



SIMPLY MORTGAGE

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SPRING

AFFORDABILITY ASSESSMENT

Are you financially prepared to apply for a mortgage?

HOW TO IMPROVE YOUR MORTGAGE APPLICATION PROSPECTS

What steps can you take to improve your mortgage eligibility?

HOW TO SELL YOUR HOME

Tips to get a sale at the right price in the current market



AFFORDABILITY ASSESSMENT

Are you financially prepared to apply for a mortgage?

Are you financially prepared to apply for a mortgage? This is a question that countless prospective homeowners grapple with each year. Succeeding in this process brings you significantly closer to your dream of homeownership, whereas falling short may require reassessing your plans.

This affordability assessment evaluation is structured to ensure you can consistently meet your monthly mortgage payments. Consider it a meticulous examination of your finances, scrutinising your ability to afford the desired home loan.

LENDER'S DECISION-MAKING PROCESS

Embarking on a mortgage application involves more than just evaluating whether you can manage the monthly repayments.

Mortgage providers scrutinise your income and expenditure to determine if you can keep up with repayments if interest rates escalate or circumstances shift.

The loan-to-income ratio is a key element in a mortgage lender's decision-making process. This figure is derived by dividing the amount you intend to borrow by your annual earnings. Typically, the maximum amount you can borrow is capped at four-and-a-half times your yearly income.

ANTICIPATING LIFE CHANGES

Lenders are also responsible for evaluating the monthly payment you can feasibly afford. This assessment, known as the 'affordability assessment', considers both your income and outgoings. Lenders must make future projections and conduct a

'stress test' on your ability to repay the mortgage.

This practice helps ensure you can still afford payments if the interest rate increases or your lifestyle significantly changes. Such changes could include redundancy, having a baby or deciding on a career break. If a lender believes these circumstances could jeopardise your ability to meet mortgage payments, they may limit the amount you can borrow.

ASSESSING YOUR EARNINGS

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additional earnings you may have. Such extra earnings could come from overtime, commission, bonus payments, or income from a second job or freelance work.

PROVING YOUR INCOME

You must provide documents like pay slips and bank statements to validate your income. However, if you're self-employed, the process becomes more thorough. You'll need to provide documents such as your bank statements, business accounts and details of the Income Tax you've paid. Lenders typically require two to three years' worth of tax returns and business accounts.

EVALUATING YOUR OUTGOINGS

Your outgoings will significantly affect your ability to borrow. These include credit card repayments, maintenance payments, various types of insurance (building, contents, travel, pet, life, etc.), any other

loans or credit agreements you might have, and bills such as water, gas, electricity, phone and broadband.

ESTIMATING YOUR LIVING EXPENSES

In addition to your fixed outgoings, lenders might ask for estimates of your living costs. This could include spending on clothing, basic recreation and childcare. They might request to see some recent bank statements to verify the figures you provide.

PREPARING FOR FUTURE UNCERTAINTIES

It is crucial to consider future changes affecting your ability to repay your mortgage. Lenders will assess whether you'd be able to meet your mortgage payments if situations such as an increase in interest rates, job loss, illness, or significant life changes like having a baby or taking a career break were to happen.

PLANNING FOR THE UNEXPECTED

Planning is also crucial to preparing for a mortgage. This includes considering how you'd meet your payments in case of unexpected financial changes. One way to protect yourself against unexpected drops in income is by building up savings when possible. Aim to save at least enough to cover three to six months outgoings, including your mortgage payments. ■

DO YOU WANT TO DISCUSS YOUR OPTIONS WITH A PROFESSIONAL MORTGAGE EXPERT?

If you require further information or have any questions about the mortgage application process, please get in touch with us. Our team is here to provide the necessary support and advice to help you navigate this important financial decision.

HOW TO IMPROVE YOUR MORTGAGE APPLICATION PROSPECTS

What steps can you take to improve your mortgage eligibility?

Are you in the market for a new mortgage? Unfortunately, many individuals face barriers when it comes to securing financing for their dream home. For the vast majority of individuals, the quest to purchase a home begins with the daunting endeavour of securing a mortgage.

Navigating the complexities of the mortgage application process can prove to be a formidable challenge. However, it need not be an insurmountable task.

