

Important Notice

This cheat sheet does not replace professional advice on any financial matter including mortgages. It cannot be an attempt to provide individual advice on products or services. It is specially designed to provide you with general information and helpful links.

I strongly recommend that you seek independent financial advice from a qualified professional as part of your mortgage application process.

Please note that in addition to mortgage advice, I also recommend you speak to or engage a mortgage broker, as they will be able to help you find a suitable mortgage for your circumstances.

Step 1: Getting Started

This cheat sheet is designed to provide general help to people thinking about applying for a mortgage.

- ☒ Find this cheat sheet!
- ☐ Print it out and tick off the items as you go.

Step 2: Good financial history

Your finances don't have to be perfect, but the better they look the more you're likely to be able to borrow and the better the rates you'll have to choose from.

- ☐ Make sure you have at least 12 months with no late payments on credit cards, loans and other financial products.
- ☐ Consider talking to a free, independent mortgage advisor (see: <https://bit.ly/3q4MNsK>)

Step 3: What can you afford?

Use a mortgage affordability calculator like one of the ones below to see what lenders are likely to think you can afford to repay.

- ☐ Nationwide (<https://bit.ly/3l3eM20>)
- ☐ Barclays (<https://bit.ly/3leSRb>)

Step 3: What can you afford? (cont)

- ☐ Money Supermarket (<https://bit.ly/35SRaQF>)

Step 4: Check your credit report

You should check your credit report with the main three credit reference agencies, and make sure all the information in there is correct.

- ☒ Please note that you can [check your credit reports for free](https://bit.ly/3uwEebs) (<https://bit.ly/3uwEebs>).
- ☐ Equifax (equifax.co.uk)
- ☐ Experian (experian.co.uk)
- ☐ Credit Karma / Transunion (creditkarma.co.uk)

Step 5: Credit Score Cleanup

If you have any missed payments, defaults or similar major red flags against you on your credit report, address those before going further.

- ☐ It's imperative that you remove any errors from your report. Errors can be removed by filing a formal challenge with the appropriate credit agency.
- ☐ Late payments are serious, but lenders will usually ignore one or two if they are at least a year old.
- ☐ If a late payment is to a smaller organisation, and you only have one on an otherwise unblemished record, you can write and ask them to remove the late payment from your record. There's no guarantee it works, but it's worth trying.
- ☐ Missed payments are more serious. They stay on your file for 6 years, and are likely to block your application, especially if you have more than one.

Step 5: Credit Score Cleanup (cont)

- ☐ Credit defaults occur after several missed payments, and are likely to rule you out for all except the most specialist of mortgage providers.
- ☐ If you are connected to people with poor credit, you can ask the credit agencies to unlink you from them.
- ☐ Don't use payday lenders, as lenders usually see use of them as a red flag.

Step 6: Improve Your Score

You can improve your credit score by proving you are a low risk to lenders.

- ☐ No negative credit history is good, but not enough. You may benefit from some positive credit history as well. Free, low interest credit cards can be a good way to build up a credit history if you have nothing there already.
- ☐ Creditors don't like to lend to people who look like they are reliant on debt. If you're using more than 30% of your available credit, that may count against you.
- ☐ Make sure you are on the electoral register at your current address.
- ☐ Never withdraw cash from a credit card - it can appear on your credit report and can make lenders think you are overstretched.
- ☐ It is possible to have your rent payments appear on your credit file (see <https://bit.ly/37u3wiD>), and that can be a benefit if you pay them consistently on time.



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Good Credit Habits

- ❗ Don't withdraw cash on credit cards
- ❗ Don't miss payments
- ❗ Don't apply for other credit in the months before applying for a mortgage. That shows up on your credit report (a "soft search" does not).
- ❗ Stay on top of your debt! If your score is clean, keep it that way by making your payments on time every time.
- ❗ Don't use a "credit repair" company. You can do everything they can do yourself for free.
- ❗ Cancel surplus unused cards. Too much available credit can be a negative for some lenders. One or two cards is fine, especially if they have good history.
- ❗ Pay insurance annually if you can - if you pay monthly, this involves a credit search.

Good Application Habits

- ❗ Make sure you fill in all forms carefully. Mistakes, even innocent ones, can introduce significant delays.
- ❗ Be consistent if filling more than one form. Many lenders use automated fraud-scoring filters which don't like discrepancies (even innocent ones).
- ❗ If you get rejected, ask why. Lenders are supposed to tell you why they rejected you and you can use that information to improve your chances of being accepted next time around.

Good Application Habits (cont)

- ❗ Don't apply for credit too often. Lenders will see lots of refusals from other lenders as an indication those lenders have reason to reject you, and so may do so themselves.

When To Use a Mortgage Broker

- ❗ While many borrowers will not need a broker, mortgage brokers will be helpful to some, depending on circumstances.
- ❗ A mortgage broker typically has the tools and experience to be able to apply to the best lenders to suit your circumstances.
- ❗ Mortgage brokers can also help you improve your application and speed up the whole process.
- ❗ Be careful - while some mortgage brokers are independent, some are "-tied" to specific lenders.
- ❗ Some mortgages are "direct only", and a broker may not tell you about these unless prompted.

A mortgage broker may be especially helpful if:

- ❗ Your earnings are irregular (e.g. you are a freelancer or on a zero-hours contract)
- ❗ You are self-employed.
- ❗ You are a solo buyer.
- ❗ You are remortgaging or looking for a bridging loan.
- ❗ Your circumstances are otherwise unusual.

Mortgage Mythbusting

- ❗ Your savings, salary, race, religion, medical history, and any criminal record are not held on your credit history.

Mortgage Mythbusting (cont)

- ❗ Soft searches - like the sort you usually get when checking likely acceptance of a credit application - are not held on your credit file.
- ❗ Council tax arrears and parking fines do not appear on your credit file.

Please note that a CCJ for any of the above *would* appear on your credit file.

What Lenders Think

- ❗ Lenders will typically be confident a borrow can pay as much as 50% of their gross monthly income on their mortgage payments, any other debts, and additional household costs.
- ❗ Credit score numbers vary greatly between agencies and do not give a useful indication of the likely success or failure of an application.
- ❗ Lenders like to see continuous employment of at least two years.
- ❗ Lending criteria will vary greatly between lenders, but a mortgage broker will be able to approach the lenders most suitable to your circumstances.



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