

# MAKE A TIMELY INVESTMENT

WITH DAVID WILSON HOMES



A helpful guide for investors

To book an appointment with a **Sales Adviser** call **0844 55 66 155**



**DAVID WILSON HOMES**  
WHERE QUALITY LIVES

# CONSIDERING A DAVID WILSON HOMES INVESTMENT PROPERTY?



**More and more people are considering property as a way to invest. With low mortgage interest rates available, more flexible access to pensions and dramatic growth in the private rental sector, now could be the right time to make a brand new buy-to-let property investment.**

## **1. INTEREST RATES ARE LOW**

Interest rates in the UK are at their lowest level in recent history<sup>1</sup>. And, with lenders competing in the marketplace, mortgage rates are highly competitive. Less expensive borrowing costs mean that lenders are able to offer lower rate mortgages.

However, borrowing may not remain this attractive forever. Getting a mortgage on an investment property now means you could take advantage of low interest rates. And, if you fix your mortgage repayments you've got the added reassurance of knowing what your repayments will be, even if the base rate goes up.

## **2. RENTS HAVE BEEN INCREASING**

While mortgage rates are at their lowest in recent times, UK rents continue to rise in almost every area of the country.<sup>2</sup> With a buoyant private rental market, a brand new buy-to-let investment is an increasingly attractive prospect.

## **3. PROPERTY VALUES CONTINUE TO RISE**

The demand for property in the UK continues to outstrip supply. Average UK house prices rose 1.3% between May and June 2016<sup>3</sup> which, combined with the low cost of borrowing, could make buying an additional property not only more affordable, but also a great investment for the future.

continued...

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## **4. THERE'S A GREATER CHOICE OF BUY-TO-LET MORTGAGES**

In recent years, many more mortgages have come onto the market and landlord lending is rising at a faster rate than ever.

According to Paragon Mortgages (a specialist landlord lender) new buy - to - let lending has almost doubled in the first half of the year (2016), with tenant demand remaining high and in some areas increasing.<sup>4</sup>

## **5. PENSION REFORMS COULD MAKE PROPERTY INVESTMENT EVEN MORE ATTRACTIVE**

The recent pension reforms that took effect on 6 April 2016<sup>5</sup> is the biggest reform of the State Pension since it was created more than a century ago.

This pension is among a number of reforms to taxes, National Insurance allowances and savings to support savers and ensure economic security at every stage of life. Giving people greater flexibility in how they invest their pension money for the future.

## **6. WE CAN HELP YOU INVEST WITH OUR SALE AND LEASEBACK SCHEME**

If you're looking for some extra reassurance, our Show Home Sale and Leaseback scheme could be perfect for you. This is where we sell you one of our brand new Show Homes and then lease it back from you, to continue using it as a Show Home. We will be your tenant providing a guaranteed income (up to 6% annually) for the whole of the lease period, plus there are no management or agency fees to pay. When the lease expires, we'll hand it back to you in good condition so you can either sell it or let it out right away.<sup>6</sup>

**For more information about ways we can help you make your property investment, please visit one of our developments and talk to a Sales Adviser to find out more.**

# — ALL THE HELP YOU NEED TO GET — MORTGAGE READY



**We understand the pressure of buying an investment property, that's why we recommend that you speak to one of our network of approved New Build Mortgage Advisers. They can provide access to the latest mortgage products suitable for investors and they're available seven days a week to provide advice.**

## **A LITTLE EXPERT ADVICE GOES A LONG WAY**

Now you've started searching for a new David Wilson home, we can introduce you to an approved New Build Mortgage Adviser.

They will give you impartial advice and take a look at the whole mortgage market; better than talking to just one lender, who can only advise you on their own mortgage products.

They are specialists in new homes, who will understand how to help you whether you're investing as a helping hand for close family members, or on a buy-to-let basis.

They may have access to some mortgages that you won't find on the high street, and products that are suitable for investors with varying sizes of deposit.

They can help you get mortgage ready by helping you prepare your application and make sure everything is in place so the process goes smoothly. They offer flexible appointment times and will provide regular updates throughout your application.

We want to make sure that you get the best advice and that your purchase with us goes as smoothly as possible – we receive NO fee for introducing you to these recommended Mortgage Advisers. We're just happy to help where we can.

