A GUIDE FOR SERVICE PERSONNEL

# Buying Your First Home While Serving

*Helping service personnel understand the home-buying process*

For many people living in Service accommodation, buying a first home is completely new. To make things easier, we've broken the process down into six simple steps, explaining what happens at each stage and how we can help. Whether you need our help throughout the whole journey or just one part of it, we're here however much - or however little - you need us.

**STEP 01**

# Be Prepared

*Before you begin house hunting, understand what you can afford, the different ways you can buy while serving and what to expect from the process.*

### Know your budget

Before you start looking at houses, it's worth speaking to one of our advisers so you know where you stand. Your main aim is to understand the maximum house price you can afford, the costs involved and your approximate monthly mortgage repayments.

To do this, you'll need details of your income (your latest payslips will help), your outgoings—particularly any loans or credit cards (your latest bank statement is ideal)—and whether you're aware of any issues with your credit history, such as missed or late payments.

If you're unsure, you can stay one step ahead by downloading your credit report from CheckMyFile.com for your adviser to review. CheckMyFile includes information from all three main credit reference agencies, giving a detailed picture of your credit history. It's free for 30 days and £14.99 per month thereafter, although you can cancel during the free trial. Poor credit doesn't necessarily stop you getting a mortgage, so it's always worth having a conversation with your adviser. Everything you discuss will be treated in the strictest confidence.

### Understanding your deposit

In most circumstances, you'll need a deposit of at least 5% of the purchase price. For example, if you're buying a home for £200,000, you'll usually need a minimum deposit of £10,000.

You may be able to use the Forces Help to Buy scheme (an interest-free loan repayable over 10 years) towards your deposit and other buying costs. Your adviser will explain how the scheme works, the repayments involved and guide you through the application process on the JPA Portal. It's also worth speaking to your line manager or commanding officer as early as possible to confirm you're eligible. Not all mortgage lenders accept Forces Help to Buy as a source of deposit, so using a broker with experience of Armed Forces mortgages can help you avoid unnecessary disappointment.

### Buying your future home

If you're planning to buy your future home to rent out until you leave Service, let your adviser know from the outset. This is a specialist area and only a small number of lenders allow this with as little as a 5% deposit on their standard residential mortgage products. If this isn't identified at the start, you could be directed towards a standard Buy to Let mortgage instead, which often requires a much larger deposit, higher interest rates and additional fees.

STEP 02

# Finding Your Ideal Home

*With a clear budget in mind, you can confidently search for a property, find the right home and make an offer.*

### Start your search

Now that you know your budget, you can start looking for your new home. If needed, your adviser can arrange a Mortgage Decision in Principle, which can strengthen your position as a serious buyer in the eyes of the seller and estate agent.

Don't be afraid to view properties that are slightly above your budget. Sellers are often prepared to accept a lower offer, although there is never any guarantee.

### Making an offer

Making an offer can feel daunting, particularly if it's below the asking price. It's worth remembering that estate agents work on behalf of the seller, so their aim is to achieve the best possible price.

If you'd rather not negotiate yourself, your adviser can put your offer forward on your behalf and deal directly with the estate agent, helping to take some of the stress out of the process (think Kirstie and Phil on Channel 4's Location, Location, Location).

STEP 03

# Appointing a Solicitor

*Once your offer has been accepted, you'll need to choose a solicitor to carry out the legal work involved in buying your property.*

### Once your offer is accepted

Congratulations! Your offer has been accepted.

The estate agent is likely to ask for proof of your identity, proof of your deposit (we can provide these if we already have them) and the details of your solicitor or licensed conveyancer. We can help with all of this.

### Choosing a solicitor

The legal work involved in buying a home is known as conveyancing. Most people choose a solicitor or licensed conveyancer to deal with this on their behalf.

If you already have someone in mind or have received a recommendation, that's absolutely fine. Alternatively, we can recommend a solicitor with experience of Armed Forces mortgages. This can be particularly important if you're using the Forces Help to Buy scheme, as it involves additional legal work.

The solicitors we recommend do not charge extra for this additional work, whereas many do. They also work closely with us throughout the house buying process, helping us provide the regular updates that our customers value (see Step Five).