You can take steps to improve your mortgage eligibility and increase your chances of approval. In this article, we'll explore ways to do so. Whether you're a first-time buyer or a seasoned homeowner, these tips can help you navigate the mortgage application.

ASSESSING YOUR FINANCIAL STANDING

A critical first step before embarking on property hunting is to ascertain your financial position. This is imperative because lenders will scrutinise your credit history to evaluate your creditworthiness and empower you with knowledge of your financial status.

Access to your credit report can unveil any overlooked accounts or fraudulent activities.

Furthermore, understanding your credit score enables you to identify strategies to enhance it. Such strategies may encompass reducing existing debts, ensuring accuracy in your address and electoral register details,

closing redundant accounts, punctually paying bills and refraining from initiating new credit lines to bolster your score.

PREPARING DOCUMENTATION

The mortgage application process demands a comprehensive array of documents. Being prepared with these documents, which typically include identification, proof of income, bank statements for a specified period and evidence of your deposit, can expedite the application process and mitigate delays.

FOSTERING OPEN COMMUNICATION

It is of paramount importance to furnish your mortgage broker with accurate information. Engaging in open dialogue, seeking elucidation on any ambiguities and keeping your lender apprised of any financial changes are essential practices. Such transparency and collaboration not only avert misunderstandings but also ensure the smooth progression of your application, empowering you throughout the process.

THE ADVANTAGE OF PRE-APPROVAL

Securing pre-approval for a mortgage by obtaining an Agreement in Principle (also known as 'Decision in Principle') before commencing your search for a property is highly advisable. Pre-approval enhances the credibility of your offer in the eyes of sellers

and clarifies the amount you can borrow. This clarity is invaluable during property negotiations and when making an offer, especially in a competitive market.

PLANNING FOR THE LONG HAUL

Acquiring a home represents a significant financial obligation, necessitating forward planning. When selecting a home and mortgage, consider your career trajectory, family aspirations and potential lifestyle modifications to ensure compatibility with your near and foreseeable future. Evaluating whether the property and loan terms align with your long-term objectives and offer the necessary flexibility as your life circumstances evolve is crucial. ■

NEED GUIDANCE ON NAVIGATING THE COMPLEXITIES OF IMPROVING YOUR MORTGAGE APPLICATION CHANCES?

If you require further assistance or more detailed information to navigate the complexities of improving your mortgage application chances, our team is ready to provide the guidance and support you need to make informed decisions in your journey towards homeownership. If you require further information or guidance, please don't hesitate to get in touch.

HOW TO SELL YOUR HOME

Tips to get a sale at the right price in the current market

The escalating cost of living and a rise in borrowing costs have compelled some prospective buyers to halt their moving plans momentarily. Despite this, a robust market of individuals selling their homes remains buoyed by buyers seeking larger family living spaces, home office provisions, retirement options and energy-efficient properties.

For those considering a move in the prevailing climate, we offer the following guidance to help you navigate the process.

IDENTIFYING YOUR TARGET BUYER AND CHOOSING THE RIGHT TIME

The initial step towards a swift, hassle-free property sale involves understanding your target market. In your estimation, who would be the perfect buyer for your property? Tailor your space to appeal to this demographic but without alienating other potential buyer groups. For instance, if you believe your property would best suit a professional couple, consider transforming the second bedroom or office back into a bedroom while creating workspace elsewhere in the house.

This ensures the property remains appealing to young couples with a small child. Typically, the most favourable times to sell your property are spring (February/March) and autumn (September), when demand often exceeds supply, leading to potentially higher property prices.

STREAMLINING AND NEUTRALISING YOUR SPACE

Potential buyers need to visualise themselves residing in your property. Therefore, personal items such as ornaments and photos, particularly posters in children's bedrooms, should be removed. Everyday items not in regular use, along with large pieces of furniture, should be stored away to create a sense of spaciousness.

Pay special attention to areas like the hallway (remove any clutter), bathroom (conceal all products) and kitchen (clear bench surfaces of appliances, jars, tins, etc.). Replace any worn-out tea towels or odorous bins.

REVITALISING YOUR PROPERTY

A fresh layer of neutral paint, new tiles or other flooring, or even a few new kitchen cupboard doors can significantly enhance a tired-looking property. If re-tiling the bathroom isn't feasible, re-grouting could give it a fresh look.

