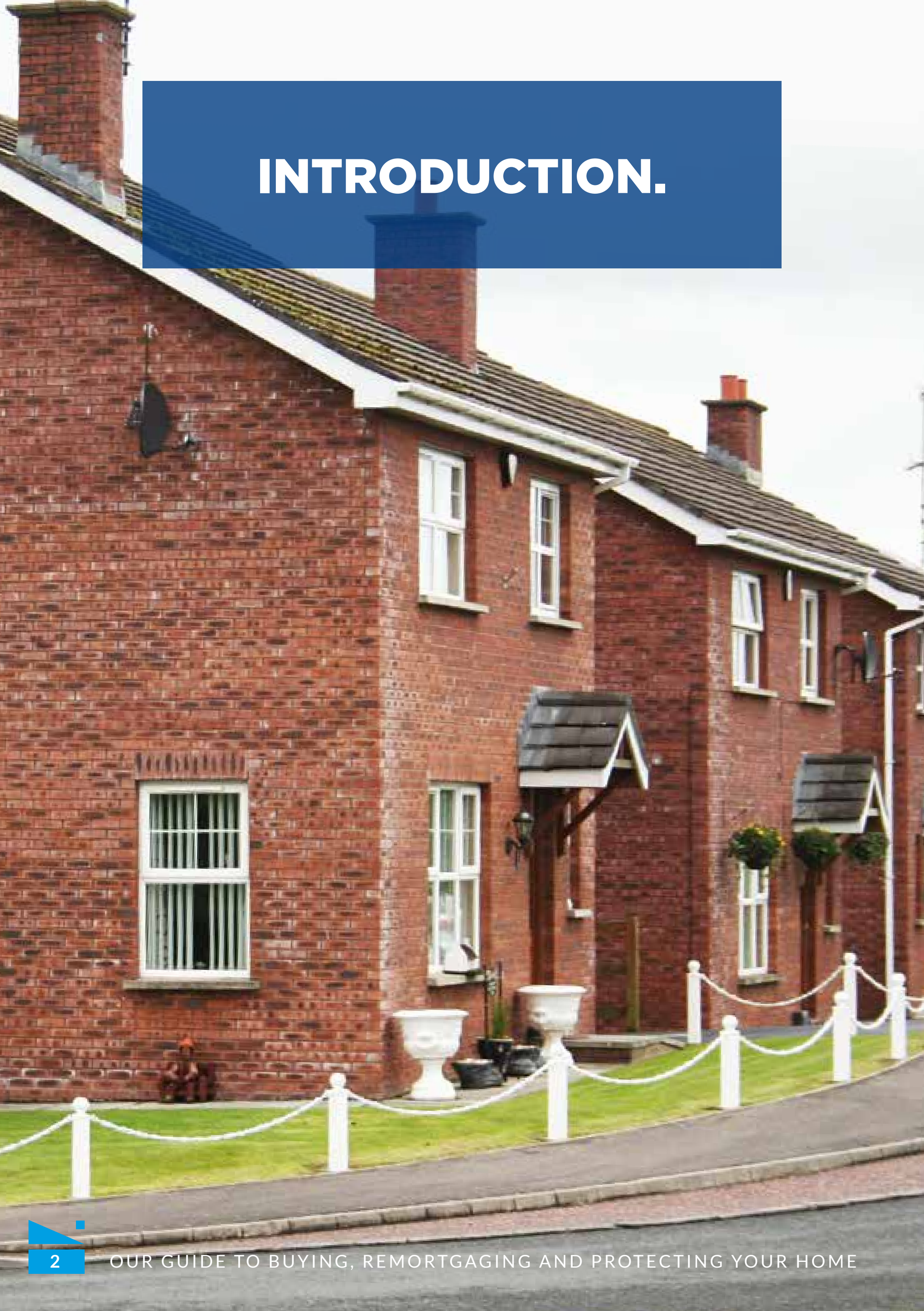
A HELPING HAND WITH OWNING YOUR HOME.

Taking on the purchase of a house can be daunting. With this step-by-step guide, we hope to make the journey a little less overwhelming. Whether you are buying, remortgaging or simply looking to protect your home, you will find this information invaluable. We are experts when it comes to helping people move home and remortgage, so The Mortgage Shop should be the only call you need to make.

Our Guide to Buying, Remortgaging and Protecting your Home

CONTENTS.

INTRODUCTION.



ABOUT US

The Mortgage Shop, which was established in 1992 has went on to become one of the largest and most instantly recognised brands in the market. Our clients are central to everything we do and this ethos is embedded in our culture. This is demonstrated with the wealth of experience of our advisers, who helped arrange over 5,000 mortgages for our clients with a total lending in excess of £375 million last year alone.

Whether it be Belfast, or further afield, with our 19 branches there will always be someone local at hand to help you through the home buying process. All of our advisers undertake regular training to keep abreast of industry and regulatory changes and are CeMAP or equivalently qualified. The Mortgage Shop are part of a major UK Network which gives us access to over 80 financial institutions nationally and 4,000 different mortgage products locally from an unrestricted range of lenders.

WHAT ARE THE ADVANTAGES OF USING A MORTGAGE BROKER?

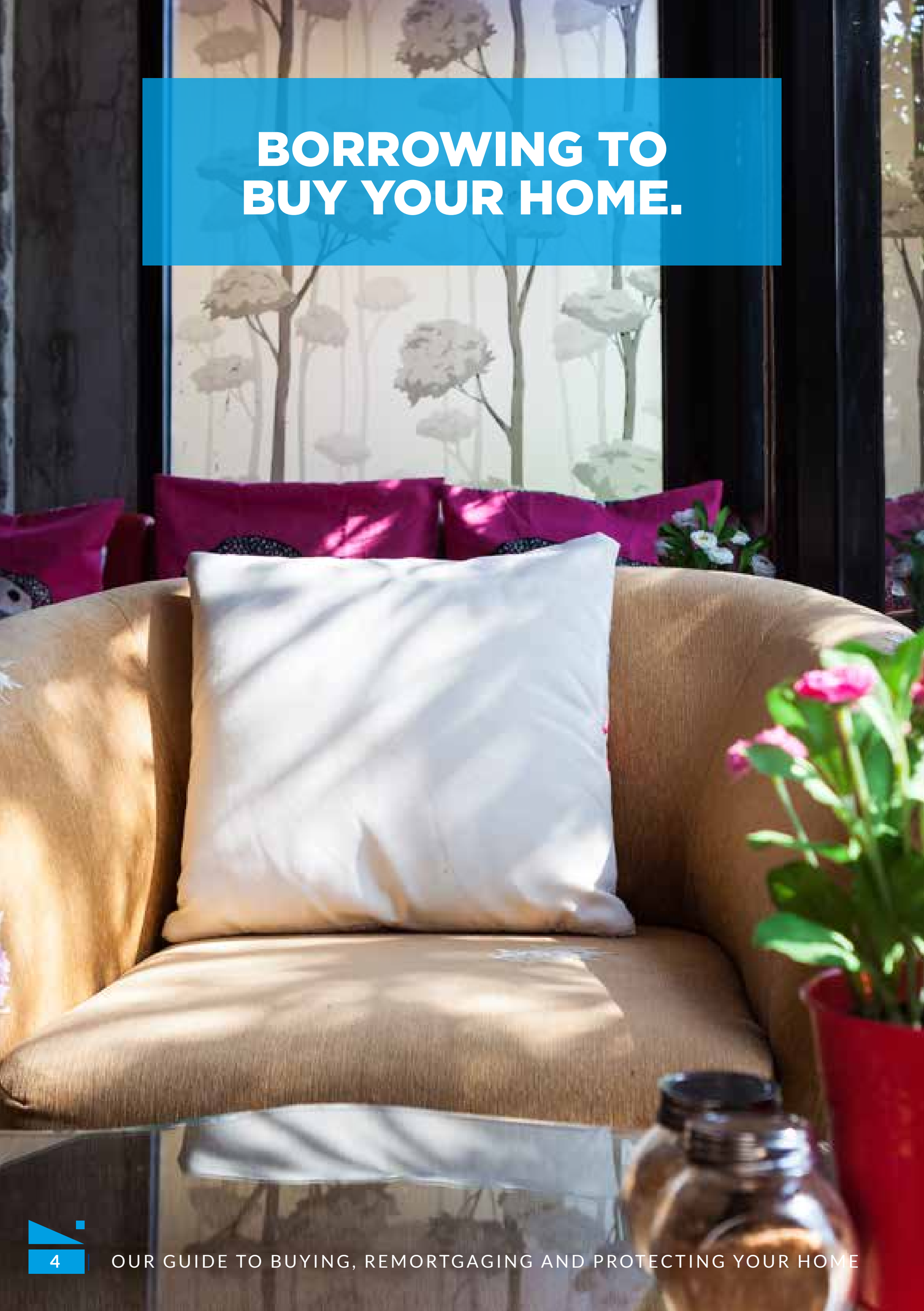
As mentioned above, we have access to a wide range of lenders and mortgage deals, which we can search quickly and hassle-free. We can also explain the mortgage terminology clearly and concisely, including the various types of rates, terms and any associated fees. Our advisers will complete a comprehensive fact-find with you to identify and understand your needs, circumstances and aspirations to ensure they recommend what is most suitable and affordable for you.