## **YOUR NEW BUILD MORTGAGE ADVISER WILL WORK CLOSELY WITH YOU AND HELP TO:**

## **KNOW YOUR CREDIT SCORE**

A credit score is used by lenders to establish whether or not they will consider providing you with a mortgage.

You can check your credit file to make sure it is up to date and accurate. This is quick and simple to do online and the Mortgage Adviser can help you with this.

You will need to make sure all the information is correct and, if not, you can write to the credit agency and request that any corrections be made.

If your credit file shows you have missed payments on some of your existing loans or credit agreements, there are lenders who may still offer you a mortgage if the accounts are brought up to date.

continued...

# — ALL THE HELP YOU NEED TO GET — MORTGAGE READY



## **KEEP AN EYE ON YOUR BORROWINGS**

If you already have borrowings elsewhere, such as through credit cards or loans, you must make sure you're able to keep up with minimum repayments, although ideally repay in full each month. If at any point you find yourself struggling, it is better to speak to your lender than ignore it and hope it'll go away.

Similarly, try not to get too close to your credit limit, as some lenders might see this as a risk. If you have missed some payments, let your Mortgage Adviser know – they may still be able to help you.



## **HELP PLAN YOUR FINANCES**

Many of our customers find it useful to keep tabs on their income and outgoings by using a budget planner. This can help you highlight unnecessary expenditure that you might be able to reduce.

To help you further, speak to your New Build Mortgage Adviser, who will be able to go through a budget planner with you to make sure you have everything covered.



## **KEEP EVERYTHING ORGANISED**

Applying for a mortgage can often mean providing quite a large amount of information, such as bank statements, payslips and credit card statements. Your Mortgage Adviser can help you prepare for this, so don't be put off.

Not all lenders ask for the same things, so by taking expert advice you can put yourself in the best position to apply for a mortgage.

**To make sure you're best placed to buy the investment property you want, get in touch with a recommended New Build Mortgage Adviser who will be happy to help.**

# — INVESTING IN PROPERTY — STEP BY STEP

From working out how much you've got to spend to being handed the keys of your brand new David Wilson property, here are the main stages you'll need to go through. Also we will support you at each stage – either through our own advisers or by putting you in touch with our recommended New Build Mortgage or Legal Advisers.

## 1. SET CLEAR OBJECTIVES FOR YOUR INVESTMENT DECISION

Before you consider buying an additional property, set clear objectives for your investment decision.

Consider what is important to you – are you aiming for capital growth, rental income, the desire to help out close family members or a combination of these factors? Whatever the reason, make sure you are clear on your priorities.

Investment Objective: \_\_\_\_\_  
\_\_\_\_\_

## 2. TALK TO AN NEW BUILD MORTGAGE ADVISER

Before you consider making a property investment, you need to work out what's affordable.

We can put you in touch with a New Build Mortgage Adviser, who'll be able to help you work out a budget.

You may also want to take independent tax advice about rental income.

Mortgage Adviser Name: \_\_\_\_\_

Contact Details: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## 3. GET HELP WORKING OUT YOUR BUDGET

At the most basic level, you must see how much deposit you can find and how much a lender will let you borrow.

Work out the potential rental income you need to achieve – research the local market to ascertain rental yields.

You should also factor in additional things, like Stamp Duty for England and Wales (LBTT in Scotland), solicitor's fees and furnishing costs (if the property will be let furnished).

Property Value: \_\_\_\_\_

Loan Value: \_\_\_\_\_

Lender's Fee: \_\_\_\_\_

Deposit: \_\_\_\_\_

Monthly Repayment: \_\_\_\_\_

Stamp Duty: \_\_\_\_\_

Solicitor's Fee and associated costs: \_\_\_\_\_

Furnishing Costs: \_\_\_\_\_

Letting Fees: \_\_\_\_\_

## 4. FIND A PROPERTY

If you haven't already, sign up to our mailing list and we'll send you details of new properties that are about to come on to the market that you may be interested in.

Talk to one of our Sales Advisers about specific offers and schemes that we offer customers buying a home as an investment.

