclusive not only broadens your tenant base but also contributes to a more equitable and supportive community. ◆

THE DISPARITY BETWEEN SUPPLY AND DEMAND IN THE RENTAL SECTOR

Market dynamics and the persistent rise in rents to meet the UK's burgeoning demand

A RECENT REPORT has elucidated that, notwithstanding a deceleration in the rapid escalation of rental prices witnessed over the preceding three years, the year 2024 is set to conclude with rental costs surpassing their initial levels[1]. This trend is principally attributed to the inadequate expansion in the UK's rental housing supply to meet the burgeoning demand.

Despite this, there has been a marginal improvement, with the average letting agent now managing 12 properties, marking a fifth more than the previous year. According to the report, this indicates a positive, albeit slow, shift in stock availability. Nonetheless, the inventory of available rental properties remains below the averages seen prior to the Covid-19 pandemic.



FINANCIAL IMPLICATIONS FOR RENTERS

The financial burden on renters has intensified, with over half of the privately rented properties now commanding monthly rents in excess of £1,000, elevating the national average to £1,223. This signifies a 7.8% increase compared to the preceding year, continuing the upward trajectory of rental costs.

However, this growth rate represents a deceleration from the 11% annual increase noted a year earlier, influenced by a cooling labour market, the diminishing impact of the pandemic and marginally improved mortgage rates for first-time purchasers.

REGIONAL VARIATIONS IN RENTAL TRENDS

London's rental market has experienced the most pronounced decline in prices over the last year, significantly influencing the overall UK rental averages. Excluding the capital from the equation reveals a steady state in rental prices across the UK, with certain regions such as the North East, South West, South East and East witnessing price increments over the past year.

Conversely, London's annual rental growth fell from 15.3% to 5.1%, marking the lowest in the country and indicating a sharp deceleration, potentially as a consequence of the cost of living crisis.

SUPPLY AND DEMAND DISPARITIES

The report highlights that the disparity between supply and demand has notably narrowed in London, with demand decreasing by 30% compared to the previous year, while the supply saw a corresponding increase. In the North West, however, rental price growth only marginally reduced, from 10.6% to 9.8%.

"The financial burden on renters has intensified, with over half of the privately rented properties now commanding monthly rents in excess of £1,000, elevating the national average to £1,223."

Despite an improvement in the number of rental homes available, the market still faces a 28% deficit in homes for rent per agent compared to the pre-pandemic average, underscoring the persistent shortage of rental housing.

THE AFFORDABILITY CRISIS

When juxtaposed with average earnings, rental markets' affordability has deteriorated as rents have surged. Between 2016 and 2021, rents rose by a mere 4%, attributed to subdued demand post-Brexit, an increase in supply prior to 2016 and more accessible homeownership due to low mortgage rates.

However, a resurgence in demand alongside rising mortgage rates, coupled with stagnant supply levels, has left many potential first-time buyers in the rental market, exacerbating the pressure on the already limited housing stock and fuelling further rent increases.

TOWARDS A SOLUTION

The report unequivocally suggests that enhancing rental affordability necessitates expanding the rental supply. While new constructions will contribute to alleviating the shortage, a significant impact would require increased investment by private landlords.

This prospect appears bleak as higher mortgage rates and escalating regulations may deter new investments and lead to a rationalisation of existing landlord portfolios, potentially neutralising any gains in rental supply, the report concludes. ◆

Source data:
Zoopla Rental Report – 21/03/24.

INCREASED OPTIMISM FOR UK PROPERTY INVESTMENT

Around one in six adults opt for UK property investment for an income, according to report

THE PROPERTY MARKET continues to be a favoured avenue for investment, with a recent survey illuminating a prevailing sense of optimism among investors. According to research, approximately 16% of adults surveyed own some form of UK property investment, spanning buy-to-let properties, holiday rentals and commercial units[1].

This statistic translates to one in six adults leveraging UK property investment as a source of income, whether through consistent rental yields, capital gains for future retirement or a combination of both.

CONFIDENCE AMONG INVESTORS

Furthermore, the survey disclosed that over half (53%) of those with UK property investments expressed confidence in their investments' future prospects. This contrasts sharply with a mere 14% who harboured pessimistic views, leaving the remainder in a neutral stance.

The general sentiment across the UK housing market has been increasingly positive since the onset of 2024. This is buoyed by a more stable economic forecast, anticipated reductions in interest rates and a decline in mortgage rates, all contributing to a more vibrant market atmosphere.

MARKET DYNAMICS AND INVESTOR SENTIMENTS

All the indications are that there is a burgeoning demand within the property market, complemented by an uptick in sellers listing properties

"It's noteworthy that just over half (51%) of active UK property investors diligently track market trends to guide their investment strategies."

compared to the previous year, thereby enhancing market activity. Specifically, the buy-to-let sector exhibits a brisk pace owing to a scarcity of supply in certain regions.

