Mortgage Guides

by Key Mortgage Advice

First Time Buyers

Talk to the experts

Be aware of the basics

- You will need a minimum of 5% deposit for a property, which can come from savings, inheritance or a gift from family, friends or your landlord
- You will also need extra money set aside for solicitors' costs or valuations. Most clients keep between £2000 - £3000 extra for these fees although some lenders offer help with these costs
- You are exempt from stamp duty if all applicants are first time buyers and your house price is no more than £300,000 (this information is correct at the time of publishing - Sept 21)
- It is important to understand your borrowing capacity and complete a concise budget planner so you know how much you can afford on your mortgage each month – your mortgage advisor will help you with both these points
- Most estate agents will not let you view a property until you can prove you are in a position to buy – you will need an agreement in principle to evidence you have been approved for a mortgage – again, your mortgage advisor can provide you with this

How much can I borrow?

- It is really important for you to understand your borrowing limits so you can make sure you only view those properties that are affordable to you
- Each lender has their own way of calculating how much you can borrow and many factors are taken into account such as:

- The amount of income you earn
- How long you are taking the mortgage out over
- What debts you have in the background
- What is deducted from your income in terms of pensions
- How many children you have
- Where you will be living

- Some banks can be generous in the way they calculate affordability and others much less so
- Most lenders cap borrowing at 4.5 times annual income before tax although some are little more generous depending on the circumstances
- Work overtime earned over the last 3 months can often be taken into account and will be averaged, as too will commission or bonuses that are earned regularly
- In some cases other income like benefit income can be taken into account, although not all lenders will accept this

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Getting mortgage ready

You will need:

- ✓ 3 months' payslips and your latest P60 if employed
- ✓ Accounts, SA302s & Tax Year Overviews if self-employed (see our self-employed Mortgage Guide)
- ✓ 3 months' personal bank statement for all current accounts
  Even the ones you use less frequently - you need to make sure your bank statement has at least the name and logo of the bank and your name and address on it, not just a downloaded list of transactions
- ✓ Proof of your ID such as a passport or driving licence
- ✓ Proof of your address
  This has to be something that is posted to your home such as a bank statement or HMRC tax coding letter
- ✓ Proof of your deposit, showing a build-up of funds if from savings

Need help?
Book your FREE appointment with us now!

Things that can impact on your ability to get a mortgage

- Most lenders assess a client's application based on a credit score – This is a computer-generated assessment which allows the lender to decide whether a client suits their lending profile
- Credit score varies across different lenders and some banks have more flexible acceptance criteria than others – Just because you fail a credit score with one lender doesn't mean you will fail with them all
- Certain factors can impact on the likelihood of passing this "credit score". These include:
  - The amount of outstanding credit you have
  - The amount of available credit you have access to
  - If you have been late with any payments on loans, credit cards or other commitments in the last 6 years or had a default registered
  - If you have taken out a pay day loan
  - If you have received a county court judgement in the last 6 years
  - If you are not showing on the electoral register at your current address
  - If you have no credit profile to search
- Your mortgage advisor understands the flexibility of all the various lenders and if you fall into a category of having a low credit score, certain building societies and lenders have non-credit scoring application processes which avoid you being unnecessarily penalised in the above circumstances – they can help steer you to the most appropriate lender for your circumstances

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