



# DENTAL & MEDICAL

## FINANCIAL SERVICES

### Dental & Medical Financial Services

1 Market Square, Horsham,  
West Sussex RH12 1EU

**T:** 01403 780 770

**F:** 01403 780 771

**E:** [info@dentalandmedical.com](mailto:info@dentalandmedical.com)

**W:** [www.dentalandmedical.com](http://www.dentalandmedical.com)

## Securing a first-time buyer mortgage

### How to increase your chances of a successful outcome

Getting onto the property ladder is an exciting milestone, but navigating the mortgage market for the first time can feel quite challenging. With many lenders, interest rates, and mortgage types to consider, understanding the process is the first step to securing the keys to your new home. Preparation is essential, and knowing what to expect can make the journey smoother and less stressful.

This article guides you through the key stages of applying for your first mortgage. We will cover everything from saving for a deposit and raising your credit score to understanding the different mortgage options available. Being well-informed allows you to approach your application confidently, which in turn improves your chances of a successful outcome.

#### Building a strong financial foundation

Before you start looking at properties, lenders will want to see proof of your financial stability. The most important factor is your deposit. Although some schemes allow deposits as low as 5%, a larger deposit usually grants access to more competitive interest rates. Aiming for a deposit of 10%, 15%, or even 20% of the property's value will make you a more attractive borrower and can save you a significant amount of money over the life of the mortgage.

Your credit history is another critical factor. Lenders use your credit report to assess how reliably you have managed debt in the past. It is wise to check your report with the main credit reference agencies (Experian and Equifax) before applying. Ensure all information is accurate, you are registered on the electoral roll at your current address, and you have a history of

making payments on time for any existing credit cards, loans, or household bills.

#### Understanding your borrowing potential

Once your finances are in order, the next step is to assess how much you can realistically borrow. Lenders typically calculate this based on your income, offering a loan of around 4 to 4.5 times your annual salary. However, they will also perform an affordability assessment, which examines your outgoings, including bills, travel costs, and other regular expenses, to ensure you can comfortably meet the monthly mortgage repayments.

Many lenders offer a 'Mortgage in Principle' (MIP) or 'Agreement in Principle' (AIP). This is a conditional offer indicating the amount a lender might be willing to lend you, based on the initial information provided. Although it is not a formal mortgage offer, having an MIP demonstrates to estate agents that you are a serious buyer and provides a clear budget for your property search.

#### Choosing the right mortgage product

There are various types of mortgages, but the most common are fixed-rate and variable-rate. A fixed-rate mortgage means your interest rate, and therefore your monthly payment, remains constant for a specified period, usually two, three, or five years. This option offers certainty and simplifies budgeting, which is often attractive to first-time buyers.

In contrast, a variable-rate mortgage, such as a tracker or discounted rate mortgage, has an interest rate that can fluctuate. A tracker mortgage usually

follows the Bank of England's base rate, while a discounted rate provides a reduction on the lender's Standard Variable Rate (SVR). These may be cheaper at first, but you need to be ready for your payments to increase if interest rates go up.

#### Navigating the application process

Once you have found a property and had an offer accepted, it's time to submit your formal mortgage application. This involves a considerable amount of paperwork. You will need to provide proof of identity, recent bank statements, payslips (or accounts if you are self-employed), and details of any existing debts. Be prepared for the lender to carefully scrutinise your financial activity.

The lender will also organise a valuation survey on the property to verify it is worth the amount you are borrowing. Once the valuation is finished and the underwriters are satisfied with your application, you will receive a formal mortgage offer. This serves as final confirmation that the funds are ready, enabling you and your solicitor to proceed with exchanging contracts and completing the purchase. ■

#### Want to explore mortgage options tailored to your specific circumstances?

For personalised advice and to explore mortgage options tailored to your circumstances, please contact us to begin your home-buying journey.