Despite the overall bullish outlook, concerns linger among some investors, primarily due to the UK's entry into a recession at the close of 2023, a factor concerning 56% of respondents.

ECONOMIC OUTLOOK AND INVESTMENT DECISIONS

Conversely, an encouraging 54% of those surveyed anticipate a reduction in interest rates within the year, potentially invigorating the property market. Additionally, 38% believe managing their UK property investments will be more straightforward this year compared to 2023.

The survey also revealed that macroeconomic indicators such as interest rates and inflation significantly influence the investment decisions of 57% of respondents, indicating that any positive shifts in these areas are likely to stimulate further activity in the property sector.

TRENDS AND FORECASTS IN PROPERTY INVESTMENT

It's noteworthy that just over half (51%) of active UK property investors diligently track market trends to guide their investment strategies. Similarly, another 51% attribute high importance to forecasts concerning house prices and rents when contemplating adjustments to their property portfolio. ◆

>> READY TO EXPLORE YOUR BUY-TO-LET FUNDING OPTIONS? <<
By adopting these tactics, you can significantly enhance your rental yield, ensuring your property remains profitable. Whether you are a first-time investor or a seasoned property owner looking for funding options, our experienced team will guide you every step of the way. Get in touch with us today! For more information, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:
[1] Research conducted by Market Financial Solutions – 05/03/24.

How to thrive in the buy-to-let sector

Navigating the intricacies of property rental and management

BECOMING A LANDLORD can be a rewarding venture if approached with the right mindset and preparation. Understanding the financial implications, recognising your responsibilities and choosing the right property are critical steps in this journey.

For many, the idea of becoming a landlord holds considerable appeal: the goal to achieve a consistent recurring income, the potential for property capital appreciation and the opportunity to provide housing. Yet, the initial steps can seem daunting for those new to this investment sector and can be very costly if you get it wrong.

FINANCIAL PLANNING IS KEY

Before starting the process, it's crucial to engage in thorough financial planning. This involves calculating prospective rental earnings, accounting for property taxes, mortgage instalments, upkeep expenses and periods when the property might be unoccupied. Seeking professional advice can help ensure that your investment is in line with your business objectives and risk appetite.

UNDERSTANDING YOUR DUTIES

Becoming a landlord also comes with a set of legal and moral responsibilities. These obligations are paramount, and they include ensuring the property is habitable and meets safety standards, promptly addressing tenant requests and repairs, and safeguarding tenants' rights and privacy. These obligations are not just statutory but essential in fostering a positive landlord-tenant relationship.

THE RIGHT INVESTMENT PROPERTY

Location matters. When searching for the right property, it's imperative to investigate rental trends in the desired area. Factors such as closeness to amenities, vacancy rates and the profile of potential tenants should influence your decision. Choosing a location with steady demand can help reduce the likelihood of the property remaining vacant.

PROPERTY SPECIFICATIONS

The choice of property should align with both your budget and the preferences of your target tenant demographic. Consideration should be given to the maintenance the property will require, its potential for generating rental income and its prospects for appreciation over time. It's also vital to ensure the property is in a satisfactory condition, making any necessary repairs before placing it on the market.

UNDERSTANDING LANDLORD-TENANT LEGISLATION

Acquainting yourself with the pertinent landlord-tenant legislation is paramount. This body of law encompasses various facets, including, but not limited to, tenancy agreements, eviction protocols, security deposits and the rights afforded to tenants. Such knowledge not only aids in fulfilling your legal obligations but also in upholding a harmonious relationship with your tenants.

PREPARATORY DOCUMENTATION

Another critical step is ensuring you have the necessary documentation in place. This includes securing a comprehensive landlord insurance policy, which serves as a safeguard against unforeseen circumstances such as property damage or tenant disputes. Additionally, drafting a clear and concise tenancy agreement is crucial. This document should detail the mutual rights and responsibilities, encompassing aspects like rent specifics, lease tenure and upkeep obligations.

INSURING YOUR INVESTMENT: THE IMPERATIVE OF LANDLORD INSURANCE

Whether you're venturing into the buy-to-let market for the first time or are a seasoned investor, the importance of appropriate insurance cannot be overstated. Building insurance is essential for covering the structural integrity of your property against damages resulting from incidents such as fires, floods and storms.

Beyond this, specialised landlord insurance offers a layer of protection tailored to the unique challenges of renting out property. This includes coverage for financial risks associated with tenancy, acting as a buffer against potential setbacks.

FINANCIAL CONSIDERATIONS FOR BUY-TO-LET PROPERTIES

When purchasing a property with the intent of letting it, the financial dynamics differ significantly from acquiring a residential home. Buy-to-let mortgages are crafted with this specific purpose in mind, featuring distinct terms compared to traditional residential mortgages. It's crucial to understand these differences, particularly the prevalence of interest-only options.