Other simple improvements include installing matching chrome fittings, replacing broken light bulbs, repainting the front door, ironing bedroom sheets, removing heavy dark drapes, installing subtle up-lighters in the living room and strategically placing flowers throughout the house.

ENSURING CLEANLINESS

Even if redecorating isn't on the cards, cleanliness is paramount. If you don't

have the time, consider hiring professional cleaners to clean your property deep. This could prove a worthwhile investment. This includes cleaning the carpets, sofa covers, oven and windows. Extra attention should be paid to the kitchen and bathrooms, which must appear inviting and sanitary.

Finish up with a new toilet seat, fresh white towels and perhaps a pot plant or two. Don't overlook overfilled wardrobes - prospective buyers often check them for storage space. Lastly, treat your garden as an additional room, making it a welcoming space for relaxation and entertainment.

SPREADING THE NEWS

Ensuring that your property's availability is well publicised is crucial. Make use of local networks - you never know who in your vicinity might be on the hunt for a new home and eagerly awaiting your property to hit the market.

PREPARATIONS FOR PROPERTY VIEWINGS

It's no secret that first impressions are crucial. Your aim should be to make your property appealing to a broad audience; the more people interested, the higher the potential selling price. Therefore, ensure your front garden and entrance hallway are tidy and inviting.

It might be a good idea to leave pets with a neighbour and clean up any pet hair, as this can trigger allergies in some people.



Turn on lights and heating, air out the house and avoid cooking strong-smelling foods before viewings. If parking is available, leave the space free for potential buyers, enhancing their overall experience.

CONDUCTING A PROPERTY VIEWING

You may have hired an estate agent for this task, which is recommended; if, however, you find yourself conducting the viewing, plan the sequence of showcasing the rooms beforehand. Guide viewers around once, either beginning or ending with the best rooms. Avoid overwhelming them with minute details like boiler size or neighbourhood cat issues.

Maintain a professional demeanour during the initial viewing; personal interactions can follow during subsequent ones. Remember to underline positive aspects like a south-facing garden or convenient parking. Encourage viewers to take another tour independently while remaining nearby to address any queries.

SELECTING THE RIGHT BUYER

The highest bidder may not necessarily be the most suitable buyer. Heed your estate agent's advice regarding potential buyers and get as much information as possible about their circumstances. Factors to consider include financing the purchase (cash buyers are the most desirable), whether they are first-time buyers needing

additional assistance and whether they have a related transaction.

If they have a property to sell, ensure it is under offer before taking yours off the market. Be aware of any forward chains that could complicate the completion dates. Buyers who are additional purchasers, returning to the market or represented by a professional home search consultant are usually promising as they tend to have their finances in order and can expedite the process.

EMBRACING THE OFFER

Your estate agent is a crucial intermediary responsible for presenting every offer that comes your way. They will be well-versed in all the relevant information about the buyer's position and capacity to expedite the process and will typically insist on receiving offers in written form.

The amount a buyer is willing to offer hinges on several factors: market conditions, competition and their emotional attachment to the property. Similarly, the lowest price you're willing to accept is influenced by these same market conditions, the speed at which you need to sell and the size of your relocation budget.

COMPROMISE AND NEGOTIATION

Securing a deal often requires compromise from both parties. Maintaining a flexible stance can help facilitate negotiations. Additionally, consider whether you plan to retain all your

furnishings, curtains and white goods. These items might not suit your new home, but they could be used as effective bargaining tools to achieve the desired selling price.

OPEN COMMUNICATION A KEY TO SUCCESS

Once an offer has been accepted, the real work begins. The longer it takes to finalise contracts, the higher the risk of the deal falling through or the buyer 'gazundering', that is, reducing their offer. Therefore, maintaining regular contact with your solicitor and estate agent is crucial to ensure open lines of communication.

Staying informed about the status of the conveyancing process and understanding your buyer's feelings about the transaction's progress is vital. Knowing whether they remain committed or are exploring other options provides valuable insight. ■

READY TO DISCUSS YOUR MORTGAGE REQUIREMENTS?

