

Are you or a member of your family disabled?

Thinking about buying a home?

A guide to the main costs, and sources of help

1

about us

Ownership Options is Scottish charity that aims to resolve the housing problems faced by disabled people, particularly in the private sector. This leaflet is one of a series of general information leaflets about different aspects of homeownership.

When we use the term 'disabled' this includes people with learning difficulties, sensory impairments and mental health problems. It also includes families who have a disabled person in their household.

Buying a home involves financial and legal transactions which can be complex. We provide information and advice, but we are not lawyers or financial advisers. Everyone should seek appropriate professional advice.

Contacts

Ownership Options	t: 0131 661 3400
Tudsbery Centre	f: 0131 661 5541
The Thistle Foundation	e: info@oois.org.uk
Niddrie Mains Road	w: www.oois.org.uk
Edinburgh EH16 4EA	

introduction

Around 80% of people in Scotland would like to own their own home. Nearly 65% already do. If you are one of the 15% who are thinking about buying, and you are disabled, then here are some helpful facts on costs, help with costs, and where to get advice before you decide.

before you buy

Before you decide to buy, take a look at all your housing options:

- renting from the local authority
- renting from a housing association
- renting privately
- shared ownership
- full ownership

Think carefully about which option suits you best! It isn't always best to buy - and for many people renting meets all their needs, including getting a house with suitable adaptations. But if you have considered these options and still want to own a home of your own, here is a guide to the costs you can expect to pay.

costs of buying

The Mortgage

A mortgage is the legal term for a loan where you give the title to your home in security for the loan of money to buy it. People take out mortgages to buy a home or to do repairs and improvements to their property. The loan usually lasts for 15 –25 years. Most people raise the money to buy a house through a mortgage lender - a bank or building society. A lender will fund most or part of your house purchase, depending on the size of deposit you are able to make on the house.

There are several different types of mortgage, and which one you choose depends on your circumstances. Lenders offer a large range of mortgages, all with different monthly payments and conditions, and to find out which one suits you best you may want to talk to a Financial Adviser. Advisers can either be 'tied' to one financial institution or they can be independent and represent a selection of lenders. Whichever you choose, ask to see a choice of mortgage packages from different lenders.

Once you have found a lender you want to approach, they will want to know:

- your income and where it comes from
- the value and costs of the house you want to buy
- your financial situation: do you have other loans or debts? Do you have rent or mortgage arrears? Are there any bad debt or court judgments against you? What are your savings or investments?

A deposit

Lenders will usually require a deposit of at least 10% of the value of the property you want to buy. If you need to borrow more than 75% of the value of the property, your mortgage will be considered 'high loan to value', and most lenders will require a fee from you to cover the additional risk of lending such a high percentage of the value.

Legal Fees

In Scotland, you will need a solicitor in order to buy a house. The solicitor will charge you legal fees for professional advice as well as for providing the legal documents for the mortgage and the house purchase. The cost of legal fees varies according to the cost of the property and how complicated the transaction is, but you

should budget for at least £1000. If you have a house to sell, you will also have legal and estate agency fees to pay, and the amount will depend on the value of your home. Ask your solicitor for a quote.

Survey

To get a mortgage you will need a valuation survey done on the property you want to buy. Your solicitor can usually arrange this. Different types of survey are recommended depending on the age and type of property, and you may prefer to get a more thorough survey than your lender asks for. This will cost between £100 and £500 depending on which type of survey you want. Before instructing a survey, however, check that your surveyor is approved by your lender! Otherwise you may have to pay for a separate valuation survey for the lender.

Stamp Duty

If you buy a house costing £125,000 or more you will have to pay at least 1% of the cost of the house in Stamp Duty to the Government. For example, on a house of £180,000 this would come to £1,800. This does not apply to brand new houses or houses in certain 'disadvantaged' areas.

Insurance

Depending on the type of mortgage you take out, and your family circumstances, you may need life assurance to ensure your mortgage gets repaid if something happens to you before the loan finishes. Because disabled people are sometimes viewed as a higher risk by insurance companies, you may find it helpful to consult a financial adviser who understands your situation. They will help you to get the best deal on assurance.

Interest Rates

Interest rates constantly go up and down, and on some mortgages this will change the amount you pay from month to month. Allow for increases and don't overstretch your budget! If you can't keep up your mortgage payments, you could lose your home.

Property Values

Property values also go up and down, though generally speaking they rise over time. It is important to consider the risk of a short-term fall in prices and how this would affect you, before you take out a mortgage.

Costs of Moving House

After you have bought a house, you will need to arrange a removal, including costs such as installing a telephone and any white goods, carpets or furniture that are not included in the house price. You may also need to make adaptations to the house, like getting a ramp installed at the front door. Check what you will need before you move so you have the money to cover all these costs.

Budgeting once you've moved in

Once you are happily settled, the house will cost money to run. Costs won't just include electricity, utility bills and council tax, but some maintenance and repairs. The survey report can help to identify areas that might need attention in the near future, like paint on window frames.

help with costs

All of the costs listed so far can add up to a substantial amount of money. It is important to know how you are going to manage. If you do not have much put by in the way of savings, there may be ways to get help with some of these costs:

- gifts and loans from family members or friends
- grants (for example for adaptations) from your local authority or a charity
- adding certain initial costs to your mortgage e.g. legal fees
- state benefits, such as community care grants

Also, if you are disabled and on Income Support, you may be eligible for help with payment of your mortgage interest. Ask for our leaflet on 'Buying a house while receiving state benefits'.

If your new home needs adaptations made to it, you will probably want to ask your occupational therapist to help you. You may need specialist technical advice on how adaptations can be made and paid for. You also may be eligible for a grant from your local authority.

getting further advice

Buying a house can look complicated at the beginning, but if 65% of people in Scotland have already done it it can't be that hard! You will get a lot of help along the way – much of the process can be handled by your solicitor and financial adviser. Ask for help and advice from:

- Your solicitor
- Banks or building societies
- Independent Financial Advisers
- Solicitor's property centres
- Estate agents
- Builders or developers
- Any Citizens Advice Bureau

other useful contacts

The Stationery Office publishes a very useful guide called *Moving Home in Scotland: A Guide to Buying and Selling Your Home: 3rd Edition* (ISBN 9780114973506) price £3.95. This is available from The Stationery Office at www.tsoshop.co.uk or contact 0131 659 7020.

The Financial Services Authority (FSA) publishes, through its Money Made Clear website, a range of easy to read guides relating to obtaining and repaying a mortgage. These are available online in the Mortgages & Homes section of:
www.moneymadeclear.fsa.gov.uk/tools/publications.html

Alternatively, you can call their helpline on 0300 500 5000 .

And of course, Ownership Options is also ready to direct you to the most appropriate source of advice to meet your needs. See page 1 for our contact details.