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Everything you
need to know
for your...

Mortgage Journey

LITTLE, BROWN
AND COMPANY

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FIRST STEPS

Whether you are a first-time buyer or simply looking for somewhere new, the first thing you should do is speak to a mortgage adviser to establish how much you can borrow. This will then put you in a better position as you can now be confident in your house-hunt knowing that any house you look at is within your price range and affordability.

In order for us to assess your borrowing capacity, we will need to go through the factfinding process with you which is what the First Meeting (Page 3) is all about. Speaking to an adviser BEFORE viewing properties will enable you to get your perfect house with no financial worries and will generally make the whole process a lot smoother.

SUPPORTING DOCUMENTS

We have a secure portal which you will be registered on for you to upload the below documents before your First Mortgage Meeting (Page 3)

- Identification - PDF copy of your Passport or Driving Licence
- Proof of Address - Utility bill or Council Tax Bill (Issued within the last 3 months)
- Proof of Income - This will vary depending on your occupation type. Employed: Pay Slips (Last 3 months) Self-Employed: Tax Calculations and Tax Overviews (Last 3 Years)
- Bank Statements - Latest 3 Months
- P60- Latest Year
- Credit Report - Please download your full report using this link: <https://www.checkmyfile.com/credit-report.htm?ref=acclaimed&cbap=1>

FIRST MEETING

The first meeting is all about getting to know you and understanding your personal circumstances. The meeting takes roughly 45 minutes to an hour, we will go over the documents you would have sent to our portal so we can make an assessment of your borrowing capacity. We'll discuss how much you can afford to borrow, the deposit amount you will need, and the legal and estate agent costs. Once we have established your borrowing capacity, you can then start looking for properties in confidence, safe in the knowledge they are within your budget.

We will then be on standby ready for when your estate agent asks you to hand over your mortgage in principle. This part can be very stressful because if you can't show your mortgage in principle they may put the house back on the market so, having your adviser ready to do it is essential to secure that dream property.

ESTATE AGENTS AND SOLICITORS

When you find your ideal property and you wish to make an offer, we are more than happy for you to pass our details on to the Estate Agents so we can reassure them that you are a qualified buyer and are in a good position to proceed. If your offer is accepted, you will need to provide solicitor details so the official paperwork of acceptance can be issued, this is called a Memorandum of Sale. We are able to give you names of recommended firms we have worked with if you wish. Equally, we are happy to work with your chosen solicitor if you already have one in mind.



CAN YOU AFFORD A MORTGAGE?

We look at your income and your current outgoings. We want to ensure that when you move into your dream home, you can still enjoy your lifestyle. We will look at your committed outgoings (loans and credit cards), the things you enjoy doing (hobbies and holidays) and essential outgoings including bills and regular payments. By collating all of this information, we can then calculate your overall affordability. Sometimes we find that once our clients see what their monthly mortgage repayments are likely to cost, they may change their plans and reduce what they borrow. We want to work with you to make sure your mortgage fits your current and future plans so it doesn't become a burden.

SECOND MORTGAGE MEETING

Once you have had an offer accepted your adviser will research the most suitable options for you and arrange a second meeting. You will be shown the best recommendation for your personal circumstances based on all of our discussions so far and the information that you've given us.

If you are happy to proceed, we then submit the application to the appropriate lender. We will send all the supporting documentation to the lender and keep you up to date on the progress of your application.

WHAT HAPPENS IN BETWEEN

We will keep you updated on the progress of your application by liaising with the lender until your mortgage offer is received. We will contact the solicitors to ensure they receive their own copy of the offer to enable them to progress the legal aspect of the purchase. We tend to be the person in the middle who will liaise with all parties to make the process as easy as possible for our clients. The best part for us is calling you to let you know that you have a mortgage offer. We never tire of this. During the waiting period and whilst your application is with the lender, we will start to review your insurance requirements. We will arrange a meeting to discuss your individual needs and how we can protect you and your family if anything were to happen. This is part of our holistic approach, as we never want to hear of someone having to sell their property as they or their partner has suffered a major change in circumstances, become seriously ill, or even died. We want to make sure families are looked after in these situations. There's more information about this on our website at:

www.mortgage-consultancy.co.uk/protection/

How long will it take?

At least six weeks and possibly longer, although we will do everything that we can to move things on as quickly as possible. But there are so many factors to consider. The first thing is how long it takes the lender to issue a mortgage offer. We will manage this and ensure we are in regular contact with the lender to make sure that this is sooner rather than later.

However, there are many people involved in the house-buying process. Solicitors for starters. They are required to obtain various paperwork and conduct “searches” that can take time to come back. Has the seller of your dream home found a property and secured their own mortgage?

Our aim throughout is to make the journey as smooth as possible so we will liaise with all parties to ensure that your experience is as painless as possible.

Why do we ask for a credit report?