We will also complete all paperwork and liaise with all the parties involved in the home buying process, including the lender, estate agents and conveyancer to ensure everything runs as smoothly and efficiently as possible.

HELP IN PROTECTING YOUR HOME AND FAMILY

In choosing the Mortgage Shop, it is more than just helping you to buy your first home, move home or re-mortgage, we also want to consider protecting the things that are important to you, whether this be your home or those who are dependent on you. We have helped you realise your dream of home ownership; we believe we have a duty of care to ensure that you and your family can stay there should the unexpected happen. To mitigate the risk of losing the home all of our advisers are professionally qualified to advise you on all aspects of financial protection. We work with a carefully selected range of insurers, which means we can tailor a solution that is bespoke to you based on your circumstances.

BORROWING TO BUY YOUR HOME.



MORTGAGE

When you buy your home, you will probably need to take out a loan to pay for it. A mortgage is a loan that is secured against your home. This means that if you do not keep up with the repayments, your mortgage provider can sell your house to recover the money you owe. A mortgage is usually offered at a much lower interest rate than you would find for any other type of loan.

REMORTGAGE

If you change your mortgage to a new lender by remortgaging, you may find you benefit from a better mortgage rate than the one you are currently paying. Some lenders also offer to pay the legal costs and valuation fees associated with remortgaging.

The process for remortgaging your home can take around eight to twelve weeks, as the new lender will need to make similar checks to those made when you first bought your home.

You may have to pay an early repayment charge to your existing lender if you remortgage. Your current lender may also charge you a 'deed discharge fee' when you leave your current mortgage. These are all areas your adviser will be able to explain in more detail and help you with.

LIFETIME MORTGAGES

A lifetime mortgage is a popular type of equity release. It is a long-term loan which is secured on your property. The amount you can borrow depends on your age and the value of your property. You will not have to make any repayments before the end of the plan. Interest will be accrued and added to the loan each year. The loan and the interest are repaid in full, usually from the sale of your property, upon death. This is only available to people aged 55 and over.

SHARED OWNERSHIP

If you have spotted your dream home but then realise it's out of your reach due to affordability or lack of deposit, it still may be possible through shared ownership.

There are currently two shared ownership schemes available in Northern Ireland. The most instantly recognisable and longest established is Co-Ownership, who have been helping people get onto the housing ladder since 1978. Co-Ownership is a facility where you buy a share of your home (between 50% – 90% of the home's value) and pay rent on the remaining share. For your share you'll need to have a mortgage, which our adviser will arrange, along with helping with the Co-Ownership process.

The second shared ownership scheme available is called FairShare. It works in a similar way to Co-Ownership, whereby you purchase between 50% – 90% of your home's value and pay rent on the remaining share. However it is only available on new builds and is restricted to 3 major housing associations – Apex, Clanmil and Choice. There are currently only 3 major UK mortgage lenders providing mortgages for the FairShare scheme and again our advisers will help you with all aspects of this.

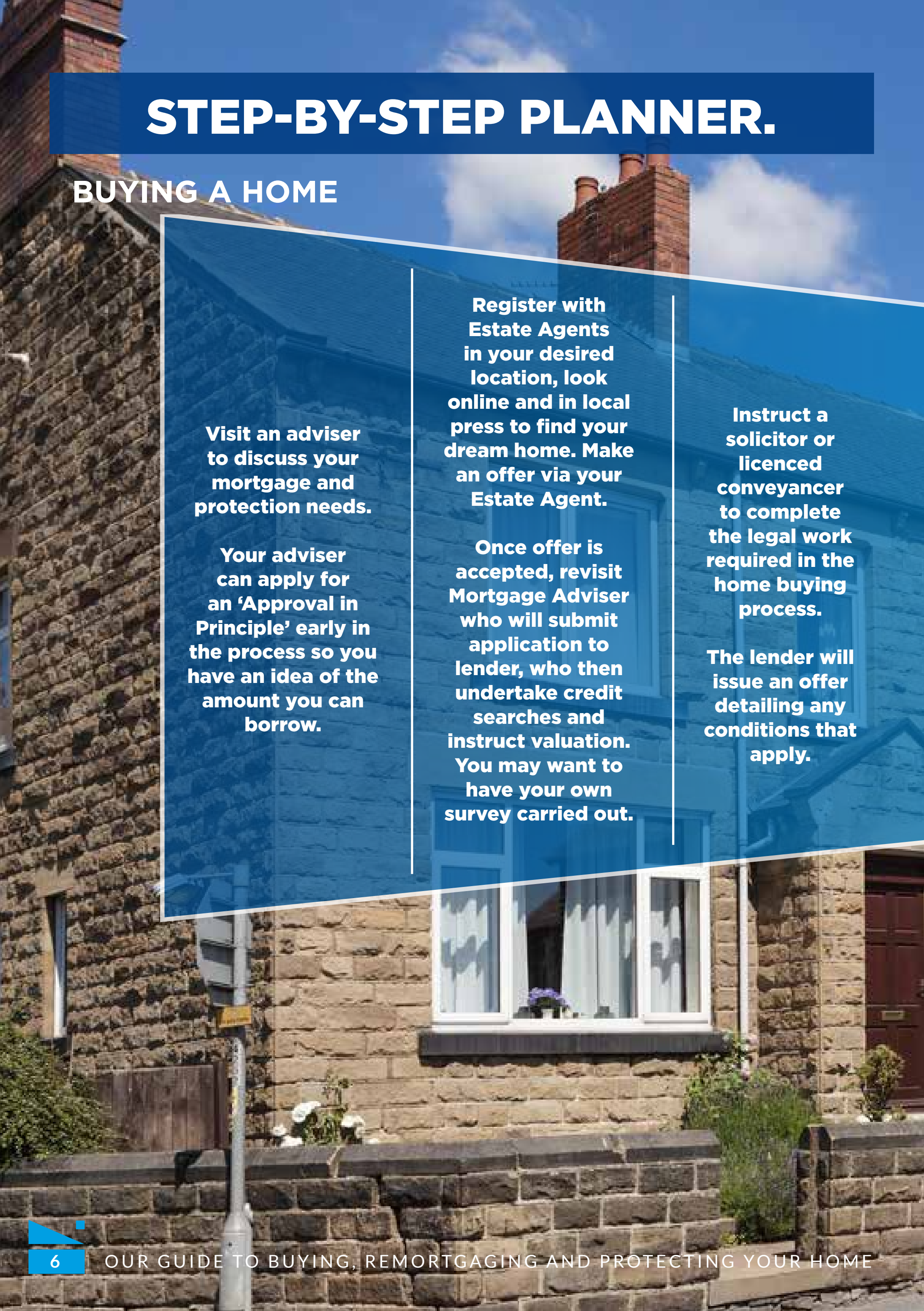
This may only be the start of your journey. Further down the line you may be in a position to buy an increased share or indeed all of the Co-Ownership or FairShare elements. This process is known as staircasing and when you are ready to make this step our advisers will always be at hand.