Development: \_\_\_\_\_

Sales Adviser: \_\_\_\_\_

Contact Details: \_\_\_\_\_

## 5. PAY YOUR RESERVATION FEE

Once you have chosen the property you wish to buy, you can pay the reservation fee to secure the property.

This means that the property will no longer be available for sale to anyone else.

Reservation Fee: \_\_\_\_\_

Date to Pay: \_\_\_\_\_

## 6. APPLY FOR YOUR BUY-TO-LET MORTGAGE

You can apply for a mortgage directly with a lender or go via a New Build Mortgage Adviser.

They'll look at a wide range of potential products for you – remember you'll need to obtain a specific buy-to-let mortgage if you are planning to let the property.

See the section 'All the help you need to get mortgage ready' for more details.

Your prospective mortgage provider will undertake a basic credit check – if you pass that, they'll offer you a 'mortgage in principle', subject to more detailed checks about things like your income.

continued...

# — INVESTING IN PROPERTY —

## STEP BY STEP

### PORTING YOUR MORTGAGE

You might be able to move your current mortgage from your old home straight across to your new one, a process known as porting. Doing so is reasonably straightforward and might save you paying an early repayment charge if you've only had your mortgage for a short time.

**However**, just because you already have a mortgage, it doesn't mean that it automatically follows you across to your new home. You effectively have to reapply for the mortgage, so your lender will check if you still qualify for a loan. And you may not always be able borrow more money.

### 7. GET HELP FINALISING THE LEGAL DETAILS

We will provide details of up to three solicitors, or you can use your own.

The legal process of transferring property ownership is known as conveyancing which your solicitor will advise you on.

If you choose to use a recommended solicitor, they will know our processes and help ensure a smooth exchange and completion.

Solicitor's Name: \_\_\_\_\_

Contact Details: \_\_\_\_\_

### 8. GET A VALUATION

Before a lender will give you a mortgage, they'll want to value the property you intend to buy - this could also involve a fee.

Equally you may want to obtain a rental valuation to confirm the level of income that you may be able to generate from letting the property.

Valuation Date: \_\_\_\_\_

Valuation Cost: \_\_\_\_\_

Rental Valuation: \_\_\_\_\_

### 9. EXCHANGE CONTRACTS (MISSIVES IN SCOTLAND)

Once all the legal work is complete, your solicitor will be ready to exchange contracts with the seller and the buyer of your existing property.

On exchange, a deposit will need to be paid (normally at least 5%) and commitment to the transaction takes place.

Exchange Date: \_\_\_\_\_

Deposit to Pay: \_\_\_\_\_

### 10. TAKE A TOUR

Before you move in, we'll offer you a New Home Tour.

This involves showing you where key elements like gas meter, water main and other important things are, so you'll be confident that you know where everything is.

Tour Date: \_\_\_\_\_

### 11. COMPLETE... AND ORGANISE LETTING AGENTS AND INSURANCE

The completion date is the day on which you become the legal owner of your new property and the date will be advised to your solicitor after you've exchanged contracts. In Scotland this is known as the settlement date.

This is the date when the solicitor ensures the funds are transferred and the sale is complete.

Prepare for letting the property - either through an agent or direct with a tenant.

Ensure you have the correct insurance policies in place for a rented property.

Completion Date: \_\_\_\_\_

Tenancy Commencement: \_\_\_\_\_

New Address (inc. postcode): \_\_\_\_\_

### CUSTOMER CARE

At David Wilson Homes, we have local, dedicated customer care teams all waiting to talk to you and answer your questions. We are committed to providing you a quality service that meets your needs and our people are always on hand to help, guide and assist you wherever possible. They work together as one team, focusing on delivering what is most important for you in accordance with our Customer Service Charter.

# CHOOSE A WISER INVESTMENT WITH DAVID WILSON HOMES

## “WE KNEW WE’D FOUND THE PERFECT HOME FOR US”

“As soon as we saw The Lichfield we knew we’d found the perfect home for us; it was open and spacious and it ticked all the boxes. We talked to the Sales Advisers about our options and they explained the sale and leaseback scheme to us.

