

# PARTNERS WEALTH MANAGEMENT

AN INTRODUCTION TO

## Mortgages

Offering outstanding  
mortgage expertise

FINDING THE RIGHT MORTGAGE

PREPARING YOUR FINANCES

THE SURVEY

THE VALUE OF EXPERT ADVICE





Buying a home or additional property is often cited as one of life's most stressful events, but it is an event more easily managed if you are well-informed and have access to good advice.

In basic terms, a mortgage is a loan taken out to buy a property. Most run for 25 years but can be shorter or longer. The money borrowed is called the capital and the lender charges you interest on that capital until it is repaid. The loan is 'secured' against the value of your home until it is paid off. Failure to keep up your repayments can result in the lender repossessing your home and selling it to recover their money.

### Repayment and interest-only mortgages

With a repayment (or capital) mortgage you make one payment each month to your lender, part of which goes towards paying off the interest and part goes towards repaying the capital borrowed. At the end of the term of the mortgage, as long as you have kept up repayments, your mortgage is paid off.

With an interest-only mortgage you only pay interest each month, not the capital borrowed. This means that at the end of the mortgage term you still owe the full amount that you originally borrowed and will need to make other arrangements for paying back the capital.

The type of mortgage you choose depends upon your particular financial circumstances and our expertise allows us to find the one that would work best for you. We will look at Fixed rate, Variable rate, Standard rate, Discount rate, Capped rate, Tracker, Offset and Cashback mortgages. We will also consider whether a repayment mortgage or an interest-only mortgage is best for you. We are well acquainted with deals the market has to offer, including those offering free surveys or those which include legal fees, so can discuss these with you too.

### Borrowing limits

Lenders calculate how much you can borrow based on both your income and your outgoings. They also take into account how much deposit you have available. It is important to show a potential lender that you manage your money well and are able to supply details of your monthly spending habits.



### The deposit

Simply put, the bigger the deposit you are able to put down, the cheaper the deal. While lenders may be prepared to lend up to 95% of the property price, with the borrower putting in the remaining 5% as a deposit, better deals and rates are available to those who can put down 20% or more. We are familiar with the criteria that the major high street and niche lenders use and we will help you present your application to the most suitable lender to obtain the best deal.

Setting up a mortgage also incurs certain fees and charges that you will be required to pay as part of the process.

### The survey

Having a survey carried out on a property before you commit to buying it can save you thousands of pounds in repair bills and stress in the future. If the survey shows that repairs need to be carried out, you may be able to use this information to renegotiate the price of the property with the vendor. There are various levels of survey available and we will be able to offer help and advice on choosing the type that meets your needs. Your lender will also



require a mortgage valuation to check that you are paying a fair price for the property, confirming the property is suitable for them to lend on and how much they can safely lend.

### The solicitor's role

The legal transfer of ownership from the seller to the buyer, will usually be undertaken by a solicitor or conveyancer. They also review the terms of the contract, carry out searches to ensure there are no planning issues or problems such as flooding. They will obtain details of fixtures and fittings to be left behind by the seller and obtain important documents such as Energy Performance

Certificates. They arrange the exchange of contracts that commits you to the purchase, arrange your completion date, pay over the stamp duty and register your title with the Land Registry.

### The value of expert advice

Those unfamiliar with the mortgage market can find choosing the type of mortgage best suited to their situation daunting and may even miss out on the best deals available. We can help you work out how much you can afford to borrow, recommend the most appropriate type of mortgage for you and identify the right lender.

## \* We're here to help

We're only a phone call away, so if you have queries or would like to discuss any aspect of mortgages – whether you're moving up the ladder, looking to downsize, want to purchase another property, or want to remortgage – to discuss your options please don't hesitate to get in touch.

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# Top Tips

## Speak to an adviser as early as possible

It is worth speaking to us even before you start looking for a property to buy. We can help you work out how much you will be able to borrow, and help you prepare for the mortgage application process, hopefully securing a good mortgage deal at a lower interest rate. Simple steps like increasing your monthly credit card repayments, registering on the Electoral Roll and not taking on additional borrowing before you make your application can help improve your credit score.

## Make sure your finances are in order

Mortgage lenders are required by the Financial Conduct Authority to adopt an affordability-based approach to lending so review your spending and make sure your finances are in good order before making a mortgage application. Banks and building societies now scrutinise borrowers' incomes, outgoings and credit history closely and can ask searching questions about your finances. They apply strict affordability criteria as they need to ensure that borrowers can comfortably afford their repayments now, and in the foreseeable future.

## Your credit score matters

When a potential lender reviews your application, they'll take a look at your credit report. Generally speaking, the higher your credit score the better your chances of getting a favourable deal.

## The advantages of a large deposit

The more you can put down as a deposit, the better the deal you can expect to be offered.

## Make sure you're buying the right property

Some lenders are unlikely to lend on flats above shops or businesses, and others won't consider houseboats or homes that aren't made out of bricks and mortar. If you are buying an older property, your lender will need to be sure there are no hidden problems that could be costly to put right in the future. Your survey should reveal any such problems.



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