More information available on pages 22-24 and at **www.co-ownership.org** or **www.fairshare.org.uk**

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

Typically we do not charge a fee for mortgage advice, however if we do, depending on your circumstances, it will be a maximum of £250. You may have to pay an early repayment charge to your existing lender if you remortgage.

STEP-BY-STEP PLANNER.



BUYING A HOME

Visit an adviser to discuss your mortgage and protection needs.

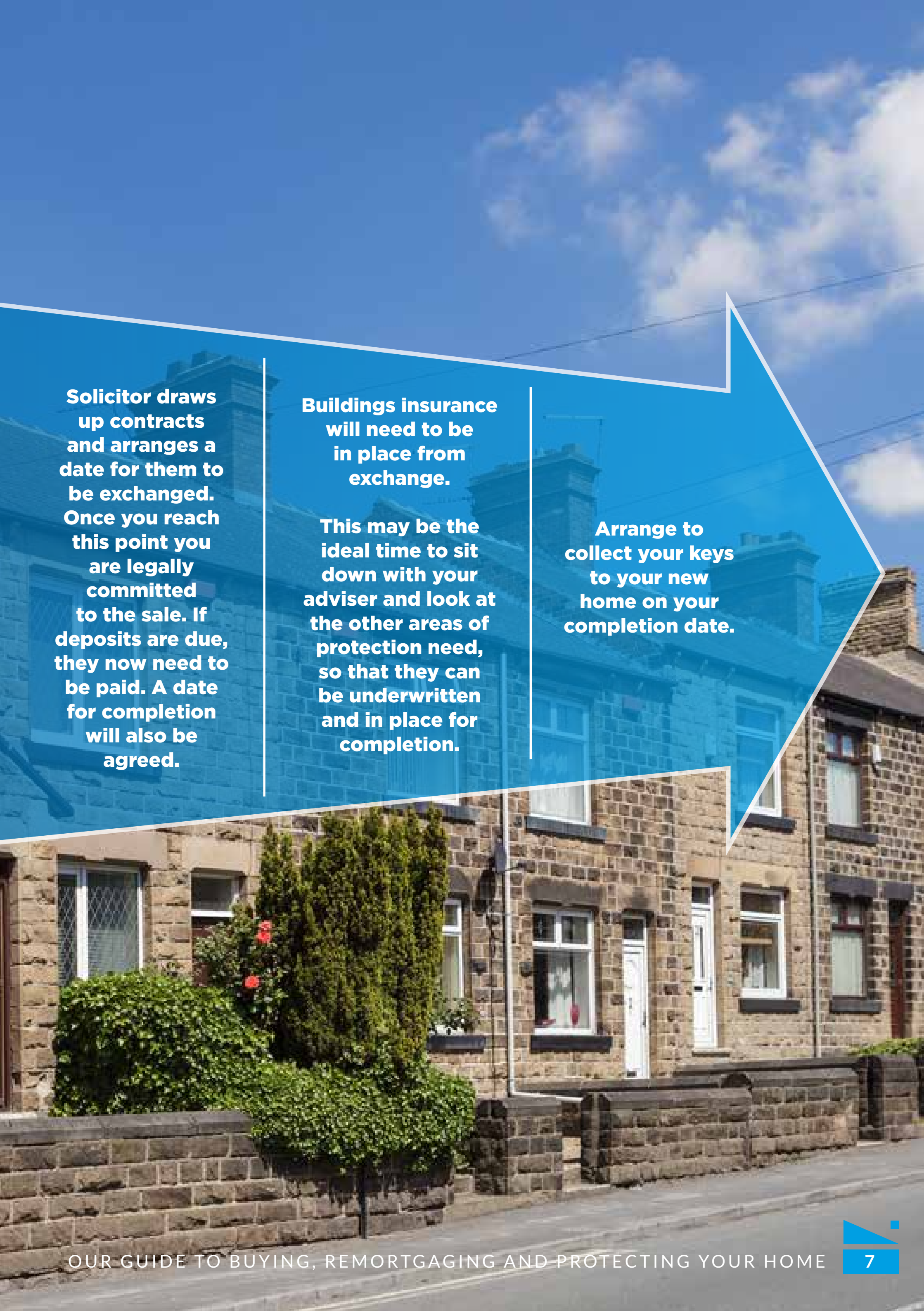
Your adviser can apply for an 'Approval in Principle' early in the process so you have an idea of the amount you can borrow.

Register with Estate Agents in your desired location, look online and in local press to find your dream home. Make an offer via your Estate Agent.

Once offer is accepted, revisit Mortgage Adviser who will submit application to lender, who then undertake credit searches and instruct valuation. You may want to have your own survey carried out.

Instruct a solicitor or licenced conveyancer to complete the legal work required in the home buying process.

The lender will issue an offer detailing any conditions that apply.



Solicitor draws up contracts and arranges a date for them to be exchanged. Once you reach this point you are legally committed to the sale. If deposits are due, they now need to be paid. A date for completion will also be agreed.

Buildings insurance will need to be in place from exchange.

This may be the ideal time to sit down with your adviser and look at the other areas of protection need, so that they can be underwritten and in place for completion.

Arrange to collect your keys to your new home on your completion date.

COSTS OF BUYING YOUR HOME.

APPLICATION / ARRANGEMENT FEES

Most mortgage lenders will charge you an application or arrangement fee.

SOLICITORS FEES

As well as paying a solicitor or licenced conveyancer for the work he or she does, you will have to pay the cost of land registry charges and local search fees. If your lender has their own solicitor acting for them, you may have to pay their fees as well.

VALUATION AND SURVEY FEES

You may need to pay for a valuation or survey. The amount you pay will depend on the type of valuation or survey you choose. See page 21 for more information on the different types of survey.

MORTGAGE ADVICE FEES

Some advisers may charge a fee for the advice they give you. Your adviser will explain any fees.

STAMP DUTY

This is a tax paid by you when you buy a property worth £125,001 or more. The amount you pay will depend on the value of the property you are buying. Please note there is a 3% levy across all bands for both second homes and buy-to-let properties.

RESIDENTIAL PROPERTY – PURCHASE PRICE	RATE OF STAMP DUTY	ADDITIONAL PROPERTY SDLT RATES
Up to £125,000	0%	3%
Over £125,001 – £250,000	2%	5%
Over £250,001 – £925,000	5%	8%
Over £925,001 – £1.5m	10%	13%
Above £1.5m	12%	15%

(This information is correct at the time of printing.)

However, if you are a **first-time buyer** buying a property in England or Northern Ireland worth up to £500,000 you will pay £0 stamp duty on the first £300,000 of any home costing up to £500,000 (and only 5% on any proportion between £300k and £500k).
So the new stamp duty rates for first-time buyers are:
Up to £300,000 purchase price: 0% stamp duty
£300,001 to £500,000: 5% (on that portion of the purchase price only)
Example: A first-time buyer purchasing a property worth £500,000 will pay the following amount of stamp duty:
You pay £0 *below £300,000*
You pay 5% on the value of the property between £300,001 and £500,000 = £10,000.
So in total this means you'll pay ***£10,000***
For further information on Stamp Duty, visit **https://www.gov.uk/stamp-duty-land-tax/residential-property-rates**

We recommend you complete the table below with your adviser to help you work out what you may have to pay when you buy your home.

