Step 1: Understanding mortgages

Choosing your first mortgage needn’t be confusing.

If you’re considering buying your first home you’ll probably need a mortgage, which is a loan that uses a property as security for the lender.

Different lenders offer different rates and types of mortgage, but all mortgages have a few things in common:

- You’re charged interest on the money you borrow.
- The higher the mortgage rate, the more money you pay in interest.
- The quicker you pay off your mortgage, the less interest you pay.

Most borrowers aim to repay their mortgage over 25 years, but it’s also possible to take out a mortgage for a shorter or longer period. We offer mortgages for up to 40 years.
The bigger the amount you can pay upfront (your deposit), the better the deal you’re likely to get.

Repaying your mortgage

A mortgage has two parts. The original amount borrowed to buy the property, sometimes known as the ‘capital’, and the additional amount the lender charges for lending you the capital, otherwise known as the ‘interest’.

When you take out a mortgage you choose how you would like to repay it:

- A repayment mortgage (sometimes called ‘capital and interest’) - your mortgage payment covers the interest and helps to reduce the amount you owe (‘the capital’). As long as you keep up your payments, you can be sure your whole mortgage will be paid off at the end of the mortgage term.
- An interest only mortgage - your mortgage payment only covers the interest on what you owe. At the end of the mortgage you pay off the amount you’ve borrowed using savings or investments built up during the mortgage period.
  If you take out an interest only mortgage you must be sure that you’ll have enough money to repay the mortgage at the end of the term.
- A combination of the two.

Santander mortgages

The table below shows the different types of mortgages we offer, and how they work.

- Do you want to pay the same each month? A fixed rate mortgage gives you the peace of mind that comes from knowing exactly what your payments will be each month during the ‘initial rate period’.

- Do you want to track the Bank of England base rate? A tracker rate mortgage tracks above the Bank of England base rate during the ‘initial rate period’, or for the life of your mortgage if you take a Lifetime Tracker mortgage. Your payments will increase or decrease in line with changes to the base rate.

	Fixed rate mortgages	Tracker rate mortgage	Lifetime Tracker mortgages
Tracks the Bank of England base rate	No	Yes	Yes
Fixed monthly payments	Yes	No	No
Initial rate period	From two years	Two years	For the lifetime of the mortgage term
Interest rate reverts to our Follow-on Rate (variable) after the initial rate period	Yes	Yes	No
Unlimited overpayments	Up to 10% of the balance per calendar year	Yes	Yes
Early repayment charge	Yes	No	No

If you choose to repay your fixed rate loan amount in full or overpay by more than 10% each calendar year, you'll need to pay an early repayment charge.

Decision in principle

A decision in principle lets you know if we could lend you the amount you need based on your monthly income and outgoings. It’s free with no obligation and is valid for 60 days. You can get a decision in principle online or by calling us. Not available in the branch.

Step 2: Budgeting, eligibility and costs

Your money and your mortgage

If you’re currently renting you’ll already be used to budgeting for household costs such as utility bills, shopping and insurances. We look at how much you earn, what regular payments you make and your day-to-day living expenses and whether you're buying on your own or with someone else.

How much do you spend each month?

You can use our handy budget calculator to help you work out how much you spend each month.

Are you eligible for a mortgage?

You must be over 18 years old and a UK resident. When we're checking to see if you're eligible to take out a mortgage we look at things like:

- Is the amount you earn enough to make payments on the amount you want to borrow?
- Are you able to provide confirmation of your income?
- How much outstanding debt do you have?
- How much do you want to borrow compared to the value of the property? (This is known as the Loan to Value ratio or LTV)
- How good is your credit rating?
- Have you ever missed payments on any credit commitments?
- Do you have any County Court Judgements or Individual Voluntary Arrangements (IVAs)?
- Have you ever been bankrupt?
- Do you want to borrow on an interest only basis?

Our 'How much could I borrow?' calculator can give you an idea of what you could borrow, based on your earnings and spend each month. It can then show you how much your monthly mortgage payments might be for the mortgages we offer.

Credit rating

Another, vital, part of being able to apply for a mortgage, is having a good credit rating. All lenders use a credit reference agency to see how people have managed their money in the past, looking at, for example, whether they have made payments on time or gone over their borrowing limits.

There are a few ways to improve your credit rating:

- Check your credit file. There are three main credit reference agencies: Experian, Equifax and TransUnion. You can ask them for a copy of your credit file so that you can check its accuracy. Contact the agency if you see any details are wrong so that they can correct them for you.

- Register to vote – you may find it more difficult to get credit if you're not on the electoral role.
- Cancel any unused credit cards or bank accounts. Unused credit cards can push up the amount of available credit you could have and could reduce your credit score.
- Keep your credit card and loan debts as low as you can.
- Never miss or be late for payments – this will reduce your credit score.