Typically, these arrangements necessitate only the payment of interest monthly, leaving the principal loan amount due upon the mortgage's conclusion. While this can make for more manageable monthly outlays, it requires careful consideration within the context of your broader financial strategy.

LENDER ASSESSMENT CRITERIA

Lenders' criteria for evaluating a mortgage application for a buy-to-let property also diverge from standard practices. Key factors include the prospective rental income the property may generate and your own financial reliability. Ensuring your financial affairs are in order, such as resolving any outstanding debts and maintaining a robust credit rating, is vital in securing favourable mortgage terms.

SELECTING THE RIGHT TENANTS

Implementing a rigorous screening process is important. Ensuring a seamless and fruitful interaction between landlord and tenant hinges on the critical step of identifying the correct tenants. This demands an exhaustive vetting process, which includes validating income and employment via payslips and references from employers, performing credit evaluations and seeking insights from former landlords. This meticulous approach not only protects your investment but also paves the way for a stable and dependable tenancy agreement.

Enlisting the services of property management firms can be incredibly advantageous in the quest to find a suitable tenant. These organisations are adept at facilitating the tenant screening process, marketing the property effectively and handling the complexities of lease agreements. However, it's pertinent to remember that these professional services come with an associated cost.

FOSTERING TENANT RELATIONS

The bedrock of any successful landlord-tenant relationship is mutual respect and professionalism. Promptly addressing concerns and queries and ensuring readiness to assist with maintenance

or repair issues as they occur are fundamental practices. Such attentiveness not only demonstrates your commitment to the tenant's welfare but also solidifies a trusting and positive rapport, essential for a lasting association.

The journey to becoming a prosperous landlord is marked by strategic planning, continuous learning and steadfast dedication. Establishing realistic goals, undertaking thorough research and adhering to legal responsibilities are pivotal steps towards success in the buy-to-let market. This sector promises considerable rewards for those who navigate its challenges with diligence and a commitment to best practices. ◆

>> LOOKING FOR THAT BUY-TO-LET TO START YOUR PROPERTY INVESTMENT PORTFOLIO? <<

If you're looking to invest in a rental property, a buy-to-let mortgage is a must unless you buy a property outright. To find out how we can help, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

IDENTIFYING THE IDEAL TENANTS

Top tips for effective tenant recruitment to streamline the process

SECURING THE RIGHT TENANT for your rental property is paramount, but achieving this goal requires thoughtful planning and strategy. The type of tenants you aim for – be it students, professionals or families – and whether you opt for a hands-on approach or enlist the services of a letting agent are critical decisions.

Additionally, the choice between offering a furnished or unfurnished property can significantly influence tenant interest. It's crucial to understand that attracting high-quality tenants doesn't happen by chance; it necessitates ensuring your property stands out in terms of appeal and condition.

To streamline the process and boost your chances of finding suitable tenants swiftly, consider these top tips for effective tenant recruitment:

TARGETING THE PERFECT OCCUPANTS

The journey to locating an exemplary tenant begins with pinpointing the ideal candidate for your property. Landlords must contemplate the demographic that aligns most closely with their property and overarching strategy. Whether the focus is on families, students or professionals can significantly influence both the marketing approach and the type of tenancy agreement offered.

For instance, while students may seek annual contracts, families often prefer longer-term arrangements. Although it may seem daunting, understanding these elements from the outset simplifies the tenant-finding process.

MARKETING YOUR PROPERTIES EFFECTIVELY

Once the target tenant demographic and desired tenancy length have been established, it's crucial to market the property appropriately. Employing professional photography to showcase the property in its finest light and crafting detailed descriptions that highlight local amenities and unique features can greatly enhance its attractiveness to the desired audience.

ESTABLISHING YOURSELF AS A DESIRABLE LANDLORD

To attract quality tenants, landlords must present themselves and their properties professionally, with a clear and straightforward rental application process. This might necessitate a change in perspective, shifting from seeking a good tenant to becoming a desirable landlord.

OPTING FOR PROFESSIONAL ASSISTANCE

In the UK, enlisting the services of a reputable letting agent can

be a strategic move in attracting and securing high-quality tenants. An experienced agent brings a wealth of knowledge about the local rental market and can significantly simplify the landlord's responsibilities.

STREAMLINING THE RENTAL PROCESS

Agents play a crucial role in marketing the property, screening potential tenants to ensure they meet the landlord's criteria and negotiating favourable terms. Their expertise can be invaluable in establishing a trustworthy landlord-tenant relationship and streamlining the rental process. However, it's important to consider the cost of their services and ensure that the rental income remains profitable after all expenses.

