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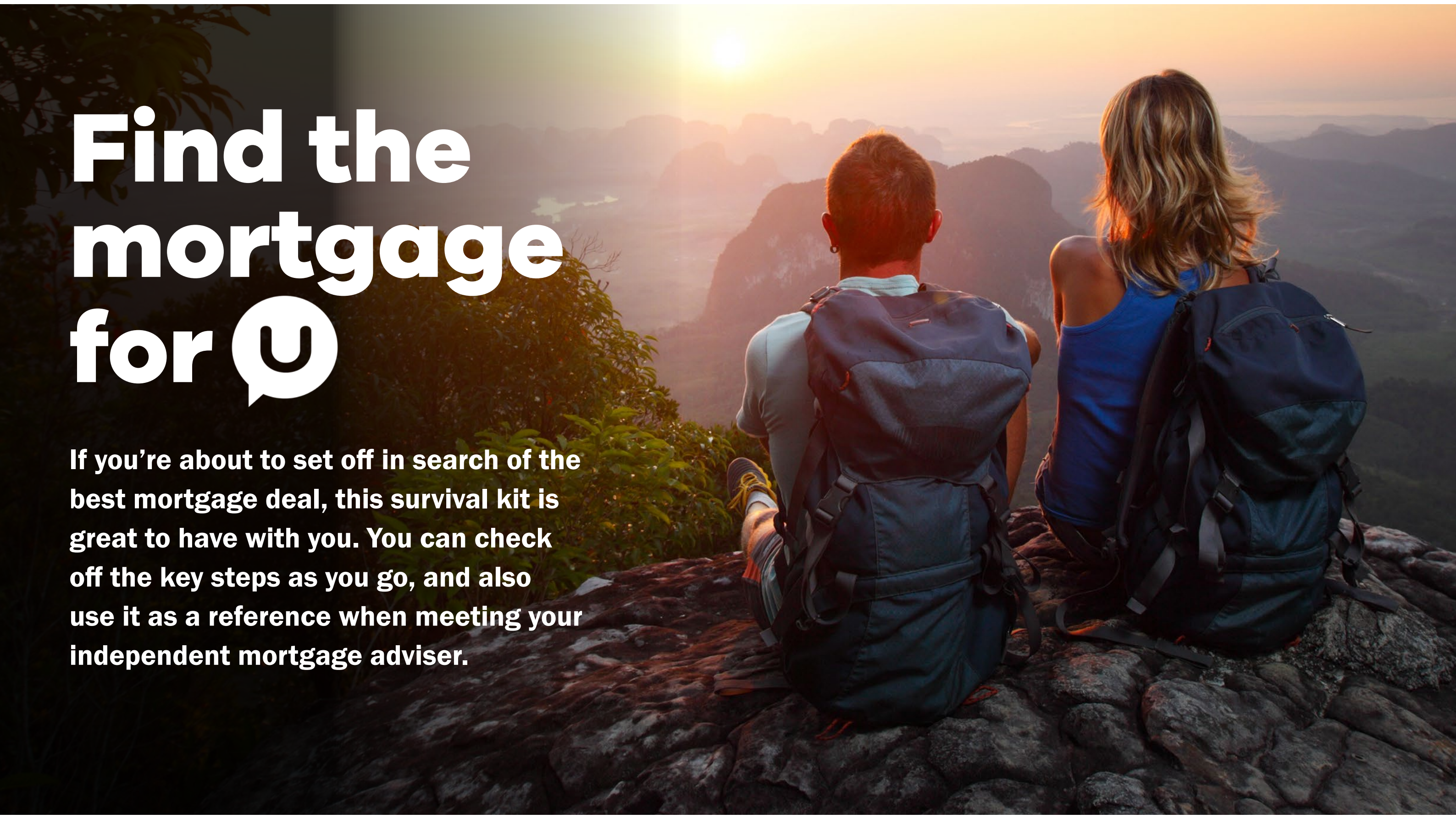

Find the mortgage for U

If you're about to set off in search of the best mortgage deal, this survival kit is great to have with you. You can check off the key steps as you go, and also use it as a reference when meeting your independent mortgage adviser.

Preparing for your mortgage application

Lenders will ask you searching questions about your job, income, expenditure and other financial commitments, so be prepared.

Tick **Yes** or **No** as you go along, or tick **Ask** to remind yourself to raise that point with your adviser.

