



Mortgages

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Despite the easing of the Central Bank's lending rules and the introduction of the Help to Buy Scheme, the property market continues to be difficult for prospective buyers due to the continued lack of housing supply.

New housing developments being launched in the Dublin area have experienced the return of overnight queues and demand for the limited number of second hand homes is definitely driving prices higher. The consequence for prospective buyers is that to have your bid accepted by a vendor/auctioneer, if you need a mortgage, approval needs to be confirmed before your offer will be accepted.

At Finance One, we spend a lot of time preparing and advising both first and second time buyers in relation to their mortgage suitability and the extensive options that are available to them. Our advice is unconditionally in the best interests of our customers as in all cases, we carry out a 'fair analysis' of the mortgage market.

So what are our 10 top hints for any prospective home buyer

Shop Around

Don't automatically assume you should borrow a mortgage from the bank you have your regular accounts with. You may get better value elsewhere and it's good to let them know you're shopping around. If they want to keep you, they may up their offer.

Deposit

Make sure you have clear evidence of where your deposit was saved since the beginning. Banks will accept parental financial support but prefer you to have at least part of the deposit saved from your own resources. A good, solid savings record carries a lot of weight with any application.

Self Employed

If you work seasonally or are freelance or self-employed, expect your personal finances to come under more scrutiny. Maintain management accounts and make sure that your most recent accounts are completed by an Accountant before making an application. The criteria for self employed applicants varies on a much larger scale from lender to lender than in the case of a PAYE application so even more important for this category of borrower to receive independent advice.

Credit Rating

Keep a record of all statements that the Bank issues for your borrowings that you have had or currently have. Try and ensure that you do not miss any payment commitments by the due date as any missed payment will cause a potential lender concern.

'Approval'

Be aware of the extensive documentation required for lenders before mortgage approval is granted. You can largely ignore 'online approval' (a 'simple indication gimmick') as your application won't have been assessed by an Underwriter, and all can change as the information and paperwork becomes due. A full application needs to be made to be fully confident that you have the real ammunition to purchase your home.

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Apply Before You Buy

With so many prospective buyers chasing the same few properties, it is important that you are Mortgage Approved before you begin the bidding process. Estate Agents will ask for your proof of finance before they will accept your bid.

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Do Not Assume

Take time out at the earliest possible juncture to meet with a Mortgage Broker or Financial Advisor, no matter how busy you are and no matter how well-versed you may feel you are, it is important to be aware of the do's and don'ts prior to applying. Each lender has their own interpretation, and a broker with access to multiple lenders will know how each of the lenders assesses an application.

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Income

Typically, lenders will lend 3.5 times individual or combined gross income of an applicant/s and have the option under Central Bank lending to go as high as 4.5 times on an exception basis. However, important to note that income from rent, shares, bonuses, overtime and commission may often be restricted when calculating your multiple of income.

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Repayment Ability

Prospective mortgage lenders forensically examine your monthly incomings and outgoings to see if you have been practising the financial discipline required to meet your monthly mortgage repayments. They want to see that you have been showing an ability to meet the proposed mortgage repayment they and look at rent payments, regular monthly savings or loan repayments that you are currently making which will be cleared prior to drawdown of the new mortgage.

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Personal Debt

If you have personal loans, credit union or credit card debts, consider paying them off. Not all lenders require this, and it is very much dependent on the individual application, but they do like to see disposable income intact. A broker will advise on what to do, even if it uses up some of your deposit.

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