This table should only be used as a rough guide and in some cases the expenses may be more than the amounts agreed between you and your adviser. For example, if you are also selling a home, there will be other costs, such as estate agents fees. Also if you have an existing mortgage, your current lender may charge you exit fees when you leave your current mortgage, which may include an early repayment charge.

Please note: This chart is for an indication of your "upfront" costs. In addition to these you will need to take into account the regular costs of the mortgage and insurance payments.

TYPICAL UPFRONT COSTS	ESTIMATE FOR YOUR PROPERTY
Stamp duty	£
Solicitor/conveyancer fees	£
Land registry	£
Mortgage adviser fees (if applicable)	£
Lender's application/ arrangement fees (if applicable)	£
Lender's valuation	£
Survey fee	£
Buildings and contents insurance	£
Removal firm	£
Other	£
TOTAL	£

HOW MUCH CAN I BORROW?

THIS DEPENDS ON:

- Your income
- All outgoings (an in-depth analysis will be conducted at review)
- Your credit history
- Whether you are able or prepared to make changes to your lifestyle that may reduce your outgoings
- How much deposit you have.

You will need to find out how much you can borrow before making an offer on a property. Some lenders will work this out before you find a property - this is called an approval or decision in principle. This will help you know the maximum offer you can make on a property and will also speed up the mortgage process. Lenders usually base their calculations on your guaranteed earnings such as basic pay, but some will consider part or all of any regular overtime or bonuses. They will want to see proof of your income.

HOW LONG WILL MY MORTGAGE LAST?

This is known as the mortgage term. Mortgages usually have a term of between five and 40 years. A mortgage should normally be for the shortest term you can afford as this keeps the overall cost down. A longer than necessary term means you will pay more interest.

SELECTING YOUR MORTGAGE

Your adviser will go through your needs and preferences and use these to filter out any mortgage products that do not meet your requirements. This will reduce the amount of products that will be considered for you.

CONSOLIDATING DEBTS

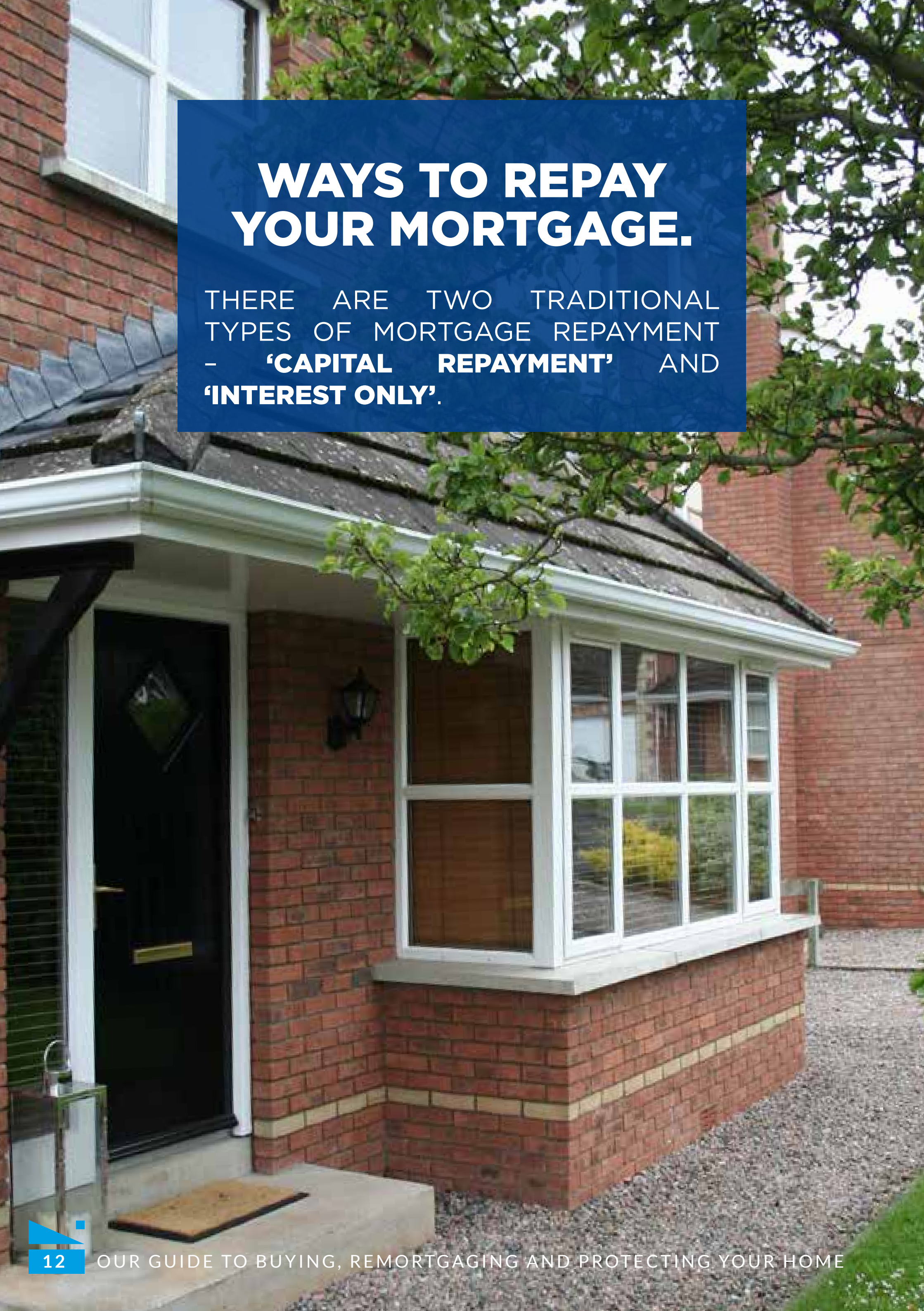
This is not suitable for everyone and you will need to carefully consider this with your adviser. If you have existing debts, it may be possible for you to add these to your mortgage rather than continue with your existing repayment arrangements. When you add loans to your mortgage, it is important to understand the risks:

- Adding a short-term debt means you will repay them over a longer term. Unsecured loans are generally paid back over a shorter term than mortgage loans. While the interest rate on your mortgage may be lower than you pay on your loans, by adding them to your mortgage you are likely to pay more over time. It may not be appropriate to consolidate small or short-term debts.
- Your existing debts might not be secured on your property. By adding them to your mortgage they become secured on your property.

i

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

IF YOU ARE HAVING DIFFICULTY PAYING YOUR LOANS, IT IS WORTH SPEAKING TO YOUR CREDITORS TO SEE IF YOU CAN NEGOTIATE BETTER TERMS BEFORE CONSIDERING ADDING THEM TO YOUR MORTGAGE.



WAYS TO REPAY YOUR MORTGAGE.

THERE ARE TWO TRADITIONAL TYPES OF MORTGAGE REPAYMENT – **'CAPITAL REPAYMENT'** AND **'INTEREST ONLY'**.

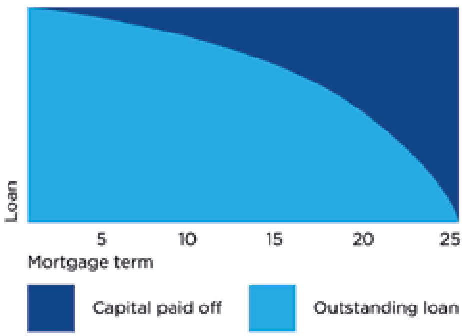
CAPITAL REPAYMENT MORTGAGES

With a capital repayment mortgage, your monthly payments to the lender go towards reducing the amount you owe as well as paying the interest they charge. This means that each month you are paying off a small part of your mortgage.