“... Jamie and Kim, were really helpful; they answered every question we had and explained the process to us really clearly so we had no worries at all”

**Ankur & Rekha Pande - Nottingham**



### QUALITY HOMES IN SOUGHT-AFTER LOCATIONS

Our homes are well designed, both as places to live and as investment opportunities. They’re close to transport links and amenities, meaning they could deliver strong rental yields and usually capital growth potential over the longer term.

### LOW ENERGY BILLS – ATTRACTIVE FOR TENANTS

We use the latest technology to make our homes extremely energy efficient: up to 55% more energy efficient than the same-sized older home. Features such as airtight doors, insulated roofs, and gas-filled double-glazing are not only of the highest quality, but will also save your tenants an amazing £1,312 a year on energy bills on average<sup>7</sup>, which makes your property much more desirable to rent.

### STYLISH, FLEXIBLE AND READY FOR TENANTS

Our homes are stylish and well-proportioned. We make the most of daylight with features such as floor-to-ceiling windows, while our large, multi-purpose rooms provide the space and flexibility tenants demand. Every detail is designed around the way people want to live today – plus there are no decoration costs required before you can let your property.



### CONTINUOUS CUSTOMER SATISFACTION

More than 90% of our customers<sup>8</sup> have said they would recommend us to a friend. This high praise has earned us 5 star status by the Home Builders Federation every year since 2010 – something no other major national housebuilder has achieved. This coveted accolade is a sure sign of the care we take with each David Wilson home.



### WE’RE HERE TO HELP

We offer a range of schemes and incentives aimed at potential investors. Our expert Sales Advisers will provide useful advice every step of the way. They may be able to recommend established lettings agents should you require one. Talk to one of them now to find out how buying a new David Wilson home could be a quick, easy and chain-free investment opportunity.

**For more information about our schemes and offer availability, please speak to a Sales Adviser on your chosen development.**

# MAKING SENSE OF YOUR MOVE

There's a minefield of terminology around buying property. Here's our useful guide to help you through it.

**AGREEMENT IN PRINCIPLE** – When your application for a mortgage has been approved by the lender, subject to further checks around things like your income and the value of the property.

**ARRANGEMENT FEE** – The interest rate at which the Bank of England will lend money to other banks. This forms the basis on which other interest rates (like your mortgage rate) are determined.

**BASE RATE OR BANK RATE** – The interest rate at which the Bank of England will lend money to other banks. This affects which other interest rates (like your mortgage rate) are determined.

**COMPLETION** – The date when you become the legal owner of the property. Completion occurs once the seller has been paid for the property and all outstanding costs have been settled.

**CONTRACT** – Entered into by the seller and buyer of a property, which only becomes binding on exchange of contracts, i.e. when both parties have signed the contract and the purchaser has handed over the agreed deposit to the solicitor.

**CONVEYANCING** – The legal transfer of property ownership from seller to buyer. Conveyancing is usually done by a solicitor.

**COVENANT** – A restriction or condition affecting the property, which must be complied with. E.g. a restriction on the use of the property such as not to build or construct any buildings on the property.

**DEEDS** – All the legal documents relating to the property.

**DEPOSIT** – The amount you pay upfront in order to secure a property. It is the difference between the purchase price and the mortgage.

**DISCOUNT RATE OR INTRODUCTORY RATE** – A temporary discount on your mortgage interest rate. After this rate expires, the lender's standard variable rate (SVR) will normally apply.

**EQUITY** – The value of your property, minus the amount you still owe on your home loan.

**EXCHANGING** – The point at which buyer and seller exchange contracts. After you've exchanged, the sale is legally binding and neither side can change their mind without the agreement of the other side.

**FREEHOLD** – The full ownership of both the property and the land on which it stands.

**GROUND RENT** – This applies to Leasehold properties and is a sum paid annually to the Freeholder by the Leaseholder.

**GUARANTOR** – A person who guarantees that a loan will be paid, even if the buyer defaults on the repayments.

**HOME REPORT (SCOTLAND ONLY)** – This report is required as part of the selling process of any property in Scotland.

**INSURANCE** – This can cover the contents of your home as well as the building and is usually discussed with your New Build Mortgage Adviser or lender when making mortgage arrangements.

**LAND REGISTRY** – The government organisation that records who owns land and property in the UK. If you take out or amend a mortgage, the Land Registry will charge a fee for updating their records.

