

Step by step guide for first time buyers



CAMBRIDGE
BUILDING SOCIETY

Buying your first home can be a daunting prospect. This guide will help you through the process and explain each step to buying your first home.



1 Sorting out your finances - with help from the Cambridge

The first step to buying your home is to establish how much money you will need to have saved and what you can comfortably afford to borrow. Make an appointment with the mortgage adviser at your local branch of the Cambridge. We can help you decide.

Buying a house can be an expensive business. It is important that you have saved up beforehand to cover your costs. You will need to pay a deposit for the house, legal fees, stamp duty, survey fees, removal costs, plus the purchase of any furnishings you may need for your new home. The budget planner on page 9 will help you calculate how much you need to have saved before you can get on the homeowner ladder.

In addition, before you can start house hunting, you will need to find out how much you can comfortably afford to borrow and pay back each month. Our mortgage adviser will help you. He or she will need confirmation of your income, so we ask you to bring with you your last three months' payslips and your previous year's P60 tax certificate. If you are self-employed we ask to see your trading accounts for the previous three years. In addition, we will need proof of your identity (see details on page 8) and, if you are not registered on the voters' roll at your current address, we will need to see proof of your residency, such as a recent bank statement or utility bill.

We will complete a full review of your current income and expenditure. This will help us to determine how much we can lend you based on the repayments you can afford to make.

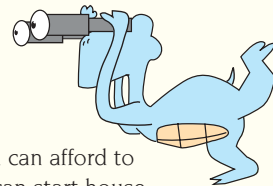
The amount we will lend will depend on what other financial commitments you may have.

Our mortgage adviser will recommend which of our mortgages will best suit your needs and circumstances. To do this, he or she will spend some time discussing with you your current and future requirements. You will be given a full mortgage illustration providing information about the mortgage recommended, monthly repayment costs and any other associated charges and terms.

We do not charge for this advice and you are under no obligation to take the mortgage deal recommended. Our mortgage adviser can answer any questions that you have, and will recommend that you take the illustration away to study it at your leisure.

You may also want to consider other schemes available to make home ownership a reality, such as Shared Ownership or Right to Buy. Our 'Buying Your Home' leaflet outlines some of these schemes and your mortgage adviser will be able to provide more information.

2 Start house hunting

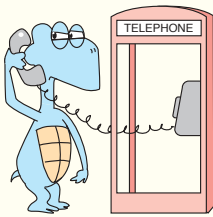


Now that you know how much you can afford to spend on buying your home, you can start house hunting. Contact estate agents, check local press and websites for details of properties for sale within your price range. Visit as many properties as you can - and don't be afraid to go back for a second look or to visit at different times of day. Draw up a checklist before you visit and take a camera with you. Take notes during the visit - it is very difficult to remember all the good points (and some of the not so good ones), once you have left. This way you can draw comparisons between the properties that you see. It is also a good idea to take someone with you when visiting, as they may notice things about the house that you miss.



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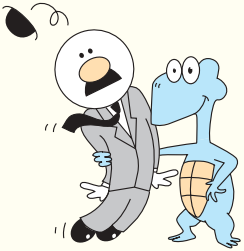
Make an offer



When you have found the property you want, the next step is to make an offer. First, you should establish whether the price includes carpets, curtains, light fittings, garden ornaments and such items; if not, you may want to ask the seller to make a list of items to be sold separately.

To make your offer, tell the estate agent that you wish to buy the house and how much you are prepared to pay. If the seller does not accept your offer, further negotiations may occur, or you may decide to choose an alternative property.

When your offer is accepted, you will receive written confirmation from the estate agent. You are not legally committed to buying the house at this stage and there is still a long way to go. (The legal procedure in Scotland is different and this guide assumes a purchase in England or Wales.)



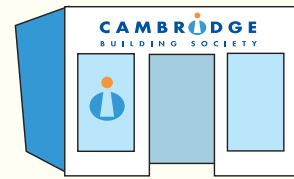
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Choose a solicitor or licensed conveyancer

The purchase of a property can be a complicated process and there are legal formalities to be completed. When the seller accepts your offer we recommend that you appoint a solicitor or licensed conveyancer to act as your legal representative. We will be pleased to offer names and addresses of local firms, just ask your mortgage adviser. Ring a number of firms and get quotes before you commit yourself.

We too will need to instruct a solicitor to prepare and complete the mortgage and you will be liable for the fees. Often your own legal representative can act for us as well, which cuts down your costs. If he or she is not authorised to act on our behalf, we will instruct our own solicitor to deal with the mortgage and you will incur additional fees.

Once you have chosen your legal representative, give him or her full details of your intended purchase, including the list of items, if any, to be sold separately.



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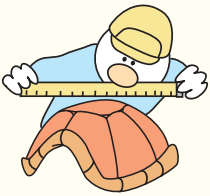
Arrange your mortgage

Now that you have chosen your property and agreed a price, you should make another appointment with your mortgage adviser to arrange for your loan application to get underway.

Our mortgage adviser will go over the illustration previously provided and answer any questions you have. He or she will also be able to provide you with an insurance quote to provide cover for the property you wish to buy and the contents of your home. The mortgage adviser will then help you to complete a confidential questionnaire about your income, other financial commitments and the property you wish to buy.

