



SIMPLY MORTGAGE

NEWSLETTER FROM A1 FINANCIAL SOLUTIONS

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WHAT ARE YOUR OPTIONS WHEN YOU RECEIVE AN OFFER TO BUY YOUR PROPERTY?

Accept the offer, outright reject it, or engage further
by presenting a counter-offer

TIME TO CONSIDER YOUR REMORTGAGING OPTIONS?

Making this informed decision is just as critical
as making your initial mortgage choice

MORTGAGE PLANNING FOR OVER-60S

Finding innovative ways to mitigate
Inheritance Tax

WHAT ARE YOUR OPTIONS WHEN YOU RECEIVE AN OFFER TO BUY YOUR PROPERTY?

Accept the offer, outright reject it, or engage further by presenting a counter-offer

Selling your home is a monumental moment in your life, encapsulating the culmination of years spent within its walls and a significant financial transition. When the moment arrives, and you receive an offer, the path you choose next is critical. Fundamentally, you're faced with three distinct courses of action: you can accept the offer, outright reject it, or engage further by presenting a counter-offer.

This is the beginning of what many find to be the most exhilarating part of the selling process—the negotiation. It's a phase ripe with opportunity and strategy, where the initial offers and subsequent counter-offers serve as the primary means of communication between buyer and seller. Each proposal and response carries

with it the potential to bring both parties closer to a mutually agreeable outcome or to highlight irreconcilable differences in valuation or expectations.

Your estate agent plays a pivotal role during this phase, acting as the intermediary who bridges your interests with prospective buyers' interests. Legally obligated to present every offer made on your property, your agent ensures that you are kept fully in the loop, delivering each offer to you in writing. This guarantees transparency and enables you to make informed decisions based on the complete array of bids your property has attracted.

ACCEPTING AN OFFER TOO HASTILY

The importance of each choice in this sequence cannot be overstated. Accepting

an offer too hastily might result in financial compromise while rejecting an offer without due consideration could lead to missed opportunities. Similarly, countering an offer opens a dialogue that could either result in a sale that meets your expectations or prolong the negotiation process with uncertain outcomes.

Whichever route you decide to take, it's essential to approach this negotiation phase with a blend of strategic foresight and open-mindedness, ensuring that the final decision aligns with both your financial goals and personal circumstances regarding the sale of your home.

CONSIDERATION BEFORE DECISION

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free from the compulsion for immediate decision-making. Remember, accepting an offer is not obligatory. A prospective buyer may meet your asking price yet lack the readiness to proceed, prompting the wisdom of continuing your search for a more prepared buyer.

VALUATION INSIGHTS

Before listing your home, it's wise to invite evaluations from at least three estate agents familiar with local market trends and comparable property prices to suggest a realistic selling price. This groundwork aids in setting accurate expectations for your property's worth on the market.

SETTING YOUR TERMS

Setting a minimum acceptable offer can streamline the process, empowering your agent to filter out unsuitable

bids. Conversely, should you question your property's market longevity or its valuation's accuracy, consider consulting a chartered surveyor for a comprehensive Home Buyer Report.

MERIT OF MULTIPLE OFFERS

Your agent might recommend a sealed bid process in scenarios attracting numerous proposals. Here, buyers submit their best offer by a set deadline, enabling you to choose the best offer that meets your requirements.

ESSENCE OF NEGOTIATION

Understanding the fluidity of property value is crucial. Being open to negotiation can substantially enhance your chances of securing a sale at an agreeable price. Evaluate the quality of each offer meticulously - its significance cannot be overstated.

TOWARDS A SUCCESSFUL TRANSACTION

Key considerations include the buyer's readiness, financial arrangements such as an 'Agreement in Principle' (AiP) for any required mortgage, their current property status, and how their offer compares to your expectations and marketing price.

Equipped with negotiation readiness, you're better positioned to sidestep potential complications, steering towards a successful sale. ■

READY TO EXPLORE Y OUR MORTGAGE OPTIONS?

Whether concluding an existing agreement or entering a new one, we'll help you identify the right mortgage solution tailored to your unique circumstances. For further information or to explore your options, please get in touch with us.