Other costs

There are several costs you need to think about other than your monthly mortgage payments. Some of them are listed here, but you should also check with your mortgage provider, solicitor/conveyancer and surveyor if there are any other costs.

Product fee

We offer a range of mortgages which have no product fee.
Mortgages with a product fee usually have a lower interest rate during the initial rate period. It can often be added to your mortgage but that means you pay interest on the product fee unless it's repaid within 21 days of completing on your mortgage.

Valuation

Most of our mortgages offer a free standard valuation. It makes sure the property is worth the amount you're paying for it.

Survey

Surveying firms in the UK are governed by The Royal Institution of Chartered Surveyors (RICS).
There are a number of surveys available, and costs vary depending on which type you want.
Some of our first time buyer mortgage deals offer a free HomeFact condition report (provided by Countrywide Surveying Services). Available when you apply by phone (not available online or in branch or on new build properties). It aims to show up potential issues and defects before you buy. For details of the mortgage deals which offer the HomeFact condition report, see our mortgage calculator.

To find out what type of survey would be best for the property you're looking to buy, talk to a licensed surveyor. Paying a little extra on a survey before you buy could save you money on potential unpleasant surprises once you've moved in.

Legal/conveyancing fees

The administrative legal work around transferring ownership of a property from one person to another is known as conveyancing. You'll need a solicitor or a licensed conveyancing firm to help with this. Always get a quote upfront.
Solicitors or licensed conveyancers also carry out searches on the property, to check, for example, whether there are plans to develop new roads nearby. These will normally be covered in the conveyancing costs, but it's best to check exactly what the fee includes.

Stamp duty

You must pay Stamp Duty Land Tax (SDLT) to HM Revenue and Customs if you buy a property over a certain price in England and Northern Ireland. First time buyers will only pay SDLT if the purchase price is above £425,000. Check the government's website to see the current rates. If you're buying in Scotland there's a Land and Buildings Transaction Tax, and if you're buying in Wales there's a Land Transaction Tax

Removal costs

Costs can vary so get a few quotes so you can compare prices. A few points to check are: does the price include packing? Does it include insurance? What is the capacity of the van provided? Is access suitable?

Account fee

The account fee is charged by us for providing and administering your mortgage. It's payable on completion, however you can defer this fee until the end of your mortgage.

Step 3: Buying options

Buying with someone else and government schemes
Depending on your deposit and budget, you could consider buying with someone else or using one of the schemes run by the government.

Buying with someone else

Joining forces with a good friend or family member can let you reduce the amount of deposit you need and share the cost of the mortgage. You need to be sure that the person you share the property with can keep up the mortgage payments, and wants to stay in the property as long as you do.

We offer mortgages that let you buy a home with up to three other people but it's important to be cautious – we recommend getting legal advice before you enter into any agreement to buy a property with another person.

If you own a property jointly, either as a married couple, partners or friends, you'll need to choose one of two kinds of ownership:

Beneficial joint tenants	Tenants in common
This is where you jointly own the home.	You still jointly own the home, but you own a share of the home, which you can give away or sell.

Shared Ownership

Another way of getting a new home is through a Shared Ownership scheme, run by a Housing Association. The association owns part of the property and you own the rest of it. You have a mortgage and make payments for the part of the home that's yours, and you pay rent for the part that belongs to the Housing Association. Over time you can buy extra shares from the Housing Association to increase the proportion of the property you own. Find out more about Shared Ownership

Government schemes

We take part in some schemes to help people get on the property ladder.

Help to Buy: equity loan and London Help to Buy

You combine a mortgage and an equity loan from the government to buy a brand-new home in England. You put in a minimum of 5% deposit and the government provides an equity loan of up to 20% of the purchase price, or up to 40% if you're buying in a London borough (London Help to Buy). The equity loan is interest-free for 5 years. If you want more information visit the Help to Buy government website

This type of mortgage is available from Santander for Intermediaries through your Independent Financial Adviser. It's not available through Santander branches, telephone or online. Independent Financial Advisers can be found at Unbiased's website

Forces Help to Buy

This is a Ministry of Defence scheme designed to help you if you're regular armed forces personnel. It can't be used with any other mortgage scheme.
The mortgage itself works in exactly the same way as a standard mortgage. You can choose from our full mortgage range. Call us to apply. Not available online or in branch. Find out more about Forces Help to Buy

Help to Buy: ISA

If you have a Help to Buy: ISA, you can continue to save into your account until 30 November 2029. If you want to claim the 25% government bonus on your savings your conveyancer must do this by 1 December 2030 (eligibility applies). To check eligibility for the government bonus, visit the Help to Buy government website. The scheme has now closed to new applicants.