VETTING POTENTIAL TENANTS

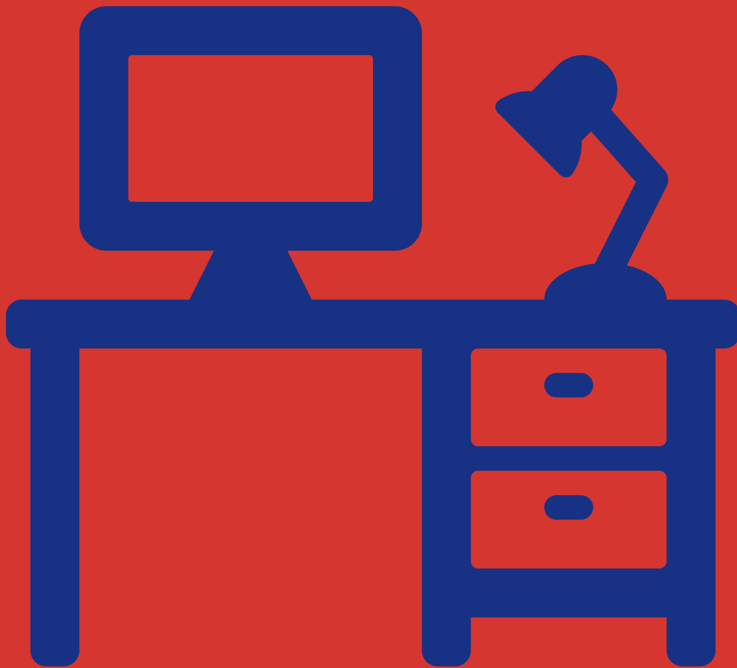
The responsibility of vetting potential tenants typically falls to the letting agent. These professionals are tasked with addressing the pivotal query on behalf of landlords: how does one identify a suitable tenant? Nevertheless, landlords can take a more active role in this process by posing targeted questions to their agents.

FOCUS ON FINANCIAL STABILITY

Asking key questions such as: 'What is your budget?', 'What draws you to this property?', 'Is your monthly income adequate for the rent?', 'Are you able to pay the first month's rent and the deposit upfront?' and 'Can you provide references from previous landlords?' are crucial. They help landlords build a detailed profile of the prospective tenant, focusing on financial stability and a positive rental history.

By adhering to these tips, landlords can increase their chances of quickly finding reliable tenants who are a good fit for their property, ultimately ensuring a smoother and more profitable tenant experience. ◆

"To attract quality tenants, landlords must present themselves and their properties professionally, with a clear and straightforward rental application process."



BUYING BUSINESS PROPERTY?

We take time to get to know you and understand your business

Whether it's for office, industrial or mixed-use premises, our experienced mortgage advisers will advise on mortgages that are tailored to your individual needs. We know property can be a big cost for many businesses, that's why we help you manage that investment wisely.

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

ANY PROPERTY GIVEN AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR OTHER DEBTS SECURED ON IT.

MAKING YOUR RENTAL PROPERTY STAND OUT FROM THE CROWD

How to meticulously present your property to secure tenant interest and, ultimately, occupancy

MAKING YOUR RENTAL PROPERTY APPEALING to potential tenants requires upgrades and attention to detail. From investing in energy-efficient windows to applying a fresh coat of paint and strategically staging the property, these efforts can significantly enhance its desirability.

As shortages of available rental stock begin to ease, it's more important than ever for landlords to present their properties in the best possible condition if they want to attract the widest pool of tenants and achieve the strongest outcome. Depending on budget and timescales, here are some top tips for upgrades and refreshes that will help a property stand out from the rest.

FIRST IMPRESSIONS COUNT

One of the first features that an applicant will notice on arriving or setting foot in a property is whether the windows are single, double or triple glazed. Increasingly conscious of energy efficiency, tenants will often want double, or ideally, triple glazing and may opt not to take a tenancy that doesn't tick this all-important box. While installing new windows can come with a heftier price tag, we are seeing a rising number of landlords choosing to invest in new windows in order to appeal to tenants' expectations.

Replacing kitchens and bathrooms can have a big impact on a property's desirability, even helping to seal the deal in some cases. This could mean a fully new fit-out, but replacing cupboard doors, fixtures and fittings, which instantly refresh the space, can also be a sensible move.

SHOWCASE LIFESTYLE STAGING

Home staging continues to be a popular approach for landlords wanting to showcase the lifestyle their property could offer, allowing potential tenants to see how it could work for them. Whether staging is a project a landlord embarks on themselves or one tackled with the help of an expert, dressing a home can be beneficial in a number of ways and, importantly, doesn't need to involve every room.

Generally, landlords focus on a few key spaces, such as the kitchen, living room and principal bedroom, believing that this is a sensible investment that will ultimately help secure a tenancy that could last several years.

