



THE MORTGAGE PROCESS: HOW IT WORKS



Buying your first home can be daunting to say the least: it's a huge step forward in your life, on a par with passing your driving test, getting married or having a baby.

We're here to help! Information brings peace of mind so here's a summary of what to expect when applying for a mortgage.

Budget

Before you start looking at houses, it's important to know what you can afford. This means establishing a rough idea of the amount of money you can afford to pay every month on a mortgage, coupled with monthly maintenance costs - property portals such as **Rightmove** and **Zoopla** can help.

The minimum deposit you'll need to get a mortgage is 5% of the property's price: use a **mortgage calculator** to determine how much you could borrow based on your income.

Are you ready?

To secure a mortgage you'll need to appeal to lenders. The better your financial situation, the more willing a lender will be to grant you a mortgage. That typically means having a good credit score.

If you have a poor credit score, you may need to spend time improving it. Simple things like paying off debts, having a regular income and paying bills on time will go a long way to reassuring a lender that a mortgage will be affordable for you.

Finding a mortgage

Once you've budgeted and established you can afford a home, you'll need to find a mortgage. This is where a broker can cut through the noise and find a mortgage that best matches your situation.

You'll need to decide whether you want a fixed-rate, tracker or discount mortgage. Each comes with its pros and cons so it's worth spending time doing your research. Alternatively, ask your broker.

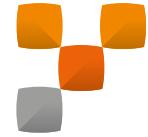
The big thing to avoid is simply walking into your bank and asking for a loan; it's a competitive market and it pays to shop around.

Prepare paperwork

To apply for a mortgage, you will need proof of ID, details of your employment and up to six months' bank statements. Your broker will take care of all dealings with the lender, and will need to see originals of all those documents.



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You'll also need two proofs of address which can be a bank statement, utility bill, council tax bill or credit card statement, all of which will need to be dated within the last three months. Make sure your name is spelt correctly across all documents.

Finally, bring details of all your expenditures - these can be a bank or credit card statement showing any loan repayments, car finance, travel costs, food, childcare and so on. The lender uses all this to determine affordability.

Get a mortgage decision in principle

If you haven't yet found a property but a lender is happy to offer you a mortgage, getting a mortgage decision in principle reassures estate agents that you're ready to move on quite quickly.

The lender will issue a decision in principle, usually subject to a final credit check, which will last for six to nine months. Again, your broker can help you with making sure all the boxes are ticked.

Formally apply

Once you've found a property and have had an offer accepted, it'll be time to formally apply for a mortgage. Your broker will be able to handle this, as well as conduct a valuation on the property you want to buy.

You should expect a formal mortgage offer to arrive within 18 to 40 days of finishing the application, and it'll usually be valid for six months, while remortgage offers are usually valid for three months.

Once you have the formal offer, your solicitor will arrange for your mortgage funds to be transferred on the day of completion from your lender to the person selling the property.

Remember that your broker is there to offer advice and answer all your mortgage-related questions throughout the application process and beyond.