Step 4: Looking for a home

What to think about for your property search
As you start looking for your new home ask yourself what exactly you need from it. You could print out and fill in this table to help you figure out what you want and what you need.
Then when you start looking round properties, it's important to scratch under the surface and think about the local area as well as the property itself. Don't be afraid to ask yourself, the owner and the estate agent plenty of questions.

House search tips

- Visit the area at different times of the day and take someone with you – they may notice things you miss.
- Make a few copies of our homeviewer's checklist to take on viewings so that you'll have questions to hand as you look at properties.
- Remember that although estate agents are happy to give you information, they're working for, and being paid by, the seller. The estate agent is required by law not to mislead you, so they must describe the property in a true and accurate way.
- You can make an offer on a property with certain conditions attached, but the seller doesn't have to accept them.
- If an estate agent asks you to pay a pre-contract deposit, check with your legal adviser whether this is necessary – and whether you'll get the money back if the sale falls through.

- You should be able to see the Energy Performance Certificate, which shows how much energy a property uses when you search for a property. For new builds you should be given a Predicted Energy Assessment.
- If the property is leasehold, we'll need extra details about the ground rent and service charges as part of your application.

Step 5: Making an offer

You've found your perfect home, now it's time to work with a solicitor on the legal aspects.

At this point you should already have a decision in principle to let you know if we could lend you the amount you need based on your monthly income and outgoings. It's free with no obligation and is valid for 60 days. You can get a decision in principle online or by phone. Not available in the branch.

How to make your offer

Make your offer to the estate agent, based on the mortgage you can afford and the deposit you have available.
Because you're buying your first home, you can act more quickly than people who have a property to sell and are part of a chain. The fact that your purchase isn't dependent on a chain makes you a more attractive buyer to anyone selling a home – so don't be afraid to negotiate on the asking price.

Choosing a solicitor or conveyancer

Once you've made an offer, you'll need a solicitor/conveyancer to take care of all the legal work. We can let you know what solicitors/conveyancers are in your local area which are on our approved list. If the solicitor you choose isn't on our approved list, we'll need to instruct another firm to act for us and you'll be responsible for the additional costs.
When choosing a solicitor/conveyancer make sure you:

- ask for a full breakdown of their costs
- check they'll be available to do all the work when you'll need them to, and
- ask how often they'll keep you updated and whether they'll do so through letters, phone calls or email.

What the legal work involves

Local authority search

Your solicitor/conveyancer will look for anything that might affect your property, such as plans to develop nearby land and roads.

Drawing up and exchanging contracts

Your solicitor/conveyancer must transfer your deposit once contracts have been exchanged, as you're now committed to buying the property.

Completion dates

Your solicitor/conveyancer will agree a date for completion with you and the seller. This is when the purchase price is paid to the seller's conveyancing team, and the property actually becomes yours.

The transfer deed, title deed and stamp duty

The transfer deed is a document that your solicitor/conveyancer will submit to the Land Registry after completion, to transfer the legal ownership of the property to you. Find out more at the Land Registry's website. Your conveyancing team will also lodge the title deed, to prove who owns the property, with the Land Registry for England and Wales.

There are differences in Scotland and Northern Ireland

You must pay Stamp Duty Land Tax (SDLT) to HM Revenue and Customs if you buy a property over a certain price in England and Northern Ireland. If you're buying in Scotland, there is a Land and Buildings Transaction Tax, and if you're buying in Wales there is a Land Transaction Tax

Buying a property in Scotland?

Making an offer in Scotland is slightly different to the process in England and Wales.

- Properties are advertised either at a fixed price or an 'offer price'.
- You should offer the price you can afford and what you think the property is worth.

- Make sure you've reviewed the Home Report and have a mortgage worked out before you put in an offer.
- If the seller accepts your offer, it will be a binding contract – that means they can't accept a higher price from anyone else.
- The offer and acceptance are made in formal letters known as 'missives'.

Step 6: Applying for a mortgage

Apply online or by phone

Online

You'll already have your decision in principle so when you've had an offer accepted on a property, you can then apply for a mortgage online. You need to be comfortable choosing your mortgage without receiving advice from us.

You'll be able to see the mortgages you're eligible for with their monthly payments and any associated fees. Once you've chosen your mortgage deal, you can get a mortgage illustration which essentially is a quote that shows the costs and fees for the mortgage.

You don't have to complete your application in one go. Simply save and come back to it when you're ready. When you've finished you'll get an instant decision. This is subject to checking any documents we ask for and a satisfactory property valuation.