Should you require further information or assistance, we're here to guide you through every step of your property-selling journey and mortgage process, ensuring a smooth and successful experience. To discuss your mortgage options or for more information, contact A1 Financial Solutions - telephone 0131 347 8855 - email info@simply-mortgage.co.uk

ARE YOU PAYING MORE THAN YOU NEED TO ON YOUR MORTGAGE?

If you are on a standard variable rate, it is time to consider your options

Purchasing a home is often the most significant investment individuals make in their lifetime. Most buyers rely on securing a mortgage to facilitate this purchase and experience profound relief once the mortgage process is successfully navigated.

But are you among hundreds of thousands of mortgage holders on a standard variable rate? Also known as 'reversion rates', SVRs are lenders' default rates that people tend to move on to if their fixed period ends and they do not remortgage onto a new deal.

Lenders can change the rate at any time, and you may see a rise when the base rate increases, although they can go up by more or less than the Bank of England's move. Borrowers must be careful as the rates are often higher than the lender's fixed rate or tracker alternatives.

UNDERSTANDING YOUR POSITION

Typically, people on SVRs are either unaware they are on them or worried lenders will pull their mortgage due to a change in their financial situation. Alternatively, they may be concerned that if they returned to their lender for a new fixed rate, their finances wouldn't allow them to remortgage, so they continue on a higher SVR. In 2019, the Financial Conduct Authority introduced modified mortgage assessment criteria for borrowers based on their payment history rather than affordability.

EXPLORING YOUR OPTIONS

What can you do if you are on an SVR? First, it is worth approaching your lender or speaking to a professional mortgage expert to establish your situation and

whether a switch might be possible. Establishing affordability is vital for any mortgage application or product switch. It's essential to consider the options if you are concerned you fall outside these parameters, which the current cost of living crisis may be causing.

NAVIGATING THE SWITCH

These days, lenders typically allow borrowers to switch their mortgage rate to a new one without additional underwriting, avoiding new affordability checks. If moving to a new lender may prove challenging, there could be an option from the current lender that could still prevent the need to pay an SVR and wouldn't require any new affordability assessment if switching on a like-for-like basis.

CONSIDERING TRACKER RATES

Another option may be switching to the lender's tracker rate, which may be lower than an SVR and doesn't charge penalty fees for switching off the product to a fixed rate when the time is right. Any borrowers whose current fixed rate deal is ending potentially face much higher costs and should explore their options as soon as possible. Those who have agreed to buy a property may also want to check their borrowing capacity and monthly payments and consider locking in a deal.

PLANNING AHEAD FOR REMORTGAGING

For those looking to remortgage, it's essential to compare rates to secure the option of a new rate. Anyone with a fixed rate deal ending within the next six to nine months should look into the most

competitive rates they can obtain – and consider locking in a new deal. Often, there is no obligation to take it. If you plan ahead, it is possible that they may fall by the time you need the mortgage.

SECURING YOUR FUTURE

Most mortgage deals allow fees to be added to the loan and only charged when it is taken out. By doing this, borrowers can secure a rate without paying arrangement fees. We can discuss whether you are obliged to take the rate or could shift to a cheaper deal if rates fall before you take the mortgage out. Those with home purchases agreed should also aim to secure rates as soon as possible so they know exactly what their monthly payments will be.

PROCEED WITH CAUTION

Home buyers should beware of overstressing themselves and be aware that house prices may fall from their current levels, as higher mortgage rates limit people's borrowing ability and buying power. If you're navigating the complex world of mortgages and require further guidance or information, do not hesitate to discuss your options with our highly experienced team to ensure you make informed decisions about your future. ■

WANT TO DISCUSS THE LATEST REMORTGAGE DEALS AND RATES?

If you are looking for a mortgage deal, want to move, or your fixed rate is coming to an end, please don't hesitate to get in touch.



When it comes to mortgages, taking advice can be a daunting process, whether you are looking to take financial advice for the first time or you've taken financial advice in the past.

Finances often take a low priority for many people because they are complex, but at Simply Mortgage our clients appreciate our ability to make the mortgage-arranging process both simple and enjoyable.

At Simply Mortgage, we ask the questions, look into your future, give straightforward advice and find the right mortgage solution for you.

Contact us today to begin your journey – we look forward to hearing from you.

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