

Mortgages & Home Finance: How To Get A Mortgage

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So now you know how to get a mortgage, what else should you watch out for?

What Types Of Mortgages Are Available?

Dan Clayden of Clayden Associates, says, 'Generally there are two types of repayment – capital and interest & interest only – mortgages. And, then again broadly two types of interest – fixed (and capped) or variable (of which labor linked, tracker and discounted are all variants).'

How Much Will A Mortgage Application Cost?

Heather E Sonnet, an IFA for Almary Green Investments Ltd, says, 'There is an application fee which is charged by the lender and covers the administrative expense of processing an application and is often charged for a specific product such as a fixed rate. It can also be known as a booking fee or arrangement fee. Some of this fee is deemed non-refundable from the outset, and once the application process is well advanced, it is usually considered entirely spent. Fees have risen in recent months and are generally between £999 and £1,999. In certain cases, they can be added to the loan.'

When Does The First Repayment Kick In?

Melanie Bien says, 'The date of the first mortgage payment will be agreed with the lender. Many people choose the end of the month when they get paid to ensure the mortgage goes out straight away before they have run out of money.'

Are There Any Risks?

Melanie Bien continues, 'The biggest risk is not being able to pay your mortgage and having your home repossessed. So make sure you can afford any mortgage you take on and if you do get into difficulty, speak to your broker or lender preferably before you miss a payment. Steps can be taken to reduce your monthly payments and keep you in your home until you are on a stronger financial footing.'



Can You Insure Your Mortgage?

Jane King, an IFA for Ash-Ridge Private Finance, says, 'In order to protect your mortgage repayments there are several insurance plans available, which will give you peace of mind that you can cover your mortgage payments in the event you cannot make them due to accident, sickness, disability or redundancy. If you have financial dependents then you can arrange life cover which will provide a lump sum to purchase the property and protect your dependents in the event of your death.'

'How you prioritise your needs can be discussed with your advisor who should also be able to provide you with independent advice in this area. All insurance premiums should be comfortably affordable if they are to be of any benefit. Many employers offer some sort of cover and you should always check your contract of employment and let your advisor know if you have any employer benefits in place.'

If You Only Listen To One Piece Of Advice?

Dan Clayden of Clayden Associates, says, 'Set a budget and stick to it. If you have your heart set on a particular property, it is all too easy to regard the additional costs as only another £5,000 or just another £10,000... but where do you stop? Before you go over budget, make sure that you take account of all the financial implications of house buying.'

'For example, conveyancing and legal fees, Stamp Duty Land Tax (which is payable on

residential property purchases over £125,000), buildings insurance and contents insurance, the cost of any mortgage protection (to cover the outstanding loan on death or critical illness) or mortgage payment protection insurance (which covers the monthly mortgage

payments in the event of accident, sickness or unemployment) as well as council tax and utility bills. These costs should all be factored in to your budget as part of your mortgage costs.'