QUICKER FIX OPTIONS

However, committing to upgrading and updating a rental property doesn't always need to involve large-scale work; there are also a number of quicker fixes, changes or on-the-day set-ups that can still have maximum impact. This is all about selling the lifestyle and creating an inviting space rather than simply touching up worn areas.

Re-painting every couple of years, particularly after a longer-term tenancy, where wear and tear is inevitable, is advisable. Freshly painted walls can go a long way, and when it comes to tones and shades, stick to neutral palettes that will be the perfect backdrop for brighter accessories and furniture pieces.

ENHANCING APPEAL VIRTUALLY

In instances where it is impractical for a landlord to furnish the property themselves, employing dressed Computer-Generated Imagery (CGIs) emerges as an exemplary alternative. The initial phase of most property searches commences online, where images of a tastefully decorated home can instantly captivate prospective tenants.

With costs starting from a few hundred pounds per image, investing in such visual enhancements presents a valuable strategy if you have unfurnished properties. These will distinguish you from competitors on the market and enable potential renters to envision the space's full potential. This approach has been successfully adopted by numerous landlords, ranging from modest one-bedroom apartments to expansive five-bedroom family residences.

A HOME FOR PROSPECTIVE TENANTS

Following the initial enquiry and the scheduling of a viewing, the subsequent priority involves preparing the environment to reassure visitors that this could indeed be their future home. Eliminating any obstructions or clutter from entrances and ensuring the property is adequately warmed, particularly during the colder months, are crucial steps.

Creating a welcoming atmosphere from the moment individuals step inside is paramount. Employing subtle scents through diffusers, strategically positioning decorative accessories and neatly

arranging bedding are straightforward yet vital measures to achieve this goal.

SUBTLE ART OF CREATING AMBIENCE

Fostering a welcoming ambience transcends mere aesthetic appeal; it is about invoking a sense of belonging, warmth and possibility. Landlords who pay meticulous attention to these aspects often experience not only swifter tenant acquisition but may also command higher rental fees.

It is the nuanced, personal touches that significantly influence, transforming an empty space into one where prospects can effortlessly envisage themselves residing and flourishing.

FIRST PHYSICAL ENCOUNTER

The importance of crafting a positive initial impression cannot be overstated. From the moment a prospective tenant views a property listing online to their first physical encounter with the space, every interaction plays a critical role in their decision-making process.

Ensuring that each aspect of the property, both virtual and physical, is meticulously presented is essential in securing tenant interest and, ultimately, occupancy. ◆

THE EVOLVING LANDSCAPE OF THE RENTAL MARKET

Latest figures show the UK's average private rent increased by 9.0%

OVER RECENT YEARS, the rental property market has witnessed a significant surge in demand, with supply struggling to keep pace. This imbalance between the number of available rental homes and the burgeoning pool of renters underscores the pressing need for an increase in long-term rental properties.

According to the latest figures from the Office for National Statistics (ONS)[1], the UK saw an average private rent increase of 9.0% in the year leading up to February 2024, marking a notable rise from the preceding year.

REGIONAL INSIGHTS

In England, the scenario is particularly pronounced, with the average private rent reaching £1,276 in February 2024, which represents an 8.8% increase from the previous year. This is the most substantial annual growth observed since the commencement of this data series in 2006, evidencing a slight uptick from an 8.3% increase noted in January 2024.

WELSH RENTAL MARKET

Turning our attention to Wales, the average private rent was recorded at £723 in February 2024, climbing by 9.0% from the year before. Despite this growth, there has been a slight deceleration from the 9.1% rise reported in the year to January 2024. This marks the third consecutive month of slowed annual inflation, a dip from the record-high annual increase of 9.8% observed in November 2023.

SCOTLAND'S RENTAL DYNAMICS

Scotland's rental market tells a similar tale, with average rents ascending to £944 in February 2024, up by 10.9% compared to the previous year. Although this reflects a minor decrease from an 11.2% annual increase in January 2024, it remains a significant figure, especially when considering the gradual slowing of Scotland's annual inflation rate since the record-high annual rise of 11.8% in August 2023.

The pattern of rising annual inflation observed between late 2021 and mid-2023, followed

by a slight moderation, likely mirrors recent shifts in annual inflation rates for new lettings, which are not subject to price caps. It's important to note that due to data collection constraints, the statistics for Scotland primarily pertain to advertised new lets, exempt from the country's in-tenancy price-increase cap under the Cost of Living (Tenant Protection) Bill.

NORTHERN IRELAND'S RENTAL MARKET

Focusing on Northern Ireland, where data is available up until December 2023, we observed a 9.3% increase in average private rent over the 12 months to December 2023. Although this represents a slight decrease from the 9.5% rise in November 2023, it is considerably lower than the record-high annual increase of 10.0% in March 2023.