MORTGAGE PLANNING FOR OVER-60S

Finding innovative ways to mitigate Inheritance Tax

In an evolving financial landscape, older homeowners are finding innovative ways to mitigate their Inheritance Tax (IHT) obligations, highlighting a growing trend that circumvents the levy. One notable strategy involves individuals who have fully paid off their homes, securing mortgages against their property.

This approach allows them to gift the proceeds to their descendants. Provided the benefactor survives for seven years following the gift, the sum falls outside the taxable estate, rendering it tax-exempt.

MAKING A TAX-SAVVY GIFT

Should the benefactor pass away, the remaining mortgage balance is subtracted from the estate before tax calculations, effectively lowering the IHT liability. This method gains traction as more financial institutions are willing to extend credit to individuals over 60.

This shift in escalating property values and stagnant tax thresholds have made such financial manoeuvres increasingly appealing. Thus, by leveraging a mortgage, benefactors can significantly enhance the value of the legacy they intend for their heirs.

ACCESSING MORTGAGE OPTIONS

For those over 60 contemplating this

approach, the term "unencumbered" becomes key; it signifies a property free of mortgages, ripe for use as collateral. Some present-day lenders' criteria allow individuals up to 85 years of age to secure a mortgage, offering those at 60 potentially up to a 25-year term.

Without the prerequisite of a deposit due to outright ownership, these mortgages function like traditional loans, albeit with the property as security.

NAVIGATING THE FINANCIAL LANDSCAPE

Lenders undertake thorough evaluations to ensure applicants possess the means for repayment, scrutinising pensions, investments, and savings. While the primary aim for raising funds through such mortgages often centres on gifting, lender policies vary, particularly concerning borrowers over 75.

For these applicants, independent legal advice may be required not for IHT discussion but to verify the borrower's capacity to make informed financial decisions.

EQUITY RELEASE ALTERNATIVES

Alternative equity release schemes present another avenue for homeowners seeking to gain access to money. These typically incur higher costs than conventional mortgages.

Here, interest accumulates until the homeowner's demise, which could potentially counteract any IHT benefits achieved through the initial approach.

INHERITANCE TAX CONSIDERATIONS

Understanding the nuances of IHT is crucial. Estates valued below £325,000—or those bequeathing assets above this threshold to spouses, registered civil partners, charities, or community amateur sports clubs—are exempt from IHT.

Passing on one's home to direct descendants may elevate the threshold to £500,000. However, professional planning becomes imperative for estates that may impact beneficiaries with an IHT. ■

DO YOU WANT TO DISCUSS A PROACTIVE STEP TO ENSURE YOUR LEGACY IS PRESERVED?

If you require further information or guidance on navigating the intricate aspects of IHT planning, particularly through strategic mortgage arrangements, this proactive step can ensure your legacy is preserved and passed on according to your wishes, with minimal fiscal burden on your loved ones. To learn more, contact us.

TIME TO CONSIDER YOUR REMORTGAGING OPTIONS?

Making this informed decision is just as critical as making your initial mortgage choice

When you remortgage, you switch from your current mortgage agreement to a new one on your existing property. This process can involve negotiating a new deal with your existing lender or exploring potentially more favourable options with an alternative lender. Considering that your mortgage is likely one of your most substantial financial commitments, it's crucial to approach remortgaging with the same level of diligence and consideration as when you first chose your mortgage.

Making an informed decision can have significant long-term financial benefits, ensuring your mortgage aligns with your current and future financial situation and goals. Choosing the right deal is essential, as you'll typically be tied into it for several years. That is why you should obtain professional mortgage advice to consider all aspects of a potential deal, including interest rates, fees, and the flexibility of terms.

WHY SHOULD I CONSIDER REMORTGAGING?

Remortgaging is a financial decision that offers numerous benefits. As your current mortgage term nears its end, you may find yourself automatically rolled onto your lender's Standard Variable Rate (SVR), which is often substantially higher than other available rates. Avoiding the costly SVR is a key motivator for many homeowners to explore remortgaging options.