STEP 04

# Applying for Your Mortgage

*Learn what happens once you're ready to apply for your mortgage, together with the important protection considerations that come with owning your own home.*

### Choosing your mortgage

We will already have discussed the type of mortgage that's right for you, but now it's time to submit your application, we'll carry out one final search of the market to make sure you're still getting the best available deal based on current interest rates.

This may be different from the lender used for your original Mortgage Decision in Principle if a better option has become available. We work with over 70 mortgage lenders, including all the UK's top banks and building societies.

### Submitting your application

Once we've agreed the best option with you, we'll complete the mortgage application with you.

This is where using an Armed Forces specialist adviser can make a real difference. Military applications often include factors such as military pay, allowances, deductions and BFPO addresses, and different lenders assess these in different ways. Presenting your application correctly first time can help avoid unnecessary delays or even a mortgage application being declined.

### Protecting your home

Buying your first home also means taking on new responsibilities. While you're living in Service accommodation, the MOD is responsible for insuring the building. Once you own your own home, that responsibility passes to you.

Your mortgage lender will require buildings insurance before you complete your purchase, and it's also worth considering contents insurance to protect your belongings.

Some people simply want the cheapest policy they can find, while others prefer to pay a little more for broader cover. Neither approach is right or wrong, but it's important to understand the differences before deciding. If you'd like guidance, we're happy to introduce you to a specialist home insurance adviser when your mortgage offer is issued.

### Keeping your home

Taking on a mortgage that may run into hundreds of thousands of pounds also means thinking about how it would be repaid if something unexpected happened.

Many serving personnel believe the Armed Forces will simply "look after them" whatever happens. While valuable benefits may already be available through the Armed Forces Pension Scheme, many people are unsure exactly what they would receive.

Before deciding whether you need any additional protection, it's important to understand what financial support may already be available to you and your family. Only then can you properly consider any recommendations your adviser may make.

Understanding the financial benefits available to serving personnel often involves much more than arranging a mortgage. Knowing what financial support may already be available if you're medically discharged or die while serving, and how your Armed Forces pension fits into the bigger picture, requires specialist knowledge. Choosing an adviser who genuinely specialises in supporting the Armed Forces community, such as PFL Mortgages, can make a real difference.

**STEP 05**

# The House Buying Process

*Once your mortgage application has been submitted, your lender and solicitor will begin the work needed to complete the purchase of your new home.*

### The House Buying Process

By now, your solicitor will have started the legal work and your mortgage application, along with any associated insurance applications, will be underway. One of our support team will keep everything moving behind the scenes, providing regular updates and being on hand if you have any questions along the way.

At first, the focus will be on your mortgage application. Our aim is to make sure your lender issues your formal Mortgage Offer as quickly as possible and that all the details are correct. While some offers are issued within hours, one to two weeks is more typical. Occasionally, applications take longer, particularly if a lender is experiencing high demand. Whatever happens, we'll keep everything moving and make sure you're kept informed.

Once your Mortgage Offer has been issued, our attention will turn to your solicitor. The conveyancing process often takes several weeks, and it's perfectly normal for there to be periods where nothing appears to be happening. Even so, we'll continue to keep in regular contact with your solicitor, keep you updated on progress and let you know if anything needs your attention.

Once your solicitor has everything in place, contracts will be exchanged. At that point you'll be legally committed to buying your new home and a completion date can be agreed. We'll let you know as soon as this has happened and make sure everything is in place for the final stage of your move.

**STEP 06**

# Completion

*On completion day, ownership of your new home is officially transferred to you and you can finally collect the keys.*

Completion is the day you officially become the owner of your new home. It takes place after contracts have been exchanged, on a date agreed by everyone involved. One of our support team will confirm when completion has taken place and make sure everything has gone through as expected.

Hopefully the whole process has been smooth, and now it's time to relax and enjoy a brew and a biscuit. We hope you've enjoyed the journey.

Although your purchase is complete, our support doesn't end here. Whether your mortgage deal comes to an end, you're thinking about moving home or you simply have a question in the future, we'll always be happy to help.

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For more Armed Forces help and advice visit https://pflmortgages.com/armed-forces