The advantages: You can see your mortgage balance reducing and provided you maintain the required payments, you also have the certainty your mortgage will be repaid at the end of the term.

The disadvantages: At the start, most of your payments go towards the interest on your mortgage. So in the early years, the amount you owe will not reduce by very much.

CAPITAL REPAYMENT MORTGAGE



INTEREST ONLY MORTGAGES

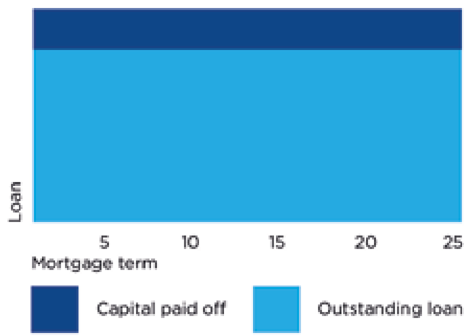
These mortgages are now only offered with very strict criteria and are not available to everyone. With an interest only mortgage you only pay the interest charged on your loan, so you are not actually reducing the loan itself. You will need to have a feasible repayment strategy in place to repay your loan at the end of the term, for example investments and/or savings plans. Lenders will want to see proof of these.

The advantages: If the savings or investment plan you choose performs well, then you could pay off your mortgage earlier compared to a repayment mortgage. At the full mortgage term there may be a lump sum available after the mortgage has been repaid.

The disadvantages: Very few investments or savings plans are guaranteed to repay your mortgage in full. If your savings or investment plan does not cover the full amount, you will be responsible for paying the difference. Your mortgage lender can demand repayment, and they will charge you interest on any outstanding balance until it is repaid.

You should discuss the risks with your adviser and make sure you are comfortable with them.

INTEREST ONLY MORTGAGE



HOW IS INTEREST CHARGED AND PAID?

There are lots of different interest rate options offered by lenders. Interest rates vary from product to product and are dependent upon different factors, such as how much of a deposit you have available. Here is our guide to the different options available.

FIXED RATE

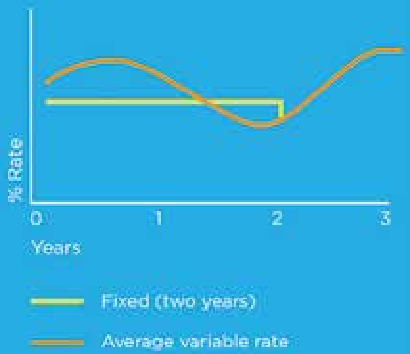
If you choose a fixed rate mortgage, your monthly payment will stay the same for a set period, usually two, three or five years. At the end of your fixed rate, your lender will usually change your interest rate to their Standard Variable Rate (SVR). It is a good idea to talk to your adviser at this stage because the lender's SVR may not be the best deal available.

Advantages:

- You know the exact amount you will need to pay each month, which makes budgeting easier.
- Your monthly payment will stay the same during the fixed period, even if other interest rates increase.

Disadvantages:

- Your monthly payment will stay the same during the fixed period, even if other interest rates decrease.
- If you want to repay your loan early, there could be an early repayment charge.



STANDARD VARIABLE RATE (SVR)

This is a standard interest rate that can go up or down in line with market rates, such as the Bank of England base rate.

Advantages:

- You have more flexibility and can usually repay your mortgage without any early repayment charges.

Disadvantages:

- Your monthly payments can go up and down which can make budgeting difficult.
- SVR mortgages are not usually the lowest interest rates that lenders offer.

DISCOUNTED RATE

Some mortgages start with an initial interest rate set lower than the SVR for a set period of time. At the end of this period, the lender will change the interest rate to the SVR. It is a good idea to talk to your adviser at this stage because the lender's SVR may not be the best deal available.

Advantages:

- Your payments could cost you less in the early years, when money may be tight. But you must be confident you can afford the payments when the discount ends.

Disadvantages:

- Your monthly payments can go up or down which can make budgeting difficult.
- If you want to repay the loan early, there could be an early repayment charge.

CAPPED RATE OR CAPPED AND COLLARED RATE

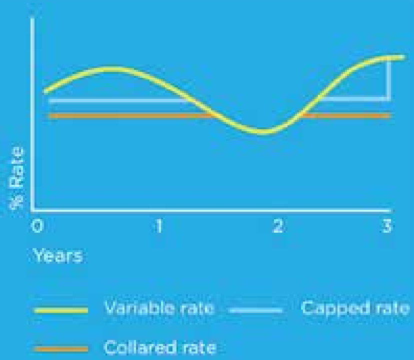
With this type of mortgage, the interest rate is linked to a lender's SVR but with a guarantee that it will not go above a set level (called a 'cap') or below a certain level (called a 'collar') for a set period of time. It is possible to have a capped rate without a collar.

Advantages:

- You know the maximum and minimum you will pay for a set period of time making budgeting easier.
- These products are useful if you want the security of knowing your payments can not rise above the set level (the cap), but could still benefit if rates fall during the set period.

Disadvantages:

- Even if other rates fall, your interest rate for the set period will not go below the level of the 'collar'.
- If you want to repay the loan early, there could be an early repayment charge.



TRACKER MORTGAGE

With a tracker mortgage, the interest rate charged by a lender is linked to a rate such as the Bank of England base rate. This means your payments may go up or down.

Advantages:

- The rate you pay tracks an interest rate (for example, the Bank of England base rate). If the rate changes the tracker rate changes by the same amount.

Disadvantages:

- Some lenders impose a 'collar' which means the interest rate will not fall below a certain level, even if the rate it is tracking continues to reduce.
- Your monthly payments can go up or down which can make budgeting difficult.
- If you want to repay the loan early, there could be an early repayment charge.

OFFSET MORTGAGE

An offset mortgage is generally linked to a main current account and/or savings account which are all held with the same lender. Each month, the amount you owe is reduced by the amount in these accounts before working out the interest due on the loan. This means as your current account and saving balances go up, you pay less mortgage interest. As they go down, you pay more. Linked accounts used to reduce mortgage interest payments do not attract interest.

Advantages:

- Mortgage payments can be reduced as savings increase, or you may be able to continue paying a higher level and pay your mortgage off early.
- You usually pay tax on your savings However, if your savings are automatically used to offset your mortgage, you will not pay income tax on these savings - this is particularly beneficial for higher rate taxpayers.

Disadvantages:

- All accounts have to be with one lender/ bank.
- You need to have a substantial level of savings.
- If you want to repay the loan early, there could be an early repayment charge.

COMMON FEATURES OF A MORTGAGE AND FACTS WHEN BUYING A HOME.

We have listed and provided a brief explanation of some terminology you are likely to come across when buying a home. The following explanations are purely provided as a guide. Your adviser will be able to explain individual mortgage features in more detail and help you find the right mortgage.

ARREARS AND REPOSSESSION

If at any time you are unable to meet your mortgage payments, you should speak to your mortgage lender straight away. Repossessing a property is generally a last resort. Your lender will try to reach an arrangement with you to help you to keep your home. If your lender sells your property after repossessing it and there is any money owed following the sale, you will be responsible for it plus any selling fees.

ANNUAL PERCENTAGE RATE (APR)

As well as telling you the interest rate on your mortgage, lenders must also calculate the APR. This is the total cost of the loan, including interest and fees shown as a percentage rate. The APR is intended to help you compare different types of mortgages from different lenders. When calculating the APR, lenders assume you will pay the mortgage for the full term. Generally, the lower the APR, the better the deal but this is assuming you stay on the same mortgage product throughout the term of your mortgage.

CASH BACK

With a cash back mortgage, your lender pays you a lump sum when you complete your mortgage. The cash back can be a fixed amount or can be worked out as a percentage of your mortgage. If you move to another lender in the early years of the mortgage, it is very likely you will have to repay some or all of the cash back received.

