

Published based on [A Guide to First Time Buyer Mortgages](#)

# **A Guide to First Time Buyer Mortgages**

Buying your first home can be a very exciting time. Getting on the property ladder and gaining your independence can be a hugely fulfilling experience. However before you reach this stage it is likely you will have to overcome many challenges including saving a deposit, finding a suitable property, paying a range of legal fees and securing the right mortgage.

Arranging your first mortgage can be very daunting with a mind-boggling number of products available and lots of jargon and legal processes to be understood. A house is likely to be the single biggest purchase you ever make so ensuring you [compare mortgages](#) to find the right one is vital.

The first step is to work out how much you can afford to borrow. This is dependant on a number of factors including your income, your credit history and the value of your deposit. Mortgage products are available for up to 125% of the purchase price, but typically a 5-10% deposit is required. Saving up a larger deposit could allow you to secure a more competitive mortgage rate. On average a £100,000 mortgage at 5.5% over 25 years would result in monthly repayments of around £620.

Once you know how large a mortgage you are likely to qualify for the next step is to compare the market to find mortgages most appropriate to you. At this stage you will also want to start looking for suitable properties in your price range. There is little point approaching a lender for a mortgage if there isn't a property you like in your price-range. However, if you can find properties you like, it is advisable to have a confirmed 'agreement in principle' in place from a lender before making an offer as this proves you are a serious buyer

There are many mortgage products out there so visiting the internet and using a [mortgage calculator](#) will mean you can compare products more quickly. When searching the market you will find a range of mortgage products on offer. These include fixed, tracker, capped and discounted rates. Fixed rate mortgages are a popular choice with first time buyers as they allow you to budget your expenditure with a greater degree of certainty.

When deciding which mortgage product is right for you there are several factors to consider. Firstly is the rate competitive? The best way to determine this is to use an on-line mortgage comparative site that will allow you to compare all the products in the market. Secondly is the rate likely to increase? Tracker and discount rates may appear more attractive than a fixed rate but could you afford the additional repayments if interest rates were to increase? In addition to these factors it is important to consider the fees that will be applicable to your mortgage. These can include a valuation fee, a booking fee and an arrangement fee. In addition to stamp duty these fees can have a significant impact on the affordability of your mortgage.

Once you have found a suitable mortgage you have the option of either contacting the provider directly, or, if you feel more guidance is required you can contact a financial advisor who will speak with you about your requirements and help you arrange a suitable mortgage. The mortgage market can be a confusing place and the best action to take if you are unsure is to take professional advice. Choosing the wrong product can be a very costly mistake.

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