



Can I become a homebuyer in 2021?

Resources and tips
from reallymoving





Understanding the local property market

- 5% deposit of £2,688
- Minimum annual income would be £22,510
- You could use a government Lifetime ISA (LISA) to get 25% bonus on your deposit
- Monthly costs estimated: £878 including mortgage, rent and service charge

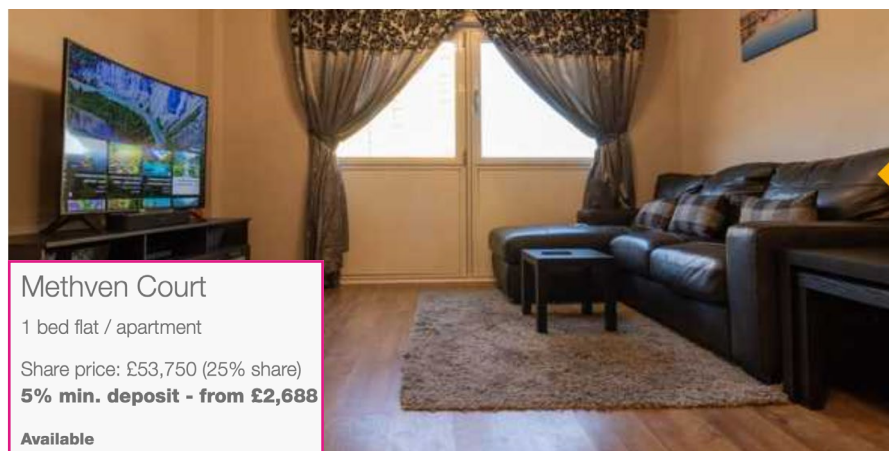


Kate's top tip:

Ignore media headlines and average prices!

If you're open to different types of properties, different locations and government schemes, it's not all doom and gloom!

Here's an example in London:



Methven Court

1 bed flat / apartment

Share price: £53,750 (25% share)

5% min. deposit - from £2,688

Available

Lifetime ISA

Learn more about the Lifetime ISA



Learn more about how to decide where to buy a home

Affordability

Deposits

- You don't necessarily need a 10-20% deposit! You're just looking to get on the ladder.
- You may be waiting and saving for years for a bigger deposit, but the property prices could increase during that time, so you'll just keep saving, and waiting...
- The best thing you can do is speak to a mortgage broker about your plans (even if they're very long term!) and see what they recommend. Don't dismiss smaller deposits, there might be more options than you think!

Saving tips

We've already mentioned the Lifetime ISA – get a government bonus. It's free money! Have a look at our top savings guides:

- [Starting saving](#)
- [Sacrificing to save](#)
- [Supersizing your savings](#)

Work to [clear your debts](#) and [increase your credit score](#).



Securing a mortgage

It's always worth chatting to a mortgage broker about the options available to you.

Even if you're nowhere near buying now, they can set you on the path to savings and provide a good plan of action. We recommend chatting

to the [Mortgage Advice Bureau](#) who are happy to give free advice to reallymoving users.

Don't write yourself off – people get mortgages when they buy alone, when they're self employed, when they've had debt in the past. You'll never know if you don't ask!



Buying costs

- Use our [Moving Cost Calculator](#) to get an idea of the basic costs.
- [Stamp Duty for First Time Buyers](#) – what you need to know.
- [Working out your homebuying budget](#)
- [How much does conveyancing cost in 2021?](#)



When should I expect to pay what?

Usually, the process can take a while, so you won't be paying everything all at once. Which means you can continue saving throughout the whole process. Here's the order of the costs:



1. Conveyancing – you put a 'payment on account' after your offer is accepted. This isn't your whole legal fee, it's usually a couple of hundred pounds to start the searches.



2. When you get a surveyor to check the property, you'll pay them on receipt of the report. This can be from £500-£1200 usually, but may not be required if you're buying a new build.
(Though we do always recommend getting a survey, or at least a snagging survey)



3. You'll then pay a fee to your mortgage lender when the mortgage is reserved.



4. Your deposit needs to already be in the conveyancer's account to exchange on the property (you need to release your bonus if you're using a LISA)



5. Everything else you pay after you complete – this would include legal fees, any Stamp Duty and potentially service charge.



Government schemes

Quick guide to affordable schemes	Shared ownership	Help to Buy equity loan
Property type New build? Existing home?	YES YES	YES NO
Ownership Freehold? Leasehold?	NO YES	Depends on development Depends on development
Incentive Part buy/part rent?	Yes, you can purchase at 25% or more of the value	NO
Loan? Discount?	NO NO	Yes, up to 20% NO
Advantages	Security of tenure versus renting privately	Access to 75% mortgage Rates

Drawbacks to consider	Shared ownership	Help to Buy equity loan
	The mortgage and rent costs can be more expensive than renting privately	You are charged interest on the loan after 5 years
	Initial restrictions on who you can sell to	You pay back 20% of the property's value, not the actual loan amount
	Additional costs when selling	New builds can be more expensive to buy than existing homes



There are pros and cons to both the schemes and buying traditionally, but if you want to get on the ladder sooner rather than later, and are happy to buy a percentage, changing your idea of 'what buying means' could be the key to buying a home.

It's all about what works best for you. Don't dismiss government schemes – they're a step onto the ladder and can often work out cheaper than renting.



Buying on your own



Is it possible to buy on your own?

Well, you saw the Shared Ownership example above: under £3k for a deposit and an annual wage of Under £23,000.

But there are also ways to harness support from your family, like a tracker or family mortgage.

- You could ask a relative to be a guarantor on your mortgage.
- You could buy with friends/family members – try to keep it under 3. Make sure they have good credit and have a plan to cover ‘what if’s (what if you want to leave, will you sell in X number of years, what if someone’s partner wants to move in?)



Taking the stress out of the process



Plan in advance – look at our savings guides, get a LISA (or make use of your Help to Buy ISA if you have one), get your spending, debt and credit in order.

Consider where you'd like to live, and explore government schemes.

Allow for extra costs – conveyancing fees, disbursements, surveys etc.

Start clearing out your current home as soon as you know you're moving – you'd be surprised how long it can take.



How reallymoving can help

1. Look at our [First Time Buyer Hub](#), full of articles and guides on saving, government schemes and the moving process
2. Sign up to our First Time Buyer newsletter, for news, tips and updates in the property world that might help future First Time Buyers.
3. Use our [Moving Home Timeline](#) to get prepared and understand the process.
4. Ask our chatbox experts questions, or [email us](#) if you're confused about something – we're happy to help!
5. When you get the ball rolling, use our [First Time Buyer Checklist](#) so you don't forget anything