UNLOCKING FUNDS AND INCREASING BORROWING

One reason to remortgage may be to increase your borrowing capacity to free up funds for significant expenditures. Whether you're planning to move home, embark on a major home improvement project, or need to fund your child's school fees, remortgaging can help release the equity tied up in your property. It also offers an opportunity to consolidate debts or invest

in a buy-to-let property, making it a versatile financial tool.

REDUCING MONTHLY PAYMENTS

Some homeowners seek to remortgage to secure a more competitive deal, thus reducing their monthly mortgage repayments. This can make their mortgage more manageable, leaving them with extra monthly disposable income. While exit fees may be associated with leaving their current mortgage deal, the long-term savings may outweigh these costs, making it a financially sound decision.

OVERPAYING AND MANAGING INTEREST RATE CHANGES

Your financial situation might have improved, allowing you to overpay your mortgage. By switching to a lender that permits larger overpayments, you could pay off your mortgage faster and save on interest. Additionally, if you're on a variable rate mortgage and the Bank of England base rate



changes, it might be the perfect time to shop around for a more competitive rate.

CAPITALISING ON INCREASED PROPERTY VALUE

If your property has appreciated in value, you might benefit from a lower loan-to-value (LTV) ratio, which could qualify you for a more attractive mortgage rate. This is particularly advantageous for homeowners looking to reduce their interest rates and monthly payments.

FIXING YOUR PAYMENTS FOR FINANCIAL CERTAINTY

For those anticipating changes in circumstances or facing potential interest rate hikes, remortgaging to a fixed-rate deal can provide certainty in your monthly mortgage costs. This stability can be crucial

for budgeting and financial planning, ensuring that your mortgage remains affordable in the long term.

CONSIDERING MORTGAGE PORTING WHEN SELLING

If you're selling a property with an existing mortgage, you may need to decide whether to port your mortgage to a new property or pay it off and switch to a new deal. Each option has benefits and considerations, and seeking professional advice can help you determine the best course of action for your situation.

UNDERSTANDING THE OPTIMAL TIMING

Generally, it's advisable to start exploring your remortgage options three to six months before your existing deal concludes. Opting for the earlier side of this range, such as six months, gives you ample time

to secure the most favourable deal for your circumstances without the stress of your current deal ending imminently.

Many mortgage lenders offer a six-month mortgage offer period, enabling you to lock in a new mortgage deal well before your existing one expires. This foresight ensures continuity and financial security. ■

READY FOR A DISCUSSION ABOUT YOUR REMORTGAGE REQUIREMENTS?

Contact our expert team for personalised advice and to explore your remortgaging options. We're here to assist with your mortgage needs and guide you through the process to ensure you make the best financial decisions.

FIRST HOME, MOVING INTO SOMETHING LARGER, OR PLANNING TO DOWNSIZE

Questions to ask when looking for a new property

Whether purchasing your first home, moving into something larger, or planning to downsize, buying a property is a significant financial and emotional decision. As the adage goes, knowledge is power. Therefore, it's crucial to ensure you're asking the right questions.

Getting swept up in the excitement of viewing potential new homes is easy. When you find a property you like, it can be tempting to get carried away. However, knowing what to ask could save you from future heartache.

UNDERSTANDING PROPERTY TYPES

Did you know there are two main types of property in the UK? These are 'freehold' and 'leasehold', and the distinction between them determines how much of the property you own and its associated costs.

When you purchase a freehold property, you own the house and the land it sits on. Conversely, with a leasehold property, you own the house but not the land. It's imperative to know what you're investing in.

INCLUDED ITEMS IN THE SALE

The sale may include extras such as garden sheds, fittings, and fixtures. Are white goods or furniture part of the sale? Is the washing machine included? What about the carpets? On a moving day, you wouldn't want to discover that the previous owner has taken everything, including the light bulbs.

If the property has been on the market for an extended period, this could indicate that the owner needs help in selling it. Has the property been available for a while? It's worth investigating why. You might even secure a lower price if it hasn't sold in several months.