UNPARALLELED FREEDOM AND FLEXIBILITY

In the current property market landscape, renting can be a pragmatic choice for many individuals. Beyond the appeal of lower upfront costs, renting offers tenants unparalleled freedom and flexibility, enabling them to select homes that perfectly align with their lifestyle preferences. ◆

Source data:

[1] Office for National Statistics (ONS) – Private rent and house prices, UK: March 2024 – 20/03/24.

ENGAGING A PROPERTY MANAGEMENT SERVICES COMPANY

A holistic solution to the multifaceted challenges associated with contemporary tenancies

LANDLORDS SEEKING TO CIRCUMVENT the tribulations of weekend maintenance calls and the management of rental income and expenditures can avail themselves of property management services. This option allows landlords to streamline their business operations while also affording them additional leisure time.

The role of a landlord encompasses a broad spectrum of responsibilities, ranging from upkeep and repairs to fostering positive relationships with tenants. The intricacies involved in property management can pose significant concerns, especially for those juggling diverse property portfolios or other professional obligations.

A property management services company can provide a holistic solution to the multifaceted challenges associated with contemporary tenancies.

KEY REASONS TO OPT FOR A PROPERTY MANAGEMENT SERVICES COMPANY

Property management services' heart lies in the assurance of convenience and proficiency. Let's consider what landlords stand to gain from an array of services that encompass the following:

ENHANCING THE RENTAL EXPERIENCE THROUGH EXPERT MANAGEMENT

The contribution of a proficient property management services company to your rental venture is often undervalued. Their deep understanding of the local housing market and tenant preferences is instrumental in maximising the return on your property investment. Landlords choose to retain property management services for a multitude of reasons, including the rapid sourcing of high-quality tenants, reduction in stress, increase in free time, assistance with drafting tenancy agreements, securing the best rental prices and staying informed about the latest legislative changes.

SECURING TRUSTWORTHY TENANTS

Tenant screening is a meticulous process, crucial for identifying individuals who will consistently pay rent on time, maintain the property well and commit to a long-term stay. Problematic tenants, who may leave the property unexpectedly or necessitate legal proceedings, are a risk every landlord wishes to avoid. A property management services company will meticulously vet all potential tenants by examining their backgrounds to ascertain their reliability and identify any potential warning signs.

ACCELERATING THE TENANT PLACEMENT PROCESS

Landlords must minimise void periods and find a suitable tenant swiftly to maximise rental income. Should your property require enhancements, your property management services company will recommend cosmetic improvements to boost its appeal. They implement a targeted marketing strategy, including listing on property portals, social media announcements, professional photography and crafting engaging property descriptions to draw the attention of prospective tenants.

LONGER CONTENT TENANT RETENTION

A key indicator of a successful tenancy is low tenant turnover. Content tenants are

more inclined to remain in a property, an outcome that a property management services company can facilitate. Ensuring tenant satisfaction not only contributes to a stable rental income but also reduces the costs and efforts associated with finding new tenants.

LEGISLATIVE PEACE OF MIND

The realm of landlord legislation is ever-evolving, with continuous updates to existing laws and the introduction of new regulations. Keeping abreast of these changes can be a full-time endeavour, which underscores the value of a property management services company. They ensure you remain informed while helping you meet your legal obligations as specified in the tenancy agreement. This includes maintaining the safety and good repair of structural, electrical and plumbing systems. A property management service can mitigate the risk of incurring legal fees and fines by ensuring compliance with the law and managing tenant relations effectively.

OPTIMISING RENTAL RETURNS

A key aspect of maximising rental income lies in setting the correct rent, a task where the expertise of a property management services company becomes invaluable. Their deep understanding of local market conditions ensures that your rental price is set correctly – neither too high to deter potential tenants nor too low to undercut your profitability. Moreover, they can adeptly handle rent adjustments and keep tenants informed, ensuring a smooth financial operation.

ENSURING TENANT SATISFACTION

The importance of quick responses to tenant queries cannot be overstated, especially when managing multiple properties. The inevitability of maintenance issues means that having a property management service ready to address and rectify these problems swiftly is crucial. By ensuring that experienced tradespeople are dispatched promptly, landlords are relieved from the immediate pressures of property upkeep, leading to lower tenant turnover, avoidance of significant repair costs and overall reduced stress.

MAINTAINING PROPERTY STANDARDS

Property management services companies proactively conduct regular property inspections to ensure tenants uphold the property's condition. These inspections offer a direct approach to resolving any arising issues, maintaining the property's integrity and ensuring tenant compliance with their lease obligations.

FACILITATING SMOOTH TENANT TRANSITIONS

The checkout process represents a critical juncture in property management, where efficiency and thoroughness are key. Your property management services company plays an essential role in overseeing this phase, aiming to minimise deposit disputes and ensuring the property is promptly prepared for the next occupant. This attention to detail guarantees the property remains appealing and minimises vacancy periods.

