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Are you ready to apply for a mortgage?

Seven steps to prove you're mortgage-ready

When contemplating a home purchase, the mortgage application process may appear intimidating. It does require substantial information and paperwork. However, with adequate preparation, you can ensure a seamless progression through this process. Here are our seven tips to help you do just that.

1. Identify the lender's criteria: Lenders consider more than just your income when deciding whether to approve a mortgage. They'll assess your loan amount, deposit, employment status, credit score, existing debts and monthly expenses. They'll also conduct a 'stress test' to predict your future ability to repay the loan.

2. Keep your finances healthy: Lenders will evaluate your financial health by considering your credit cards, loans and overdrafts. Aim to reduce your debt to increase your chances of getting a mortgage. Avoid maxing out your credit cards or relying on your overdraft, as these behaviours may suggest you're living beyond your means.

3. Demonstrate reliability: Your credit report reflects your history with debt repayment. Lenders will review this report, which includes

data from the past six years across various categories like credit cards, loans, mortgages and overdrafts. Any missed or late payments can negatively influence their decision. Unlink yourself from any joint accounts that could harm your credit score.

4. Prepare your paperwork: Lenders will require proof of income, so gather necessary documents such as wage slips, bank statements, tax returns, savings account statements and identification in advance. This preparation can streamline your mortgage application process and prevent delays.

5. Fill out the application correctly: Accuracy is crucial when filling out your mortgage application. Even minor mistakes could cause delays or necessitate a resubmission. Be sure to provide your full name, accurate date of birth, complete address history and honest answers about your spending habits.

6. Understand the importance of a gift letter: If someone is assisting you with the deposit, the lender needs to know it's a gift, not a loan, and that the person won't become a joint owner of the home.

7. Get a Decision in Principle (DIP): A DIP is a preliminary check indicating a lender's willingness to offer you a loan. It only provides some of the information needed to obtain a mortgage; however, it can give you an idea of how much you can borrow.

By following these steps, you can better position yourself as a reliable candidate for a mortgage. ■

Need professional help to guide you through finding your mortgage?

Embarking on the mortgage application journey can be a significant step, and we're here to guide you through it. Whether you're a first-time home buyer or planning to refinance, we're here to simplify the process. For more information, please speak to us.

THINK CAREFULLY BEFORE SECURING OTHER
DEBTS AGAINST YOUR HOME.

YOUR HOME MAY BE REPOSSESSED IF
YOU DO NOT KEEP UP REPAYMENTS ON
YOUR MORTGAGE.

