



WILL I BE ACCEPTED FOR A MORTGAGE?



**EXPERT MORTGAGE
ADVICE**



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While buying your first home is an exciting time, and many people look forward to it for many years, it can be a difficult period. Buying a home is often stressful, time-consuming, and a period of great uncertainty.

For many people, the biggest concern is arranging your mortgage to buy your home.

At Xpress Mortgages, we are pleased to say we have helped many homeowners step onto the property ladder. One of the most common questions prospective property buyers ask us is “will I be accepted for a mortgage?”

It is a reasonable question, as lenders vet applicants closely, and many people find they are unable to arrange an affordable mortgage.

However, this guide aims to help you improve your chances of being accepted for a mortgage, and at Xpress Mortgages, we are always here to help you, so please feel free to get in touch.



WHAT IS A MORTGAGE?

A mortgage is a loan which people take out to purchase property or land.

While many mortgages run for 25 years, they can be shorter or longer. The length of a mortgage depends on various factors, including the level of confidence a lender feels in an applicant, and what the applicant can afford to pay each month in mortgage payments.

The mortgage is “secured” against the property's value until the loan has been paid off.

If the mortgage holder cannot maintain repayments, the lender has the right to repossess the property and sell it to recover their money.



HOME
SWEET
HOME

WHAT DO MORTGAGE LENDERS CONSIDER WHEN OFFERING A LOAN?

If you want to know whether you will be accepted for a loan or not, it is essential to know which factors mortgage lenders deem important.

While each lender has their standards and requirements, a range of factors are likely to be deemed necessary in your application. Some of these factors relate to the applicant, so there is a lot you can do to influence the lender into providing you with a mortgage.

However, there are also external factors that the applicant has little to no control over.



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Knowing the factors, you can control or influence, and doing your best to influence these decisions, will enhance your chances of agreeing on an affordable mortgage that enables you to buy your new home.

The value of the property is a significant factor in whether a lender will approve your mortgage application.

The size of the deposit the applicant is willing or able to pay is possibly the most critical factor in agreeing on a mortgage. The higher the deposit, in value and terms of percentage of the property's overall cost, the more likely it is that a lender will offer you an acceptable mortgage.



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The applicant's age is a factor that lenders consider because they want to feel confident you will be of working age to the end of the mortgage term.

The length of the mortgage is an essential factor for lenders. A lender might not have confidence in an applicant paying off the loan in a set time but might feel happier in them paying it off over a more extended amount of time.

The applicant's credit score and record are a critical factor in determining whether a mortgage application is successful.

An applicant's income, their ability to pay each month, and whether their employment record looks secure, are vital factors in whether a lender will agree to a mortgage.



WHAT STOPS YOU GETTING A MORTGAGE?

Knowing the factors that influence a lender's decision in arranging a mortgage, it is possible to work out what stops people from getting a mortgage. When you know these barriers, you can develop a strategy that helps you make a more attractive mortgage application.

Not being able to offer a large enough deposit is one of the most common reasons a mortgage application falls.

Therefore, it is advised that you save for as long as possible to build the largest deposit you can. If this means delaying your property moves for a year or two to strengthen your financial position, it will likely be a smart move in the long run.



Lenders will also check your credit score and history, and if it isn't attractive to them, they will likely deny your application. Please consider the following tips to boosting your credit score:

- Make sure you are on the electoral roll for your current address
- Avoid using up all your credit, try to retain at least 30% of your limit
- Review your credit report for mistakes, and resolve them
- Do not make too many credit applications in a short time-frame
- Make sure you pay bills in full and on time

Your income and what you can afford to pay each month is another crucial factor for mortgage lenders. To improve your standings here, look to increase your earnings and lower your outgoings. You might be in a position where you can increase your income, but for most people, you will have more impact on reviewing and reducing your outgoings.



Many prospective homebuyers find they have to make sacrifices when saving for a home. Rather than socialising regularly, buying lunch at work every day, or buying a lot of clothes, many people have found living a more frugal lifestyle helps them lower outgoings and strengthen their finances.

However, this is an issue for each buyer or buyers to consider. Some people are naturally thriftier and find it easier to save than others.

You must recognise lenders will review your finances, including incomings and outgoings. If a lender doesn't believe you have the income to comfortably manage mortgage payments and your regular outgoings, they will likely consider you a risk.



CONTACT US

While there are new challenges to overcome in the housing market, people shouldn't consider arranging a mortgage to be an impossible task.

However, it is vital people accept help and assistance from professionals in the field. If you are keen to arrange a mortgage, speak to a mortgage broker or experienced adviser and make sure you are fully equipped to make an informed decision.

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