REASONS FOR SELLING

It's always prudent to understand why the current owners are selling. If they are in a rush to move, you may have the opportunity to negotiate a lower price. Additionally, if someone else has made an offer, this could make things more competitive for you.

Are you entering a bidding war with another buyer? Knowing this can help determine if this

house is the one for you. Your estate agent should be able to advise you on whether to make a counteroffer.

SELLER'S URGENCY AND PRICE NEGOTIATION

Do the sellers need to move out quickly? If so, they may be open to lower offers. Sometimes, the listed price can be negotiated. Is the seller willing to entertain a lower offer? If they're hastening to sell, this could benefit both parties.

Understanding from the beginning whether there is any price flexibility could save you thousands in the long run.

MONTHLY EXPENSES

When buying a property, it's essential to consider your monthly expenses. Knowing the tax band and utility bills will help you afford the ongoing costs. Water, council tax, electricity, and gas are significant monthly expenses besides mortgage payments.

Asking the seller can give you an idea of these costs. Additionally, it is advisable



to check the home's Energy Performance Certificate (EPC). A low score means higher heating and running costs. Double glazing or loft insulation improvements could enhance the rating, albeit at a cost.

NOISY NEIGHBOURS AND OTHER CONSIDERATIONS

Noisy neighbours can ruin an otherwise perfect house. Are they excessively loud, frequently hosting parties, or do they own a dog that barks incessantly? If you value your sleep or have children, this can become a significant issue, so it's worth considering.

Find out as much as possible about the people living around you. It's not just about the home you're looking to buy. As the saying goes, location, location, location.

EVALUATING THE LOCATION

What are the crime levels in the area? How are the local schools rated? If you have children or plan on starting a family, consider the availability of suitable nurseries or schools nearby. Is public transport easily accessible?

Are there any building developments planned that could impact your decision? For instance, is a new school, bypass, or airport being built nearby? These factors contribute significantly to the broader picture beyond the house itself.

UNDERSTANDING THE SELLER'S SITUATION

How long have the current owners lived in the property? If they have only been there for a short period, it's prudent to ask why they wish to move so soon. It could be due to a change in lifestyle or their family outgrowing the house. Although it's up to them to disclose this information, it's worth inquiring, as a house that frequently changes hands may indicate underlying issues.

When is the seller looking to move? If you need to relocate swiftly, it might not be ideal if the seller can't vacate for another four months. Conversely, they might be eager to move quickly, which could align well with your plans.

ASSESSING THE PROPERTY'S CONDITION

How old is the property? Is it listed? Listed properties often have restrictions on the extent of alterations you can make. Not all home insurance providers cover listed properties, so it's crucial to ascertain this early on.

Will you need a parking permit? On-street parking can be expensive and accumulate over time. Therefore, free off-street parking can be a valuable bonus, helping to reduce regular costs.

FUTURE PLANNING AND MAINTENANCE

Has any planning permission been granted or applied for? A two-bedroom house might suit your current needs, but what if you decide to extend in the future? The owners should know if any planning permission has been previously refused and the reasons behind it.

How old are the drains and guttering? Are there any issues with dampness? Repair work for such problems can be costly, especially if the property isn't new. Thus, it's crucial to be aware of potential issues that could arise in the future.

BUDGETING FOR UPKEEP

How old are the boiler and electrical systems? Replacing an old boiler or electrical circuit can be a significant financial burden, potentially impacting your budget down the line. It's important to consider whether the property's age might result in higher maintenance costs in the future. ■

WANT TO EXPLORE MORTGAGE OPTIONS WITH US?

Are you ready to unlock the door to your new home? We're here to help you find the right mortgage and guide you through every step of the process. To discuss your options, don't hesitate to contact us. Let's make your dream a reality!



When it comes to mortgages, taking advice can be a daunting process, whether you are looking to take financial advice for the first time or you've taken financial advice in the past.

Finances often take a low priority for many people because they are complex, but at Simply Mortgage our clients appreciate our ability to make the mortgage-arranging process both simple and enjoyable.

At Simply Mortgage, we ask the questions, look into your future, give straightforward advice and find the right mortgage solution for you.



Contact us today to begin your journey – we look forward to hearing from you.

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