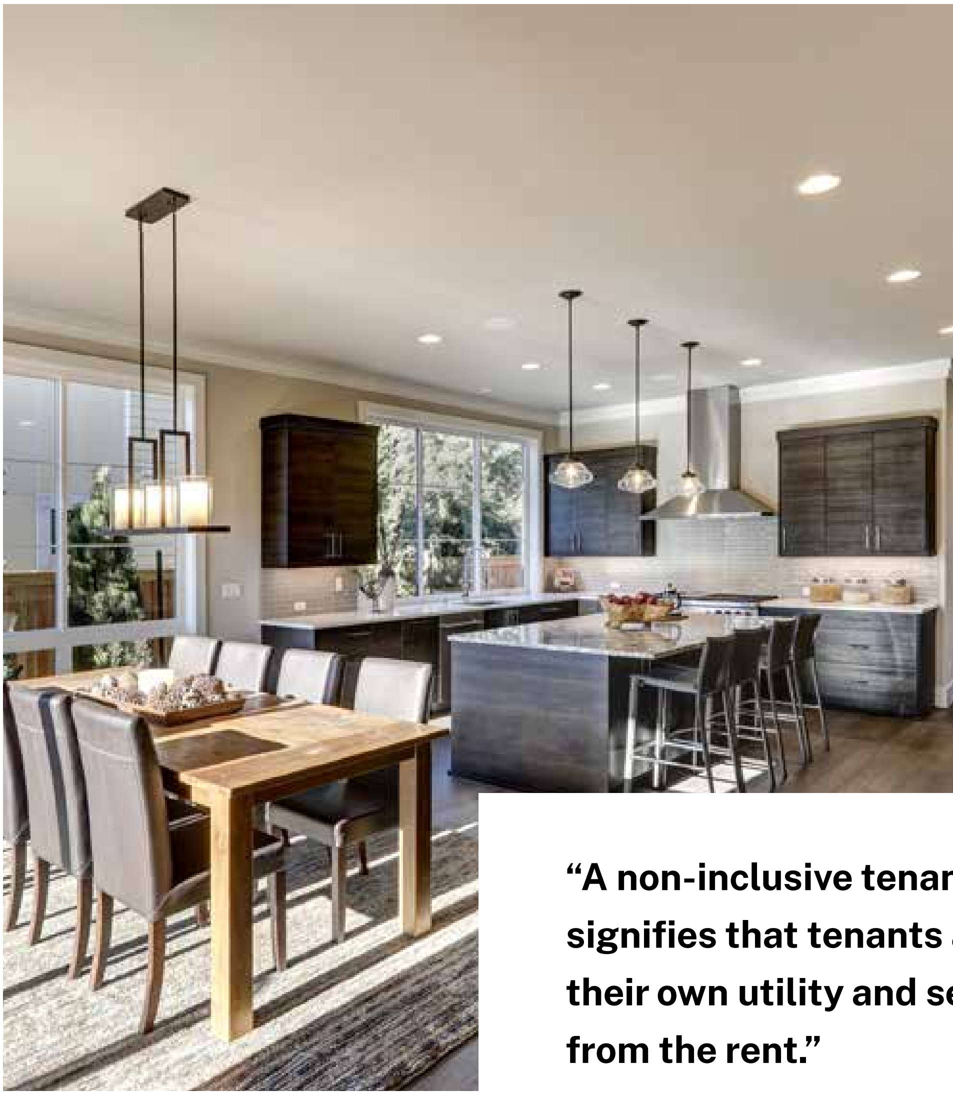
Achieving optimal rental income while fostering positive landlord-tenant relationships encompasses strategic rent setting, rapid response to maintenance issues, diligent property inspections and effective management of tenant departures. Engaging with a professional property management services company is instrumental in successfully navigating these aspects. ◆

>> LOOKING FOR A BUY-TO-LET MORTGAGE FOR YOUR NEXT ACQUISITION? <<

Our team of highly experienced mortgage professionals will explain your options and provide tailored solutions that elevate your property investment to new heights. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

DRAFTING LEASE AGREEMENTS

Do you opt for a non-inclusive or all-inclusive option?



WHEN IT COMES TO DRAFTING lease agreements for tenants, landlords can opt between two main types: non-inclusive and all-inclusive. Choosing between offering all-inclusive or non-inclusive rental agreements is a significant decision for landlords, as both options come with their own set of advantages and disadvantages.

We've simplified the process by breaking down each type of rental agreement to assist you in making a more informed decision.

NON-INCLUSIVE AGREEMENTS

A non-inclusive tenancy arrangement signifies that tenants are responsible for their own utility and service bills, separate from the rent. This includes payments for utilities such as gas and water, council tax and broadband services. In this setup, the landlord's sole financial interaction with tenants involves collecting the monthly rent.