By phone

Once you've made an offer on a property you need to apply for your mortgage. You can call us and speak to our mortgage team
Your Mortgage Adviser will ask you questions about your needs and circumstances so that they can confirm that the mortgage is affordable and advise you on the right mortgage. They'll also take some details about the property and your solicitor.
Next, they'll give you a mortgage illustration for the mortgage deal, which is essentially a quote that shows the costs and fees for the mortgage.

Key documents

Having your key documents to hand when you're applying will make the process smoother:
- Your last three years' address history, with no gaps.

- Your last three months' payslips or last three years' accounts/ SA302s and Tax Year Overviews if you're self-employed.
- Your last three months' bank statements.
- Full details of any loan or credit cards you have.
- ID such as driver's licence or passport.

Valuation

Once we've completed your mortgage application, we'll arrange for the property to be valued. This valuation is for our purposes, and it makes sure the property is worth the amount you're paying for it.

The way we value your property will depend upon the type of mortgage you require and the amount you're borrowing. It will either be:

- an automated valuation, or
- an independent registered valuer, who'll inspect the property externally or internally. For an internal inspection a copy of the valuation report will be enclosed with your mortgage offer.

It's important to note that a mortgage valuation is not a survey and doesn't advise you on the condition of the property in any detail.

We may ask for more reports if the valuer feels they're necessary. For example, if the valuer has noticed cracking, damp or similar issues, they may need to be investigated before we can decide to lend to you.

For all applications the property must be habitable with a working kitchen and bathroom (as a minimum) before any money will be released.

Once we've received a satisfactory valuation and any additional reports, we can make you a formal mortgage offer, meaning your mortgage has been approved.

If you're buying in Scotland we may accept a transcription of the valuation in the Home Report commissioned by the seller.

Survey

If you're taking a mortgage deal which offers the free HomeFact condition report (provided by Countrywide Surveying Services), the report may identify further checks which need to be carried out by a more detailed survey.

If you're taking a mortgage deal which doesn't offer the free HomeFact condition report, we strongly advise you to pay for a survey to check the property's condition before you commit to it. You can find a surveyor by contacting RICS. There are several different surveys available, a couple of which are summarized below.

It's important to discuss with the surveyor which type of survey is best for your requirements.

Home Survey Level 2 Report	Home Survey Level 3 Report

This describes the condition of a property and provides advice about defects which could affect its value, repairs and ongoing maintenance. It's designed for standard properties in reasonable condition. It'll advise on legal issues that need to be addressed and provide information about the location and local environment.	This is more detailed and designed for larger, older or run-down properties, buildings that are unusual or altered, or if there is an intention to carry out major works. This is the most comprehensive report and provides in-depth analysis of the condition of a property.

Whichever survey you choose, it'll only be sent to you and you'll be able to discuss its content with the surveyor.

Step 7: Exchanging, completing and moving

The final part of the journey

Your mortgage offer

When we've received the valuation we'll write to you with our formal mortgage offer. This will be similar to the mortgage illustration you received at application, but it will also include any further conditions you have to meet.
Your solicitor/conveyancer will carry out all the required checks, such as Land Registry searches, on the property.

The contracts

As soon as the solicitor/conveyancer has everything they need, they'll send you a contract to sign – along with any relevant paperwork. You must read through all the documents and make sure you're happy with what they say.
The seller's conveyancing team will be doing exactly the same thing at the same time. Then the two sides will agree a completion date and, when you're ready, contracts will be exchanged (this is called Conclusion of Missives in Scotland). At this point you're both legally committed to the sale.
When you know what this date is, if you're renting check what notice you need to give your landlord and give notice to them – you don't want to have to pay rent and a monthly mortgage payment. Make sure you close any old utility and services accounts in your name and set up new ones for your new home.
Home insurance
When you exchange contracts you'll need your home insurance to start. Buildings insurance is a requirement of your mortgage and is essential to protect you against damage caused by things

like fire and flooding. It’s also advisable to protect your belongings with contents insurance. Take a look at our home insurance pages

Completion

On completion, money will change hands between the conveyancing teams. This normally happens on a weekday because solicitors/conveyancers don’t usually work on weekends.
A title deed is lodged with the Land Registry by your solicitor/ conveyancer to show that you're the property owner (or owners, if you’re buying jointly).
You won’t be able to collect the keys for your new home until the money we’re lending you has been transferred to the seller’s solicitor/conveyancer. Normally you’d collect the keys from the estate agent dealing with the sale of the property. Once you’ve picked them up, you can start moving in.

Moving in essentials

Make sure you’ve contacted companies you choose to supply gas, water and electricity for your new home, so that all your services are working in time for your move date. And to take meter readings as soon as you move in so that you can make sure you’re only charged for what you use.

Your new address

When you move you'll need to let many people know, from your doctor to your bank. Let everyone know your new address and phone number as soon as you can. Don't forget to redirect the post from your old address to your new one