Lenders base their lending decisions on your credit history. By viewing your credit report, we can make a fair assessment on which lenders we can approach for your mortgage to be approved. Historically, we have had clients tell us that they had no credit issues but on applying for a mortgage found out that there were past issues which have led to a decline. If we know this information up-front, we can approach lenders who will take on this type of lending. Everything we ask for is for a good reason and is aligned to getting the best outcome for our clients.

Do I need Buildings Insurance?

Yes, Buildings Insurance is a legal requirement when purchasing a property and must be in place on Exchange of Contracts. This is because you are legally obliged to complete once you have exchanged contracts. If anything happens to the property between exchange and completion, the purchase will still have to go ahead. Some would argue that the seller should still have insurance in place and whilst this is true, it is not worth taking the risk of not having yours in place.

Why do I need a valuation?

Mortgage lenders require a property valuation to be sure that the price you are paying for a property is realistic. This is to protect you and to protect them if you need to sell your property, so that you can pay back the money that you have borrowed for your mortgage. There are various types of valuations:

1. A basic valuation is for mortgage purposes and simply gives a value on the property and is for the lender's benefit.
2. A Home-Buyers survey which is a more in-depth report and for the buyers benefit.
3. A full structural survey, this tends to be requested only after one of the previous surveys have been carried out and a particular issue has been highlighted.

WORDS YOU WILL HEAR ALONG THE WAY

Fixed rate

A fixed rate is an interest rate that remains at a set level for a specific amount of time. The most common being 2 or 5 years, depending on your circumstances. This suits people who like to know exactly how much they need to pay each month.

Tracker

A tracker mortgage is a variable mortgage where payments change depending on the Bank of England (BOE) Base Rate. The base rate can go up or down so your monthly payments rise or fall depending on the Bank of England rate. Sometimes this works in your favour if their rate falls, but it can mean higher payments if the rate rises.

SVR (Standard Variable Rate)

The Standard Variable Rate (SVR) is the interest rate that each bank/lending institution decides on for its customers. It is based on various factors. This is likely to be the interest rate your mortgage changes to once your fixed rate term is finished. This is likely to be higher than other interest rates and can go up and down each month

WORDS YOU WILL HEAR ALONG THE WAY

AIP/DIP - Approval, Decision or Mortgage in Principle

An Approval in Principle (AIP) or Decision in Principle (DIP) is a document that most Estate Agents request. It will demonstrate that you have passed the lenders' initial credit checks. Each lender will have their own AIP/DIP application process, and the result will tell you the amount the lender is willing to lend to you as well as if you have passed their credit checks. However, the AIP/DIP is subject to all the documents that the lender requires to validate the full application meet their criteria, as well as an acceptable valuation being received.

ERC - Early Repayment Charges

An Early Repayment Charge (ERC) is the fee charged by the lender should you wish to repay your mortgage early or change product before your previous term has expired. You can sometimes port (transfer) your mortgage if you are moving home, to avoid paying the ERC, but this is dependent on your situation and the terms & conditions of your existing mortgage.

WORDS YOU WILL HEAR ALONG THE WAY

Home Buyer's Report

Gives a much more detailed assessment of the property and will identify any potential issues you might want to address prior to the purchase proceeding

Exchange Contracts

Solicitors exchange contracts and at this point you are legally obliged to purchase the property. A date for completion is usually set too.

Completion

On completion the solicitor's legal paperwork will be complete, monies will transfer between the appropriate parties and you will officially own your new home. You will receive a call from the Estate Agent to say that you can go and pick up your keys at some point on the day of completion. The exact time is difficult to estimate as it depends on when the lender releases the funds, and when the solicitor receives them. Once your keys are collected, you can concentrate on making your new property a home. If you have time, on what we know is a busy day, we love to hear from you when you get the keys. We often get sent photos of happy clients opening their new front door for the first time (this bit's not essential!)

MEET OUR ADVISERS



Sandy Ameer-Beg
Equity Release Adviser & Director
sandy@mortgage-consultancy.co.uk
07818 420 621



Gavin Ameer-Beg
Mortgage Adviser & Director
gavin@mortgage-consultancy.co.uk
07739 785 369



Gemma Savigar
Mortgage & Protection Adviser
gemma@mortgage-consultancy.co.uk
01676 533 658

MEET OUR ADMIN

Alex Robinson
Compliance Manager
alex@mortgage-consultancy.co.uk



Amber Gerard
Mortgage Administrator
amber@mortgage-consultancy.co.uk





info@mortgage-consultancy.co.uk
admin@mortgage-consultancy.co.uk



01676 533 658



Priest House, 1624 High Street, Knowle,
B93 0JU



Acclaimed Mortgage Consultancy Ltd



Acclaimed Mortgage Consultancy Ltd



@acclaimedmortgageconsultancy



@mortgage_consultancy