	Yes	No	Ask
• Do you have three recent payslips and/or bank statements ready to show?	○	○	○
• Have you reduced or eliminated other liabilities (e.g. debts, non-essential outgoings)?	○	○	○
• Have you looked at your spending patterns to see if anything might cause lenders concern (e.g. gambling, expensive holidays, luxury items) and reduced these if possible?	○	○	○
• Is your deposit as large as you can make it? With a larger deposit you can get a lower interest rate and a smaller mortgage, and so pay less overall.	○	○	○
• Have you calculated your total regular monthly expenditure to see how much you can afford in additional payments?	○	○	○
• Have you taken steps to improve your credit rating? E.g.			
• Are you on the electoral roll at your current address?	○	○	○
• Do your bills come direct to you at this address too?	○	○	○
• Do you have a history of borrowing and repaying money on time? (If you don't use a credit card, start doing so and repay the balance in full to create a solid credit history.)	○	○	○
• Have you closed any unused credit card or store card accounts?	○	○	○
• Have you broken any unwanted financial ties (e.g. joint bank accounts) with anyone who might have a poor credit rating?	○	○	○

Finding yourself the right mortgage

When talking with your mortgage adviser to compare the best deals, it is vital to take all costs and other factors into account, to ensure that you can afford your mortgage both in the short and long term.

- How long do you want your mortgage term to be?
  A typical mortgage is for 25 years. A shorter mortgage means higher monthly payments but is cheaper overall, while a longer mortgage means lower monthly cost but you pay more in total.

Years

- What kind of mortgage rate suits you best? Options may include:
  - **Fixed:** The rate is fixed at a certain level and will not change during the fixed-rate period.
  - **Tracker:** The rate is set relative to another rate (e.g. the Bank of England base rate), either above it or below it, and rises or falls accordingly.
  - **Discount:** Like a tracker rate, but tracks the lender's standard variable rate (SVR) and is set below it.

Remember that each rate lasts for a limited offer period (e.g. two, three or five years) after which the rate will switch to the lender's SVR.

Yes No Ask

- Have you discussed mortgage rates with your adviser?
- Have you asked your adviser about remortgaging costs if you need to switch mortgages after your offer period expires?
- Will your deal let you move to a new mortgage when your offer period expires, or will you be tied in to an expensive SVR?

- Do you want a repayment mortgage or interest-only?
  - **Repayment**
    By the end of your mortgage term, your loan will be fully repaid. You will pay more each month than with interest-only.
  - **Interest-only**
    Monthly repayments are lower, but only cover the interest. At the end of your mortgage term you will have to repay the original value of the loan. Often an option for buy-to-let properties.

- If you are choosing interest-only, have you worked out how you will repay the loan when it is due?
- Have you spoken with your adviser about mortgage fees and included these into your costs?
- Could you get a better interest rate (and so pay less overall) by paying higher mortgage fees?

Notes

Making sure you can afford it

It is easy to focus so much on your mortgage that you lose track of the many other costs involved in buying and selling property. These costs can have an impact on how much you need to borrow,so may affect the terms of your deal.

Yes No Ask

- Have you made a list of the other costs involved in buying a property?
- How much stamp duty land tax will you have to pay on the property you are buying? £

- No stamp duty on the first £125,000 of the price
- 2% on the next £125,000
- 5% on the next £675,000
- 10% on the next £575,000
- 12% on everything above £1.5 million

- Do you know what your conveyancing costs will be?
- Are you also selling a property? Have you included these conveyancing costs too?
- Have you chosen a solicitor or licensed conveyancer? You can find one at **unbiased.co.uk**.

- What kind of survey will you need on the property you are buying? The options are:
  - **a condition report**
    (the cheapest option, but provides only low-level detail)
  - **a homebuyer report**
    (more costly, but also more detailed – the most popular choice)
  - **a building survey**
    (the most expensive, but often a must for older properties that may have hidden problems. Also known as a full structural survey)

- How much will home insurance (legally required) add to your costs? £
- Do you also want to take out life or term insurance cost? This will ensure that your mortgage will be paid off in full in the event of a mortgage holder's death.
- Will you also be taking out contents insurance?
- If you are selling a property, have you commissioned an energy performance certificate?

You should now be able to build a much clearer picture of the kind of mortgage you want, how much you can afford to repay, and how you will do this. If there are questions here you don't yet know how to answer, discuss these with your mortgage adviser who will be happy to help.

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