CREDIT SCORING

When you apply for a mortgage (or any sort of credit) the lender will usually 'credit score' your application. This helps the lender decide whether to accept your application and the amount of money they are prepared to lend to you.

Credit scoring works by awarding points based on your circumstances. Each lender has their own scoring system. You will generally score more points if you have been in your job longer, own your own home and have paid all of your loans on time in the past. Having a good credit history will improve your chances of getting a good mortgage rate. You can get your individual credit report by registering with either Experian, Equifax or Credit Karma.

EARLY REDEMPTION/ REPAYMENT CHARGE (ERC)

An ERC is a charge that can occur if you pay off your loan early or you switch your mortgage within a certain time period...it can be higher within the early stages of a loan and can reduce over the years.

ENERGY PERFORMANCE CERTIFICATES (EPCs)

EPCs are required by law for all homes bought, sold or rented. They give information on how to make the property more energy efficient and reduce carbon dioxide emissions.

They are provided by accredited domestic energy assessors, and they carry out the assessment and produce the certificate.

EPCs contain:

- Information on your home's energy use and carbon dioxide emissions.
- A recommendation report with suggestions to reduce energy use and carbon dioxide emissions.

EPCs carry ratings that compare the current energy efficiency and carbon dioxide emissions with what the property could potentially achieve if energy saving measures were put in place. EPCs are valid for ten years.

STANDARD REQUIREMENTS

When applying for a mortgage you will need to verify both your identity and address, as well as proof of your income and outgoings. Details of all requirements can be found below:

Verification of Identity:

- Photo ID

Acceptable items are:

  - Current valid signed passport
  - ROI/NI/UK/EU Full and Provisional Driving Licence (must be valid and have current address)
  - Armed Forces Employer Identity Card or Garda/PSNI Employer Identity Card
  - Current Identity Card for EU and Foreign Nationals
  - NI Electoral Identity Card

Verification of Address:

Acceptable items are:

- Utility bill/statement (e.g gas, electric, telephone landline or UK Water Rates bills only)
- RoI/NI/UK/EU valid Full and Provisional Driving Licence (if not used as proof of photo ID)
- Current UK/RoI Bank/Building Society/ Credit Card/Mortgage/Credit Union/Post Office (NI only) Statement
- Voters Roll Search

Verification of Income and Commitments:

- Most recent **4 months** bank statements for all accounts (these must be consecutive)
- **Employed** – Most recent **4 months** payslips or **14 weeks** payslips (these must be consecutive)
- **Self-Employed** – income can be validated by any of the following:
  - **Two years** Certified Accounts, signed by the accountant
  - **Two years** Audited accounts, signed by the accountant
  - SA302's issued by HMRC
- Latest credit card statement
- Credit Report – particularly if applicant(s) has had any credit issues in the past. The 3 accepted reports are from the below:
  - Experian **https://www.experian.co.uk**
  - Equifax **https://www.equifax.co.uk**
  - Credit Karma (previously Noddle) **https://www.creditkarma.co.uk**
- Proof of Deposit – if this is being gifted by a family member, then a gifted deposit letter from the benefactor is required.

FREE LEGALS

Some lenders offer arrangements that include the cost of completing the legal work involved in arranging a mortgage and buying a home. These arrangements vary but could reduce the amount you will pay at outset.

HIGHER LENDING CHARGE

Lenders sometimes charge a fee if your mortgage is a high percentage of the property's value. They use this fee to buy insurance in case they repossess your property and sell it for less than the amount outstanding on the mortgage. You will still be responsible for any money owed after the sale of your property.

NEGATIVE EQUITY

'Negative equity' is when the value of your property falls below the amount you owe on your mortgage. If this happens, and you need to sell your property, you will still be responsible for repaying the full amount of the mortgage.

OVERPAYMENTS

Some lenders will allow you to make overpayments on your mortgage. This is generally restricted to 10% of the outstanding balance each year. Lender rules and restrictions may differ so speak to your adviser before you decide to make any overpayments.

PORTABILITY

Some lenders let you move your mortgage to a new property when you move house.

UNDERPAYMENTS AND PAYMENT HOLIDAYS

Some mortgages allow you to reduce the amount you pay each month, or to temporarily suspend making monthly payments, if you have previously overpaid. Lenders only normally allow you to make underpayments or take payment holidays for a limited time. This can be useful if your income falls or stops for a short period. In both cases, you will be paying less than the normal monthly payment so the amount of your mortgage will increase.

TAX AND WILLS

In some circumstances you may need to think about the tax implications of buying your property. Your adviser can not give you any advice about the tax implications of buying property. If you are at all unsure about this, you should get advice from a tax specialist. When you buy a property, we strongly recommend that you ensure your Will is up to date. This means that your assets, including your property, are given out in line with your wishes.

VALUATIONS AND SURVEYS

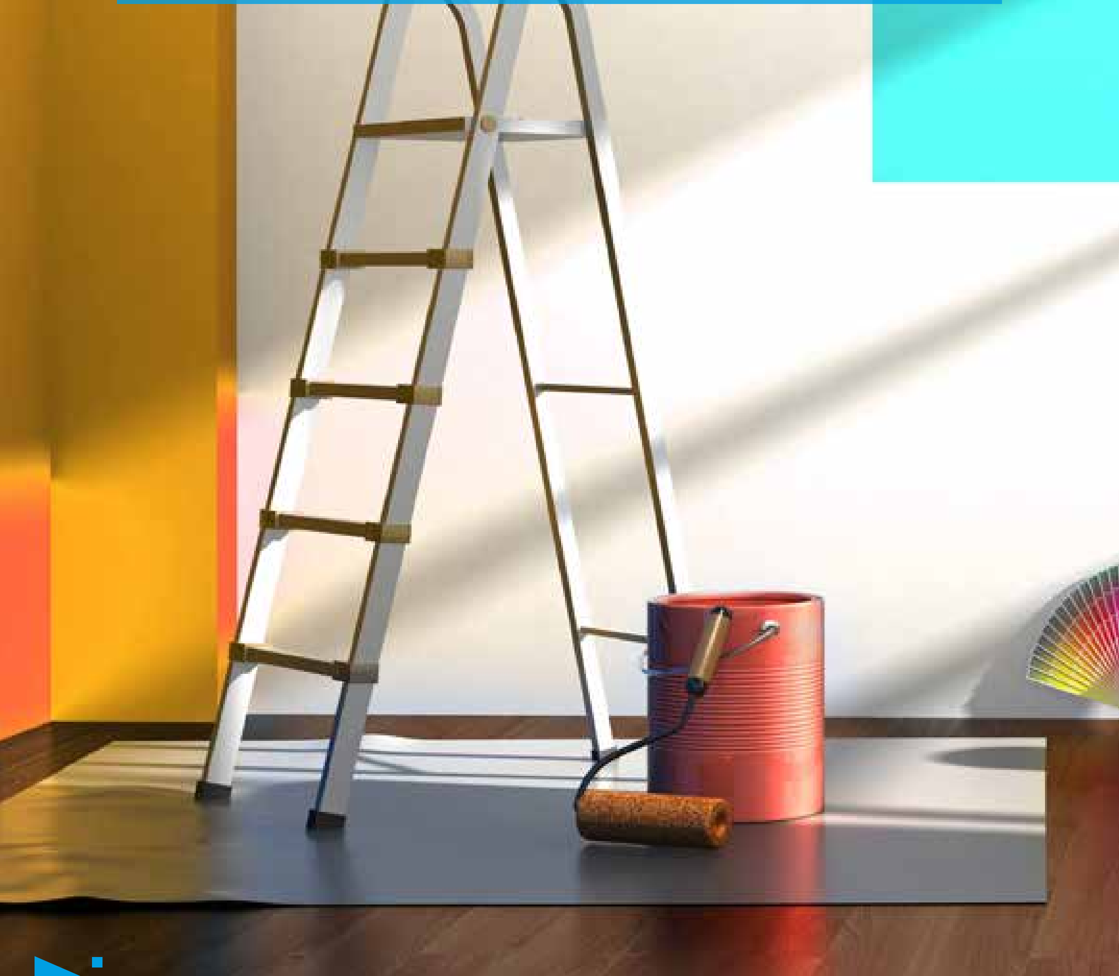
There are three types of valuations and surveys:

- **Basic valuation report** - This is a basic report paid for by you, but completed by the valuer for your lender. Your lender will use this report to help them decide whether they will lend you the amount of money you need to buy your property.
- **Homebuyers report** - This is a more detailed report that a surveyor completes for you. There is an important difference between a basic valuation report and a homebuyers report. The valuation report belongs to the lender and the valuer completes the report for them. With a homebuyers report, the surveyor works for you and they are responsible to you if they fail to spot things. Whilst this costs more than a basic valuation, you should consider asking for a homebuyers report as it will give you more information about your property. It is particularly useful if you are buying an older property. Your lender will normally use the homebuyers report to help them decide whether to lend on your property, so you will not normally need more than one report. Your lender can arrange this.
- **Building survey** (previously known as a full structural survey) - This is the most detailed type of survey that is completed by a surveyor working for you. The surveyor is responsible to you if they fail to spot something. Building surveys are recommended if you are buying:
    - an older property;
    - a property that needs substantial refurbishment; or
    - there has been structural problems in the past.

Additional surveys or reports may be needed by your lender before they will make you a mortgage offer.

SHARED OWNERSHIP.

Shared ownership schemes allow someone to own a portion of a property and to rent the remaining from a housing association. For years, Co-ownership Housing has been the best known scheme for people who want to buy a home but who cannot afford to purchase 100% of the property they're interested in. Recently a new shared ownership scheme called FairShare started operating in Northern Ireland. This scheme allows people to partner with a housing association to buy a property. Currently Apex, Choice and Clanmil housing associations are participating in this scheme.



BUYING A HOME WITH CO-OWNERSHIP

You can apply to buy a home through Co-Ownership if:

- You are over 18
- You could not afford the property without the Co-Ownership scheme
- You don't own any other property and you don't have any unpaid debt relating to an old mortgage or secured loan
- The property you wish to buy is not a Housing Executive or housing association property
- The property you want to buy is not valued at more than £165,000

There are 9 starter shares available for homebuyers, with a minimum of 50% and a maximum of 90% in steps of 5%. You can buy as much as you can afford initially, up to 90% of the property value.

You will have to pay a monthly mortgage on the part of the property you own and you have to pay rent to NICHA (NI Co-Ownership Housing Association) for the share of the property they own. You are responsible for all repairs in the property.

Once you have found a property that you would like to buy, you should contact Co-Ownership to start the process. You will also need a mortgage for the portion of the property that you intend to purchase. There are a number of lenders that will provide mortgages for Co-Ownership purchases such as Danske, Bank of Ireland and First Trust.

You must pay a £550 fee when you apply to buy a property through Co-Ownership. This fee covers the application process, valuation fees and legal services. If your application does not proceed, you may be entitled to a partial refund, up to a maximum of £450.

BUYING A HOME WITH FAIRSHARE

You can apply to buy a home through FairShare if:

- You do not own any property or shares in property in the UK or abroad
- You are applying to buy a new-build property with a full purchase price not normally exceeding £160,000
- You cannot afford to buy a 100% share of a home or rent a home, suited to your needs that is within reasonable distance of your work
- You are eligible to get a mortgage for at least 50% of the purchase price
- You can show that you can afford to buy a minimum 50% share of and run the property by providing details of your income and credit history
- You are an individual applicant with a gross income 4 times greater, or joint applicants with a combined gross income 3.5 times greater than the amount of the mortgage being sought.

There are a number of properties listed on the FairShare website which have been pre-approved for the scheme. If you are not interested in these, but have found another property that you'd like to buy with the help of this scheme, you can contact FairShare to see if it is eligible under the scheme's rules.

Lenders who will consider mortgages for FairShare purchases include Halifax, Nationwide and Santander.

There are no application fees with FairShare but you will have to pay the normal fees associated with buying a home. (see page 8)

PAYING RENT

As well as paying your mortgage, you will have to pay rent on the portion of the property that you do not own. When you apply, you will be given an idea of how much rent you will pay over the first few years you are in the property. If you fall behind on your rent or your mortgage, you could lose your home so it's important to get advice urgently if your finances are stretched.

INCREASING YOUR SHARES IN THE PROPERTY

As your financial circumstances change, you may want to increase your shares in the property. This is called staircasing.

If you bought with Co-Ownership, a valuation will be carried out on the property and the report from this process will explain how much your new shares will cost. You are allowed to staircase up in blocks of 5%. Find out more about this on Co-Ownership's website **www.co-ownership.org**

If you bought with FairShare the amount that you will pay for additional shares in the property will depend on the value of your property at the time you apply for the extra shares. If the property's value has increased, the price of shares will be based on this new valuation. If the value of the property has decreased, the price will be based on the value of the property at the time you purchased it. FairShare requires that you staircase up in blocks of 10%. Find out more about this on FairShare's website **www.fairshare.org.uk**

If you increase your share in the property and use a mortgage to finance this purchase, your mortgage payments will go up accordingly. However your rent payments will reduce as you increase your shares in the property.

(Figures correct at the time of printing)

MORE THAN JUST A MORTGAGE.

Protecting your mortgage and loved ones.

Once your mortgage is arranged, your lender will insist you have buildings insurance in place. The majority of lenders make buildings insurance mandatory on freehold (and some leasehold) properties that have a mortgage on them and are not owned outright. You might also want to think about insuring your personal belongings. It is always a good idea to put some protection in place against loss or damage to the things you own.

Here is some information about cover options. Your adviser will be able to talk to you in detail about what cover we can provide. Our preferred provider for home insurance is Legal and General. However, we have other options should they not accommodate customer requirements.

BUILDINGS INSURANCE:

Buildings insurance covers the cost of repairing damage to the structure of your property and its fixtures and fittings. It usually covers loss or damage caused by fire, explosion, storms, floods, earthquakes, subsidence etc. It also covers risks such as theft, vandalism or damage to your property.
Whether you're a landlord or an owner-occupier, buildings insurance isn't compulsory under the law. However, if you have a mortgage then buildings insurance will be a condition of the mortgage and must be at least enough to cover the outstanding mortgage. Your lender should give you a choice of insurer or allow you to choose one yourself. If you buy a house you should take out buildings insurance when you exchange contracts. If you sell a house you are responsible for looking after it until the sale is completed so you should keep your insurance cover until then.

CONTENTS INSURANCE:

Contents insurance is insurance that pays for damage to, or loss of an individual's personal possessions while they are located within that individual's home. Some contents insurance policies also provide restricted cover for personal possessions temporarily taken away from the home by the policyholder.

Quite often contents insurance is combined with buildings insurance although unlike buildings it is not a condition of the lender that you must have it.

FEATURES OF HOME INSURANCE INCLUDE:

- Up to £150 of home emergency cover is automatically included within buildings cover.
- Access to legal and domestic helplines.
- All calls are handled at UKbased call centres.

COVER OPTIONS ARE AVAILABLE FOR THE FOLLOWING:

- Some accidental damage cover comes as standard and you can add additional accidental damage cover to both buildings and contents.
- Personal possessions cover away from home.
- Family legal protection.

AVAILABLE DISCOUNTS INCLUDE:

- 20% discount for three or more years' claim-free insurance.
- A discount when you insure buildings and contents under one policy.

