rite wealth

FREE GUIDE

Your mortgage guide

What lenders look at, how much you could borrow, what to do if your credit isn't perfect, what to do when your deal ends and how to protect your repayments. In plain English, from the mortgage team at Rite Wealth.

1 Five myths that put people off

"I need a huge deposit."
Some lenders will lend up to 95% of the property's value, so a 5% deposit can be enough.

"My credit has to be perfect."
Lenders look at your whole financial history. There are specialist lenders for people who've had credit problems in the past.

"The lowest rate is always the best deal."
Fees, flexibility and terms matter too. A slightly higher rate can work out cheaper overall.

"Renting is always cheaper than buying."
Mortgage payments can be lower than rent, and each payment builds up what you own.

"You should always choose a 25-year term."
The term can be set to suit you. Shorter means higher payments but less interest. Longer means lower payments but more interest in total.

2 Getting ready: what lenders check

1. **Your credit file.** Check it before a lender does. Pay down what you can and avoid new credit applications in the run-up.
2. **Your deposit.** Aim for at least 5–10%. 15% or more can open up better rates.
3. **Your documents.** Photo ID, proof of address, your last three months' payslips (or tax returns if you're self-employed) and recent bank statements.
4. **Your affordability.** Lenders look at what comes in and what goes out each month.
5. **Your debts.** Lower card balances and loans make you look more affordable.
6. **An agreement in principle.** It shows roughly what a lender may offer, so you know your budget before you start viewing.

Things that quietly damage an application: missing paperwork, high existing debts, too small a deposit and several credit applications close together.

3 How much could you borrow?

- **Borrowing.** Many lenders will go to around 4 to 4.5 times your yearly income. It depends on your outgoings and credit history.
- **Deposit.** Most lenders want at least 5%. 10–15% can get you a better rate.
- **Fixed or variable.** A fixed rate stays the same for a set period, so you know what you'll pay. A variable rate moves with the market, up or down.
- **Timing.** Approval usually takes 2 to 6 weeks, depending on your paperwork and the lender.
- **The other costs.** Budget for solicitor fees, surveys, home insurance and any tax due on the purchase.

4 If your credit isn't perfect

A missed payment or an old default doesn't have to mean a no. It can change which lenders are right for you.

- Get a copy of your credit file and check it's accurate.
- Bring card balances down where you can, and keep up every payment from now on.
- Don't apply to several lenders yourself. Each application can show on your file.
- Speak to an adviser first. We know which lenders consider applicants with a credit history, and we can tell you what's realistic before anything goes on your file.

5 When your deal ends

When a fixed rate ends, most lenders move you onto their standard variable rate, which is usually much higher. Most lenders let you lock in a new deal a few months before the old one ends, and many allow up to six. Compare staying with your lender against moving, and compare the total cost including fees, not just the rate.

6 Moving debts into your mortgage

Clearing credit cards and loans with a bigger mortgage can lower your monthly payments, because mortgage rates are usually lower. But spreading a short-term debt over a long mortgage can cost more in total, the debt becomes secured on your home, and there can be charges for leaving your current deal early. Think carefully before securing other debts against your home.

7 Protecting your repayments

- **Life insurance** isn't compulsory, but it can clear or keep paying the mortgage if you die, so your family can stay in the home.
- **Mortgage or income protection** can cover your repayments if you're ill, injured or out of work. Policies vary a lot, so it pays to compare.

8 How we can help

We search lenders across the market for first-time buyers, home movers, remortgages and buy-to-let, including lenders that help people whose credit isn't perfect. A first chat is free and there's no obligation.

Or call us on **0141 345 2015**.

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage. This guide is general information, not personal advice.

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