At the end of the meeting, the mortgage adviser will be able to confirm if your mortgage has been agreed 'in principle' subject to final checks. We will then need to carry out a valuation of the property and complete any further checks on your income and credit status before a formal approval can be given. Our mortgage adviser will be happy to keep you up to date during this process.





6 Valuation and survey

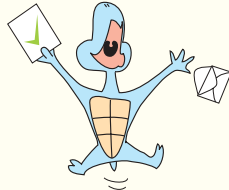
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Before we can agree your mortgage, we will obtain a property valuation which will help us to decide whether to and how much to lend on the property. You will be given a copy of our valuer's report but it may not provide sufficient information to help you to decide to go ahead with the purchase. We strongly advise you to have a more detailed 'Homebuyer Survey and Valuation' or 'Building Survey' before you commit yourself to purchase. Our 'Your Mortgage' leaflet explains the alternative reports available.

The surveyor may recommend that you consult further specialists - for example, to carry out an inspection of the electrical wiring, or to investigate the extent of any suspected damp.

7 Mortgage offer

When we have completed all of our checks and everything is satisfactory, we will send you a 'mortgage offer' which is a formal document confirming that your mortgage loan has been agreed. The mortgage offer includes a full illustration of mortgage costs and terms. A copy will be sent directly to your legal representative who will then be able to finalise the purchase on your behalf.



8 Exchange of contracts

When your legal representative has completed various enquiries about the property, such as checking the seller's title and examining the contract, and is happy with the mortgage offer, you will be ready to 'exchange contracts'. Your legal adviser will ask you to sign the contract and pay the deposit. The deposit



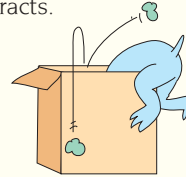
required is usually 10% of the purchase price, but if you are borrowing more than 90% of the purchase price, a smaller deposit is often acceptable.

Your signed contract will then be sent to the seller's solicitor, who in exchange will send back an identical contract signed by the seller - this is the 'exchange of contracts' that legally binds you to purchase the property. If you pull out at this stage you would lose your deposit.

Once contracts are exchanged, a date for completion of the purchase can be agreed.

9 Insurance

We require that you have buildings insurance for the property and that the policy is in place from exchange of contracts.



10 Preparing to move in

With the completion date agreed, you can now obtain quotes from removal firms and instruct your chosen firm. Agree with the seller to inform gas, water, electricity and telephone suppliers of change of ownership. Arrangement should be made for meters to be read and services reconnected.

11 Payment of outstanding charges

Shortly before the completion date, your solicitor/licensed conveyancer will ask you to sign the final documents, and will request the mortgage loan money from us. You will then be asked to pay the balance, legal fees, and any other outstanding charges.



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Completion

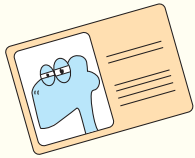


Once all of the formalities have been completed you can collect the keys and move into your new home, thereby joining the many thousands of people we have helped to achieve their aim of home ownership.

Shortly after completion we will write to confirm that your mortgage payment direct debit has been set up and to confirm the payments that will be debited from your bank account.

If you have any questions or concerns about your mortgage account at any time, our mortgage adviser will be happy to help you.

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

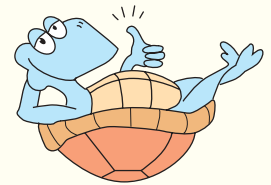


Prevention of financial crime

We are required by law to check the identity and address details of all new account holders. If you already have an account with the Society, and the details we have about you have not changed, then we may not need to check your name and/or address. More information can be found in our 'Your Mortgage' leaflet or by contacting our mortgage adviser.

Budget Planner - Buying your first home

Deposit - at least 5% of the property's value	£
Legal fees:	
Solicitor's charges	£
Land registry fee	£
Local search fees	£
Stamp duty is based on the price you pay for the property	
Property purchase	Stamp duty
Over £125,000	1%
Over £250,000	3%
Over £500,000	4%
	£
Survey costs	£
Removal costs	£
Other items e.g. furnishings	£
Total	£



Budget Plan - Monthly Income and Expenditure

Income

First applicant's take home salary	£
Second applicant's take home salary	£
Other income	£
Total monthly income	£

Expenditure

Household bills	
Mortgage payment	£
Ground rent and service charges (leasehold property)	£
Household insurance	£
Water rates	£
Electricity/Gas/Oil	£
Telephone (including mobile phones)	£
TV licence/rental/subscriptions	£
Household repairs and maintenance	£
Council tax	£
Car/Travel expenses	
Car insurance	£
Road tax	£
Car repairs and servicing	£
Transport e.g. petrol, bus fares	£

Expenditure (continued)

Other insurance costs:	
Life	£
Travel	£
Payment protection	£
Other regular outgoings	
Credit card/Personal loan/HP payments	£
Maintenance payments	£
Food	£
Savings	£
Child Care/School fees	£
Clothes	£
Subscriptions	£
Entertainment	£
Special events (e.g. Christmas, birthdays, holidays)	£
Other expenses	£
Total expenditure	£
Net monthly income (Total Income less Total Expenditure)	£

continued on page 11



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