

Mortgages4U North West

# How Much Can I Borrow?

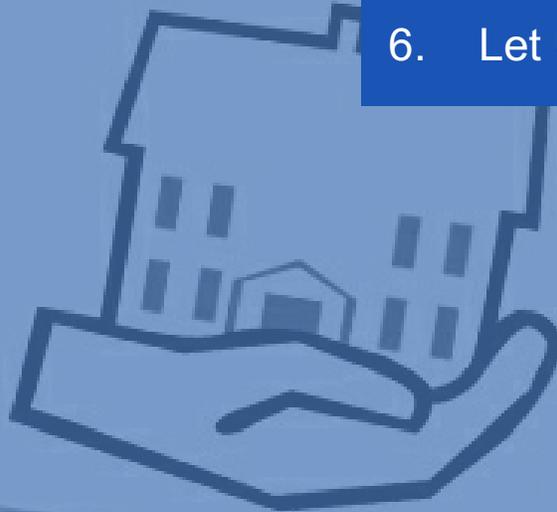
One of a series of Information

E-Guides from M4UNW



# Table of Contents

1. Introduction
2. What determines how much can I borrow?
3. What Criteria Will Lenders Use?
4. What Else Affects the Mortgage Offer Value?
5. What if I am Self-Employed or Have Poor Credit History?
6. Let Us Help



# Introduction

Mortgages 4U North West have created a series of helpful E Guides to answer the most common mortgage questions asked by clients

I'm pretty sure you know the feeling.

You have found the house of your dreams, but can you afford it?

Will anyone lend you sufficient money to buy it?

*Be prepared, read this guide to find out the borrowing potential of your specific circumstances.*

If you're wondering how much a mortgage lender is likely to offer, then this book is for you.



# What determines how much can I borrow?

What determines how much can I borrow for a mortgage is a very good question as the amount depends on your circumstances such as:

- Age
- Income
- Outgoings
- Number of Children
- Number of applicants
- Loan to value
- Term of mortgage
- Credit history

Lenders will take all of the above into account to assess how much they will lend you and this calculation varies from lender to lender.



# What Criteria Will Lenders Use?

## AGE

Your age(s) determine the length of the mortgage you will be offered

## INCOME - FROM EMPLOYMENT

Will be assessed for the employed on basic annual income plus guaranteed income such as car allowances plus a proportion of any overtime or bonuses with lenders usually requiring your 3 latest monthly payslips (or 12 if paid weekly) along with bank statements.

Some lenders will take into consideration the receipt of State Benefits such as Child Tax Credits, Working Tax Credit, and other benefits along with any maintenance payments received.

## OUTGOINGS

Lenders now tend to lend on an affordability basis rather than say on a 4.75 income calculation - therefore there will be an inbuilt assumption of the typical monthly costs incurred in running a property – council tax, gas, electric, water bills, service charges etc.

Any regular monthly costs such as personal loans, PCP, HP, catalogue payments, credit card payments, maintenance for children or CSA payments will also be taken into consideration.



# What Else Affects the Mortgage Offer Value?

## CHILDREN

The number and age of dependent children under the age of 18 will be taken into consideration with the lenders calculating what they see as the cost to bringing up a child which may or may not include nursery / after school / child minder fees.

## NUMBER OF APPLICANTS

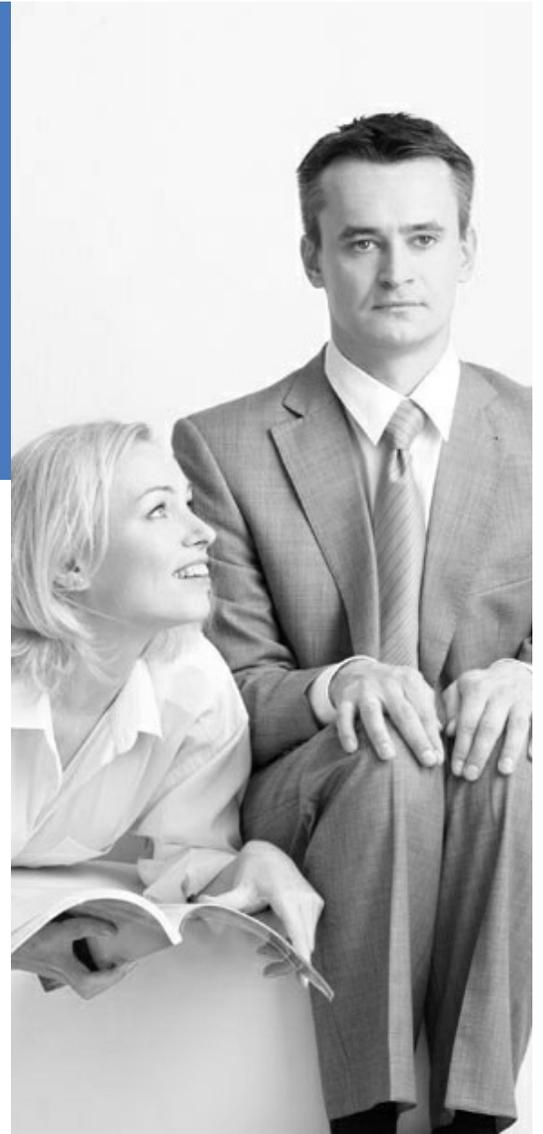
The number of applicants on the mortgage also affects the lenders calculation for affordability.

## LOAN TO VALUE

The smaller the deposit the higher the risk to the lender and this will reduce the maximum amount offered.

## TERM OF MORTGAGE

The longer the term of the mortgage reduces the amount of the regular monthly mortgage payments which in turn helps the affordability calculation – a lender may not lend the amount you require over 20 years but may consider it over 25-year term.



# What if I am Self-Employed or Have Poor Credit History?

## INCOME – SELF EMPLOYED / LIMITED COMPANY DIRECTORS

Will tend to be assessed on returns done to HMRC over the last 3 tax years with lenders preferring to have last 3 years SA302 and Tax overviews (usually obtained via your Accountant) or sight of last 2 to 3 years' accounts.

## CREDIT HISTORY

Applicants with good credit history can usually borrow up to 95% of the purchase price (subject to meeting lenders criteria for income, term etc.) whereas applicants who have suffered County Court Judgements (CCJs) or Defaults or missed mortgage or credit payments over the last 6 years will normally be restricted to much lower borrowings requiring higher deposits to minimise the lenders risk.

Whatever your circumstances and requirements please contact us at MORTGAGES 4U (North West) Limited.

Our number is 0161 706 0242 and our email is [enquiries@mortgages-4u.org.uk](mailto:enquiries@mortgages-4u.org.uk)





## Let Us Help

VISIT OUR WEBSITE - CLICK THE  
BUTTON BELOW, LEAVE US YOUR  
CONTACT DETAILS FOR A FREE  
NO-OBLIGATION DISCUSSION - WE  
WILL CALL YOU BACK

WE WOULD LOVE TO CHAT WITH  
YOU