



Your first house purchase is one of the biggest and most exciting steps you will take in your life and it is a step made easier if you plan carefully and take good advice. The preliminary steps are to establish that you have residential status and what your budget is.

RESIDENTIAL QUALIFICATIONS:

The basic requirement for residential qualifications is a significant tie with the island and a period of ten years residency in the island. Unless you qualify as an essentially employed person or a wealthy immigrant, the four categories for qualification are:-

- being Jersey-born and having been ordinarily resident for a cumulative period of at least 10 years;
- if not Jersey born having been ordinarily resident for a continuous period of at least 10 years;
- if not Jersey born arriving before attaining 20 years of age and having been resident for a cumulative period of 10 years prior to attaining 40 years of age and having a parent who themselves had residential qualifications at the date the 10 years' residency period was completed;
- if not Jersey born having been ordinarily resident for a continuous period of 10 years, having commenced residing in the island before attaining 16.

Periods spent in the UK or elsewhere studying (either at school or university) will nonetheless be counted as periods of residency in the island if the family home during such period was in the island and you came home during holidays.

FUNDING:

Having established that you have residential qualifications, your next step should be to ascertain how much you can afford to spend on buying a home. There is little point in spending hours finding the house of your dreams if you cannot afford to purchase it.

Unlike the UK market, there are not scores of different lenders operating in the Jersey mortgage market. It is, however, still worth seeking the assistance of a mortgage broker to help you find the mortgage product that is most suitable for you. A lot will depend on how much you have by way of a deposit to put towards the price of the house and the costs of its acquisition including legal and surveying costs and stamp duty. Having a substantial deposit is essential in the current market as most lenders will not sanction a Loan To Value (or "LTV") of over 90%. Taking as an example a three bedroom house costing £425,000, you would need a minimum deposit of £42,500 plus acquisition costs.

Currently one local lender is offering purchasers something approaching a 100% loan in the form of a loan supported by a guarantee of up to 15% from a family member. The maximum loan is £450,000 and up to 85% of the amount lent will be secured upon the purchasers' home with the remaining 15% secured by way of a guarantee registered against the family member's own home or cash deposit. Such loans do help some couples but it is worth exploring other possible ways of obtaining the 15% "shortfall" because, with a £999 administration fee and a 4.99% interest rate together with additional legal costs arising from the creation of the secured guarantee, such loans can work out more expensive.

Another lending scheme due to be launched with effect from 1st July, 2013, is the States of Jersey's Starter Home Deposit Loan Scheme which will offer Jersey residents who qualify as first time buyers (as defined by the Population Office) an interest free loan of up to 15% of the value of the property to be purchased provided such property will be their principal place of residence and will not be used as a "buy to let". The applicant will need to produce a minimum deposit of 5% and satisfy certain financial criteria but will be able to approach a lender with a 20% deposit and seek a loan with an 80% LTV.

Being offered a mortgage in principle not only helps to establish what your budget is, it also gives you some advantage in the property market. Sellers and their estate agents should be keen to ensure that their would be purchaser actually has the funding in place to pay the price offered. Some mortgage brokers helpfully issue a "mortgage certificate" providing confirmation of funding.

PRACTICAL ADVICE:

However, having established your ability to purchase and the size of your budget, do not simply rush in. Various people involved in your house purchase will fulfill essential functions but perhaps none of them will actually give you advice as to whether your proposed purchase is "sound".

There might be a glut of the particular type of property you are considering on the market, which will be difficult to sell on. Or the property is simply too big a project for you or was constructed by a developer with a poor reputation.

So try to seek out the advice of someone who has experience of residential property. It may be a family friend, a builder or a lawyer. And negotiate those first steps safely.