LIFE INSURANCE:

Term assurance plan is a form of life cover, which is normally used for interest only mortgage cover in the event of death or for family protection. It provides coverage for a defined period of time and if death occurs during the term of the policy, then death benefit is payable to the beneficiary.

Decreasing term assurance is similar to term assurance only this time the sum assured reduces over the term of the policy – which means premiums can be less than for a level term assurance policy (all other things being equal). Unlike with level term cover, the amount of cover then falls – monthly or annually – over the term of the plan. This would therefore be most suitable for a capital repayment mortgage.

Family Income Benefit (FIB) is designed to provide family protection to replace income lost on the death of the life assured. Benefits are usually paid monthly as opposed to a lump sum, as this eases the burden of bills, making budgeting more manageable for those left behind.

CRITICAL ILLNESS INSURANCE (CIC):

Critical illness insurance, otherwise known as critical illness cover or serious illness cover, is an insurance product in which the insurer is contracted to typically make a lump sum cash payment if the policyholder is diagnosed with one of the specific illnesses on a predetermined list as part of an insurance policy. It can be set up on a standalone basis or with the combined benefit of life cover (accelerated benefit). It can also be level, decreasing or severity based.

INCOME PROTECTION INSURANCE (IP):

Income Protection Insurance is a long-term insurance policy to help you if you can't work because you're ill or injured. As the name suggests it protects your income and as that income lasts throughout your working life, the term generally coincides with the client's chosen retirement date. Quite often though, it is sold in conjunction with a mortgage to protect the debt of the mortgage over the term of the mortgage.

- It replaces part of your income – if you can't work because you become ill or disabled.
- It pays out until you can start working again – or until you retire, die or the end of the policy term – whichever is sooner.
- There's often a waiting period before the payments start – you generally set payments to start after your sick pay ends, or after any other insurance stops covering you. The longer you wait, the lower the monthly payments.
- It covers most illnesses that leave you unable to work – either in the short or long term (depending on the type of policy and its definition of incapacity)
- You can claim as many times as you need to – while the policy lasts.

ACCIDENT, SICKNESS AND UNEMPLOYMENT (ASU):

ASU is a short-term insurance policy designed to provide you with financial protection in the event you are unable to continue working because:

- You have lost your job through no fault of your own;
- You become ill and are too sick to work;
- You are injured and unable to work.

You will typically receive a proportion of your income for up to 12 months, which can be used to help cover your monthly outgoings.

HOW DO YOU IDENTIFY WHAT INSURANCE IS MOST SUITABLE FOR YOU?

The types and amount of cover you choose will be dependent on both your circumstances and your budget. Your adviser will be able to recommend which of these would best suit your home and family needs, based on budget constraints. The below table and the case study on the next page should also help you to identify and better understand what types of cover are best suited to you.

HIERARCHY OF NEEDS

Client scenario	Priority 1	Priority 2	Priority 3	Other options
Single No dependants	IP to protect income if you cannot work	CIC to provide a lump sum in case of serious illness	Private Medical Insurance (PMI) to provide prompt medical treatment if ill	Whole of Life (WoL) to cover funeral costs
Single With dependants	Life assurance for debt protection and IP to protect income	CIC to provide a lump sum in case of serious illness	Family Income Benefit (FIB) for lifestyle protection for dependants	PMI to provide prompt medical treatment if ill
Married / Partnered No dependants	Life assurance to protect joint loans/debts	IP to protect income if you cannot work	CIC to provide a lump sum in case of serious illness	FIB for lifestyle protection. PMI for prompt medical treatment
Married / Partnered With dependants	Life assurance to protect joint loans/debts	IP to protect income if you cannot work	CIC to provide a lump sum in case of serious illness	FIB for lifestyle protection. PMI for prompt medical treatment

Source: Defaqto

CASE STUDY.

Mr and Mrs Jones are 30 and 28 years old respectively and have just bought their first home. They have 1 child together and whilst Mr Jones is a non-smoker, Mrs Jones is a smoker. They both plan to retire when they are 68.

Using LV's Risk Reality calculator, which can be found on The Mortgage Shop's website (https://themortgageshop.net/mortgages/risk-reality-calculator/) we were able to determine the likelihood of the below scenarios occurring within Mr & Mrs Jones' working life.

75%

risk of being unable to work for 2 months or more

The average individual income protection claim is paid for more than 4 years, which could mean Mr or Mrs Jones are out of pocket for a significant time with no income to rely on. Even if they are eligible for state benefits, it is very unlikely to cover all of their weekly bills and living expenses.

If you are unable to work, making sure you continue to receive a regular monthly income is essential if you want to maintain your lifestyle with as little disruption as possible.

34%

risk of suffering a critical illness

As well as dealing with the emotional upheaval of a serious illness, how would Mr and Mrs Jones cope financially if the other fell seriously ill? Even if returning to work is an option after treatment and rest, they will need financial support to help get them back on their feet and adapt to life ahead without the financial worry.

A little peace of mind goes a long way when you are dealing with a diagnosis and treatment plan. The road ahead may be uncertain, but putting some financial protection in place will make getting to appointments, recuperating in your own time and dealing with everyday bills easier. It also eases life for your partner too, knowing that your finances are sorted.

14%

risk of death

It isn't easy for Mr and Mrs Jones to think about what would happen if either of them were to die early. However thinking about how the other partner and their dependant(s) would cope financially and pay the bills without the other regular income brings life sharply into focus.

Life insurance is really important if you have dependants who rely on you financially. So, would a one-off larger pot of money most help those you leave behind? Or maybe a combination of a one-off smaller pot and a regular income? Whichever you choose, you'll have the peace of mind that if tragedy did strike, your dependants would be more comfortable financially.

81%

likelihood of any of these events happening

We don't often think of the unexpected, however if something happened to you or your partner, have you considered for a moment how your family would cope without the income you currently rely on?

Income protection, critical/serious illness cover and life insurance should all be considered to provide either an income or a lump sum if tragedy did strike, helping to make sure your dependants would be looked after. Your adviser will be able to talk you through all of your options in depth.

Please note these results use population and industry statistics to give you a reasonable guide to the average likelihood of one of the described events happening before your chosen retirement age. It doesn't reflect the chances of something happening to someone at any given point in time. For the combined results of 2 people, the probabilities for each person are based on different periods of time, depending on their current age and the retirement age they have selected on the calculator. It is assumed the chances of something happening to each life are not linked (the lives are independent).

USEFUL CONTACTS.

Mortgage Advice		
The Mortgage Shop		**https://themortgageshop.net/**
Shared Ownership Schemes		
NI Co-Ownership	028 9032 7276	**https://www.co-ownership.org/**
FairShare	0300 123 1191	**http://fairshare.org.uk/**
Legal Advice		
Citizen's Advice NI	028 9023 1120	**https://www.citizensadvice.org.uk**
Wilson Nesbitt Solicitors	028 9592 2997	**https://www.wilson-nesbitt.com/**
RG Sinclair Solicitors	028 9023 1770	**https://rgsinclair.co.uk/**
Armstrong Solicitors	028 9085 5955	**https://www.armstrongsolicitors.com/**
Debt Advice		
The Money Advice Service	0800 138 7777	**https://www.moneyadviceservice.org.uk**
Advice NI	028 9064 5919	**https://www.adviceni.net/advice/debt**
Credit Agencies		
Experian		**https://www.experian.co.uk/**
Equifax		**https://www.equifax.co.uk/**
Credit Karma		**https://www.creditkarma.co.uk/**
Tax Advice		
Stamp Duty		**https://www.gov.uk/stamp-duty-land-tax**

CONTACT US

028 9023 2002
www.themortgageshop.net
info@themortgageshop.net
Our head office is based at:
132 Great Victoria St, Belfast BT2 7BG