**LEASEHOLD** – Land held under a lease for a number of years, on which ground rent is paid.

**LOAN-TO-VALUE (LTV)** – The amount you're borrowing as a percentage of what the property is worth (its current market value).

Continued...

# MAKING SENSE OF YOUR MOVE

**MISSIVES (SCOTLAND ONLY)** – The name given to a contract. Missives are letters exchanged by the purchaser (making an offer for the property) and the seller (accepting the offer).

**MORTGAGE** – Most people will need to take out a mortgage – or loan – to buy a house. There are many different types of mortgage available to property investors: your New Build Mortgage Adviser can explain further.

**MORTGAGE PROTECTION POLICY** – An insurance policy often arranged in conjunction with a repayment mortgage, which is taken out to ensure that the loan will be repaid should the borrower die before the end of the mortgage term. Insurance may also be available to protect your repayments in the event of redundancy.

**MORTGAGE VALUATION** – The inspection of a property to assess its value and condition. Your lender will normally insist on a survey before agreeing on a loan.

**OVERALL COST FOR COMPARISON** – A way of calculating a mortgage that factors in the various interest rates and fees that apply, rather than just the discount rate or SVR. It's designed to make it easier to compare different mortgages.

**SEARCH FEES** – Before you buy a property, you need to check if there are upcoming developments or plans that will affect its value. Search fees are the costs of doing this, usually payable to your solicitor.

**SETTLEMENT (SCOTLAND ONLY)** – The end of the house-buying process, when the deeds of the new house and other documents are handed over, in return for the agreed price.

**SOLD SUBJECT TO CONTRACT** – When the seller and buyer are proceeding with the sale but the paperwork is not yet complete.

**STAMP DUTY OR LAND AND BUILDINGS TRANSACTION TAX (LBTT)** – A one-off tax payable when buying residential property over £125,000 (£145,000 in Scotland).

**STANDARD VARIABLE RATE (SVR)** – A lender's default interest rate. This often – but not always – tracks the Bank of England base rate.

**TITLE** – The rights and liabilities that attach to the property.

**TITLE INFORMATION DOCUMENT** – A copy of the land register sent to the buyer's conveyancer following registration.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

David Wilson Homes does not offer financial or legal advice. We would recommend that customers take independent financial advice specific to their circumstances before taking any action. Images may include optional upgrades. Calls to our 0844 numbers cost 7 pence per minute plus your phone company's access charge.

1 [www.mortgagesolutions.co.uk/news/2016/07/26/drop-fixed-term-mortgage-rates/](http://www.mortgagesolutions.co.uk/news/2016/07/26/drop-fixed-term-mortgage-rates/)

2 'UK rents continue to rise in almost every area of the country' - <https://homelet.co.uk/news/article/rents-across-the-uk-continued-to-rise-in-june>

3 'Average UK house prices rose 1.3% between May and June 2016' - [www.thisismoney.co.uk](http://www.thisismoney.co.uk)

4 According to Paragon Mortgages (a specialist landlord lender) new buy-to-let lending has almost doubled in the first half of the year (2016), with tenant demand remaining high and in some areas increasing. [http://www.paragongroup.co.uk/file\\_source/Files/GROUP/pdf/press%20releases/2016/May/Half-year%20results%20release.pdf](http://www.paragongroup.co.uk/file_source/Files/GROUP/pdf/press%20releases/2016/May/Half-year%20results%20release.pdf)

5 The recent pension reform that took effect on 6 April 2016 - <https://www.gov.uk/new-state-pension/overview>

6 Although all such schemes are commonly referred to as 'Show Home Sale and Leaseback' they in fact involve a licence. Customers must sign a licence agreement with us.

7 Costs based upon the comparison of a new build four-bed detached house built to 2010 regulations vs. Victorian property (upgraded with modern-day improvements). An upgraded Victorian home means one which has the following improvements over original build specification: 200mm loft insulation, double glazing to half of all windows, a 72% efficient (non-condensing) gas boiler and insulated hot water cylinder. Source: Zero Carbon Hub and NHBC Foundation 2012.

8 Source: In-House Research and Training Ltd – an independent survey conducted amongst 4,298 customers between April and November 2013, 97% would recommend Barratt Developments PLC brand to a friend.

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