"A non-inclusive tenancy arrangement signifies that tenants are responsible for their own utility and service bills, separate from the rent."

The primary benefit for landlords in adopting non-inclusive tenancies lies in the simplicity of handling a single payment. Tenants, on their part, take up the mantle of managing agreements with service providers and ensuring timely payments directly to them rather than through the landlord. This arrangement can significantly reduce the administrative burden on landlords, particularly those managing multiple properties, making it an attractive option for many.

However, non-inclusive tenancies may not be as appealing to a younger demographic, including students, who often prefer the predictability of a single, comprehensive payment covering all living costs. In scenarios such as Houses in Multiple Occupation (HMO), the desire for evenly split bills can make inclusive tenancies more desirable. Furthermore, non-payment of utility bills can indirectly affect landlords, leading to potential disputes and unwanted stress.

ALL-INCLUSIVE TENANCIES

Transitioning to the concept of all-inclusive tenancies, this model amalgamates rent and other household bills into one consolidated payment. Landlords have the discretion to decide which services are included, commonly covering utilities, broadband, council tax and TV licence fees.

All-inclusive tenancies are particularly appealing among younger tenants and those residing in HMO settings. They simplify budgeting and eliminate the hassle of bill splitting. Offering an all-inclusive package can enhance a property's appeal to a broader audience, albeit introducing a greater degree of responsibility on the landlord's part.

The all-inclusive model necessitates ongoing coordination with various service providers, a task that can become complex for landlords overseeing multiple properties. Variability in utility usage among tenants can lead to fluctuating costs and potential overuse, posing challenges in managing expenses effectively. Landlords can employ utility bill management services to streamline payments and maintain profitability despite these hurdles. ◆

>> WANT TO ARRANGE A BUY-TO-LET MORTGAGE ON A SINGLE PROPERTY OR MORE? <<

Whatever your reasons for buying a property to let, our highly experienced team will help you find the right mortgage deal. Whether you want to arrange a mortgage on a single property or more, let us help you on your property investment journey. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Understanding mortgage protection life insurance

A pivotal role in securing the financial future of your loved ones

MORTGAGE PROTECTION LIFE insurance provides peace of mind for your family by paying off any outstanding mortgage on your home when you die, often referred to as 'decreasing life cover'. It's not the nicest thought, but if something were to happen to you, would your family or partner be able to afford the mortgage payments? With mortgage protection life insurance, you can take these worries away.

This insurance plays a pivotal role in securing the financial future of your loved ones by covering mortgage or other long-term loan obligations in the event of your demise during the policy term. The duration of the cover is a critical aspect in determining the extent and period of protection provided.

STRAIGHTFORWARD YET EFFECTIVE

The principle behind mortgage

protection life insurance is straightforward yet effective. As you gradually pay off your repayment mortgage (also called 'capital and repayment mortgage'), the outstanding amount decreases, which in turn reduces your need for extensive life cover. Consequently, the mortgage protection life insurance cover reduces over time, mirroring the reduced mortgage balance.

Premiums are typically fixed, offering consistency in payments throughout the term. The cover reduces to zero alongside the mortgage balance, aiming for both to conclude simultaneously. This unique feature often results in lower premiums compared to other life insurance variants, although it's important to note that failure to maintain premium payments can lead to the termination of the cover without any cash value or payout.

LIFE INSURANCE ALONGSIDE A MORTGAGE

Although life insurance isn't mandated by law alongside a mortgage, certain lenders may require it. Your specific needs and circumstances should inform the choice between different types of life insurance. Understanding what's covered is crucial when deliberating on mortgage protection.

TYPE OF COVER YOU SELECT

Securing a mortgage signifies a significant milestone, offering a moment to evaluate your existing protection measures for your loved ones. Mortgage protection life insurance ensures peace of mind, allowing you to relish life's moments today, secure in the knowledge that your family will be safeguarded in the future. The type of cover you select will affect your family's ability to use the claim proceeds to clear the remaining mortgage, address other long-term financial obligations or cater to their needs.

Opting for decreasing cover aligns the benefit with the reduced loan balance, ideally suited for repayment of mortgages or long-term loans. Conversely, level cover means that your family receive a one-off lump sum to use however they like. This amount could not only help them keep the living standards they're used to but also help pay off an interest-only mortgage. ◆

"Opting for decreasing cover aligns the benefit with the reduced loan balance, ideally suited for repayment of mortgages or long-term loans."

>> HOW WILL YOU PROTECT YOUR FAMILY'S FUTURE? <<

If you're contemplating how to protect your family's future, especially in relation to your mortgage obligations, further information can provide clarity and guide your decision-making process. For advice tailored to your unique situation, do not hesitate to make 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 2024.

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**.