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What first-time buyers should know before applying

What to check before applying

Applying for your first mortgage is an exciting step, but it can also feel slightly daunting. There are documents to prepare, checks to pass and decisions to make before a lender confirms whether they are willing to offer you a mortgage.

The more you understand before applying, the easier the process can feel. A mortgage application is not just about how much you earn. Lenders want to see a fuller picture of your finances, your deposit, your spending habits and the property you want to buy.

What lenders usually check

When you apply for a mortgage, the lender will look closely at affordability. This means checking your income, regular outgoings, debts, credit commitments and general financial position to decide whether the mortgage looks manageable.

Your credit history also matters. Lenders may review how you have handled borrowing in the past, including loans, credit cards, overdrafts and missed payments. A strong credit profile can support your application, while issues on your report may reduce the number of options available.

Why your deposit matters

Your deposit affects how much you need to borrow and what percentage of the property value is covered by the mortgage. This is known as loan-to-value, often shortened to LTV. For example, a smaller deposit usually means a higher LTV.

A larger deposit may give you access to a wider choice of mortgage deals, but many first-time buyers apply with modest deposits. What matters is whether your deposit, income and wider financial position fit the lender's criteria.

Preparing your documents early

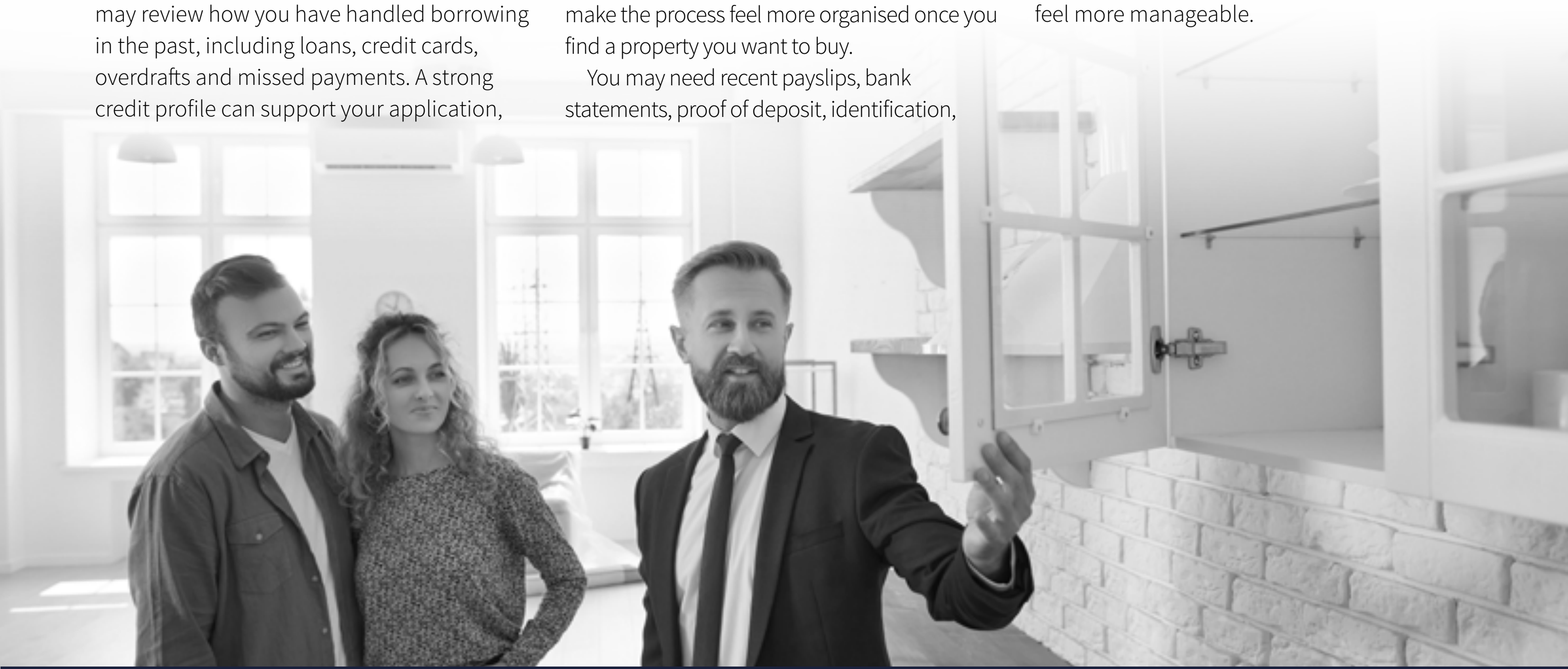
It is sensible to gather your documents before you apply. This can help prevent delays and make the process feel more organised once you find a property you want to buy.

You may need recent payslips, bank statements, proof of deposit, identification, address history and details of any credit commitments. If you are self-employed, the lender may also ask for accounts, tax calculations or business bank statements, depending on how your income is structured.

Thinking beyond the mortgage payment

Before applying, it is important to think about the wider cost of homeownership. The monthly mortgage payment is only one part of the picture. You may also need to budget for bills, council tax, insurance, repairs, moving costs and furniture.

This is where your own comfort level matters. A lender may agree that a mortgage is affordable, but you still need to feel confident that the payment works for your lifestyle. Leaving some breathing room in your monthly budget can make homeownership feel more manageable.



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Understanding the role of an Agreement in Principle

Many first-time buyers choose to get an Agreement in Principle before making an offer. This gives an indication of what a lender may be willing to lend, based on the information provided at that stage.

It is not a guaranteed mortgage offer, but it can be useful. It may help you understand your likely budget, focus your property search and show estate agents that you are in a stronger position to proceed.

Choosing the right mortgage type

Before applying, you should also think about the type of mortgage that may suit you. Fixed-rate mortgages are popular with first-time buyers because the monthly payment stays the same for a set period.

Other options, such as tracker or variable-rate mortgages, can change over time. These may suit some borrowers, but they can make budgeting less predictable. The right choice depends on your circumstances, attitude to risk and plans for the next few years.

Getting advice before you commit

A mortgage application is a big financial commitment, so it is worth asking questions early. This is especially true if your income is variable, your deposit is gifted, you have credit commitments, or you are unsure how much to borrow.

Good advice can help you understand your options before you apply, rather than after a problem appears. It can also help you prepare properly, avoid common mistakes and move forward with more confidence when you find the right home. ■

A little preparation can make your first mortgage application feel much clearer

Before you apply, it can help to check your budget, gather your documents and understand which mortgage options may suit your plans. To discuss your mortgage options, speak to us for further information.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE. THIS ARTICLE IS FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE PERSONAL FINANCIAL ADVICE. MORTGAGE AVAILABILITY, RATES AND CRITERIA DEPEND ON YOUR INDIVIDUAL CIRCUMSTANCES AND LENDER REQUIREMENTS.