

Contractor Mortgages: What you need to know

Whether you're a director of your own limited company or you're a self-employed sole-trader, you might expect your status as a contractor to cause a problem when you apply for a mortgage. And for good reason, in CMME's 2020 research on self-employed homeownership with IPSE they found that 96% of respondents had to provide more paperwork when applying for their mortgage because they were self-employed.

At first glance, many lenders may be deterred by a contractor's profile, a fear of a more complex income and certainly the frontline staff at your high street bank won't understand the contracting world. This can result in reduced borrowing potential, higher interest rates or at worst declined applications. That's where a specialist mortgage broker comes in.

Orange Genie's dedicated mortgage partner, CMME are contractor specialists, they use their extensive expertise and experience to find the best possible lender for you, and help you secure a mortgage based on your contract rate. Each and every mortgage they write is made to measure, because no two contractors are the same. You won't need to submit accounts, which is good news if you're new to contracting, and any lender CMME recommends will be a reputable and established mortgage provider.

How to Secure a Contractor Mortgage

Because your application will be based on your current contract, you'll need to make sure this is up to date. You'll need the signed copy, and it must clearly state the length of your contract and your contract rate. You'll also need ID, bank statements – business and personal if relevant – and any other information that could be relevant to your mortgage application.

CMME have negotiated specialist underwriting terms with a number of high street lenders, and they will help you select the right lender for you. These specialist terms allow them to arrange a mortgage based on your current contract, rather than the length of time you've been contracting.



Five Quick Mortgage Tips:

1. Improve your credit score

Here are some fast tips for improving your credit score:

- Register on the electoral roll
- Check for any errors and have them removed
- Pay off existing debt
- Don't do lots of credit checks
- Pay your bills on time, don't miss payments

2. Decide on your budget

In light of Coronavirus, many lenders have reduced the availability of high Loan-To-Value mortgages meaning that you will often require a higher deposit than you may have previously, somewhere in the 10-15% range is more prevalent than a 5% in the current climate.

Lenders tend to favour individuals who have higher deposits, but this is true to anyone looking for a mortgage and not just contractors. To access the most competitive rates you should be aiming to save anything between 10 and 25%. There are mortgage options out there for less than that, but they will be on a much higher rate.

3. Get your paperwork sorted

You will need to provide minimal documentation to support your application. Ensure your CV is up to date as it will be used to prove your skills and experience.

You will also need to obtain a copy of your current contract as this will be used to demonstrate your earnings. Using these documents, you can avoid any issues to do with affordability.

CMME's process is as simple as that. They won't ask you for more documentation than is absolutely necessary to make a mortgage application, they understand the way you work, and they'll make the process as easy as can be.

4. Investigate the market

Before you start your mortgage process, it's a good idea to have a look at the market – investigate what type of mortgage might suit you and your needs, what area would suit you and the costs associated with your new mortgage and property.

Whether this is your first mortgage or your fifteenth, preparing in advance can help make sure your goals are realistic and achievable.

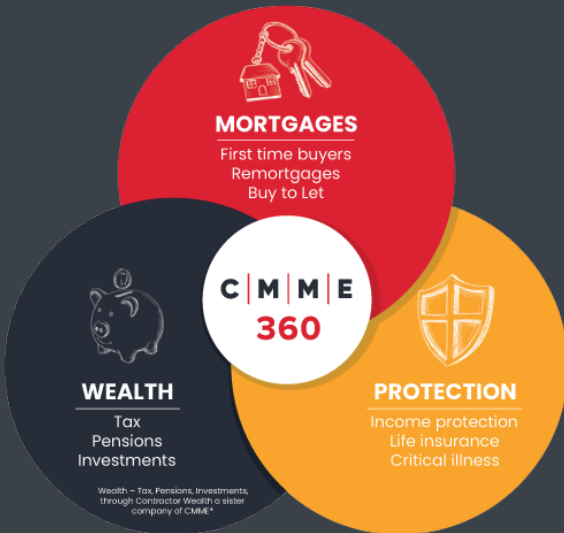
5. Speak to a specialist

The truth is that most lenders have little understanding about the contracting market, and as a result, their standardised procedures do not accommodate contractors.

CMME have agreed bespoke underwriting agreements with a comprehensive range of lenders enabling them to secure mortgage funding based on a multiple of your contract rate alone.



What Other Ways Can CMME Help?



Protection

You care, so we care - protect what matters most, some of the protections you might consider as a contractor:

- Life Insurance
- Critical Illness Cover
- Income Protection
- Property Insurance

Wealth*

As a contractor, it's more important than ever that you have a financial plan in place, for your family and for the future:

- Pension Planning
- Savings & Investment
- Taxation

*Advice in these areas is provided by Contractor wealth, the sister company to CMME

Any Questions?

If you would like to speak to an expert CMME are happy to help, simply click the button below or give them a call on 01489223499.

Alternatively, speak to your Orange Genie accountant who can put you in touch with a mortgage expert.

Speak to an Expert

Your home may be repossessed if you do not keep up repayments on your mortgage.

The value of pensions and investments and the income they produce can fall as well as rise. You may get back less than you invested.

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