

Safely buying your dream home

Your own home

For many people, owning their own home is the ultimate dream. It will probably be the biggest investment you ever make. It is therefore essential to make sure you know everything involved in buying a home. This pamphlet tells you what to look out for and what questions you need to ask yourself. Read these important tips carefully; they will certainly help you make the right choice.



NATIONALE HYPOTHEEK GARANTIE

Voor aankoop en verbetering van uw woning

Rent or buy?

The first question you should ask yourself is whether buying or renting is the best choice for you. Both options have their advantages and disadvantages. Renting is the more obvious choice if you expect to be moving soon or regularly. Perhaps your work requires you to move frequently. If you would like the freedom to renovate your home or want a greater choice in place and location, buying is the better option. Buying a house also means that you can fix your monthly costs for a longer period.

TIP

As a (future) homeowner, join the Vereniging Eigen Huis (VEH), an association for owner-occupiers. The VEH website (www.veh.nl) has useful information about buying your own home.

Step 1: the preparation

A mortgage: what is it?

Most people have to borrow money to buy a home. This kind of loan is called a mortgage. The difference between a mortgage and an ordinary money loan is that the new home serves as security for the lender.

What is the maximum amount you can borrow?

Before you start house hunting, it is a good idea to find out the maximum amount of money you can borrow. The mortgage amount and the monthly costs not only depend on your income, but also on your other financial obligations. These might include a personal loan, continuous credit or alimony payments, as well as instalments owed to mail order companies like Otto or Wehkamp, for example. The Central Credit Organisation (BKR) lists all the loans you currently have as well as any arrears. A lender will always make enquiries with the BKR before it gives you a mortgage. If you are behind with any payments, it may be more difficult (sometimes even impossible) to get a mortgage. Tip: you can request an overview of your loans at www.bkr.nl.

TIP

A fast way to find out the maximum amount you can borrow safely is to visit www.nhg.nl. Fill in the form under the heading 'How much can I borrow?'

Good advice is vital

In order to find the mortgage which best suits you, you can visit a mortgage advisor. The mortgage advisor compares the products of various lenders and finds the best solution for you. Make sure that you only consult mortgage advisors who are accredited through the Institute for the Accreditation of Mortgage Advisors (SEH). You will find a local advisor through www.erkendhypoytheekadviseur.nl.

TIP

For a more detailed picture of all monthly costs alongside your monthly mortgage payments, visit the website of the Dutch National Institute for Public Information on Budgeting (NIBUD), www.nibud.nl.

National Mortgage Guarantee: safe, responsible and affordable
Always ask your mortgage advisor whether you are eligible for the National Mortgage Guarantee (NHG). This is the guarantee on your mortgage. What happens if you become incapacitated for work, lose your job, get divorced or your partner dies? You might find that you are no longer able to pay your mortgage. If you are then forced to sell your home and the proceeds are insufficient to pay off your mortgage, NHG will pay the difference to the mortgage lender. This will prevent you being left with a residual debt. That's a safe feeling!

A mortgage with NHG is always responsible. You can be sure that you never borrow too much. Besides your monthly costs, you will have enough money left over for things like insurance and the household shopping. Furthermore with NHG you pay significantly less interest on your mortgage! You can benefit by as much as 0.6%.

TIP

If you would like to find out whether you are eligible for NHG, visit www.nhg.nl and read the conditions for a safe, responsible and affordable mortgage, or ask an accredited mortgage advisor.

First-time buyers' loan and purchase subsidy

Many municipalities offer a first-time buyers' loan. This loan is a financial contribution by the government which makes it easier for first-time buyers to buy their own home. You can apply to your municipality for the first-time buyers' loan. Visit www.svn.nl to find out whether your municipality participates in the scheme.

There is also a purchase subsidy. This is a monthly contribution to the mortgage payments. Even if you have a low income, thanks to this scheme you can still buy a home. Ask your mortgage advisor whether you are eligible. Or visit www.senternovem.nl for more information

Step 2: from looking to buying

The right home ...

There are many ways of searching for a home. Websites like www.funda.nl, www.jaap.nl, www.moviq.nl, www.koophuis.nl and www.zah.nl feature thousands of homes for sale. If you are unable or unwilling to look for a suitable home yourself, you can go to an accredited estate agent who will provide expert advice and support. An accredited estate agent is often a member of the following associations: NVM, VBO or Vastgoedpro. You can also find accredited estate agents locally at: www.nvm.nl, www.vbo.nl or www.vastgoedpro.nl.

... for the right price

Have you found your dream home? If you also know the maximum amount you can spend, then negotiations can begin. These negotiations can be conducted by your estate agent or you can negotiate yourself. An estate agent is very experienced in negotiating. However, if you decide to conduct negotiations yourself, you must be well prepared. You must also be aware that closing costs are the buyer's responsibility (referred to as *kosten koper* or *k.k.* in Dutch) when buying an existing structure (these costs come to about 10% of the purchase price).

TIP

In order to assess the architectural condition of your home, you can have a structural survey carried out. You will then know exactly what extra costs for maintenance or renovation you will need to take into account in the coming years.

Step 3: the purchase

Association of Owners (VvE)

Are you planning to buy an apartment? If so, there are other things you need to take into account. You are buying part of the building as well as a share in the communal area of the building. This is why apartment buildings have an Association of Owners (VvE). This Association ensures that the building is properly maintained and insured, for example. For this you pay a monthly contribution which you should take into account when determining your monthly costs.

What is a provisional contract of sale?

When you and the seller have agreed on the purchase price, the provisional contract of sale can be signed. This contract of sale records all the agreements between you and the seller. Remember to study the resolutive conditions (acquisition of financing, bank guarantee, structural survey) which now apply.

Three day reconsideration period

Once you have signed the contract of sale, a three day reconsideration period starts. Within these three days, you can reconsider and abandon the purchase without incurring charges. With your contract of sale in hand, you can then arrange the mortgage with the lender. Remember that once the three days have elapsed, the provisional contract of sale automatically becomes final.

Valuation: why is it necessary?

The property's value and state of repair must be determined in advance if you want to be eligible for a mortgage. This valuation is conducted by an accredited valuer. The result tells the lender the value of the security and the maximum mortgage loan to which you are entitled.

When do you need the services of the civil-law notary?

Once everything has been arranged, the civil-law notary steps in. The notary is an official authorised by the government to draw up the contract of sale for homes. You visit the notary to sign the title deeds and the mortgage deed, after which you receive the keys to your new home! You are now the official owner of the home!

The questions you must ask yourself:

- 1 Do I want to buy or rent?
- 2 What are my housing requirements?
- 3 What is the maximum amount that I am able and prepared to pay?
- 4 Will I look for a house and conduct negotiations myself or will I go to an estate agent?
- 5 What is the condition of the property?
- 6 Is the land on which the home has its foundations 'clean'?
- 7 Are there any charges or restrictions on the plot?
- 8 Am I eligible for NHG?
- 9 Am I eligible for a first-time buyers' loan or purchase subsidy?
- 10 Have I taken into account all the associated costs (closing costs, VvE contribution)?
- 11 When will I sign the (provisional) contract of sale?
- 12 Will I have a structural survey carried out?
- 13 What are the resolutive conditions?
- 14 When will the transfer take place?

Have any more questions about NHG?

Don't hesitate to contact:

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www.nhg.nl

This pamphlet is part of a series of NHG consumer pamphlets.

Visit www.nhg.nl and look under the heading 'Consumer pamphlets'

for more information.