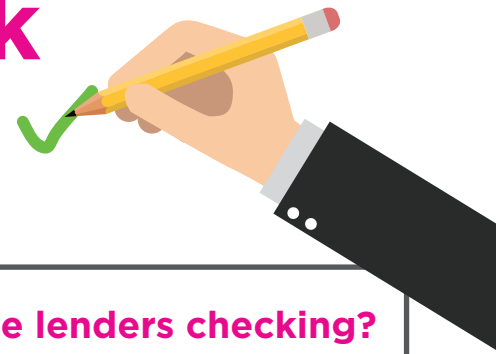




Revalo Mortgages

Mortgages.... but done right!

Mortgage paperwork check-list



When applying for a mortgage, lenders must be sure that you won't overstretch your budget with your monthly payments, now and in the future. The application process can take around one and a half hours, so **it's worth being prepared beforehand.**

Here is a checklist of what you need to have beforehand

✓ 1. Proof of identity and address



Passport or driving licence



Hard copy of a bill statement

What are the lenders checking?



Your monthly income



Your outgoings



Living costs



Loans



Household bills



Credit cards

✓ 2. Proof of income

a. If you are employed

You need:

- P60 forms from the last two years
- Your last 3 payslips

b. Self-employed

You need:

- Your tax returns, verified by an accountant or professional adviser
- You might be asked about your plans and future income projections

c. Overtime and/or bonuses and other allowances

You need:

- Your payslips for up to six months or P60s from the previous two years

d. Irregular income

You need:

- Statement from your employer about any income that's irregular or not guaranteed
- such as maternity pay or car allowance

e. Retirement income

- Such as pensions and annuities

f. Income from investments and rental property

g. Other income

- Child maintenance payments, spousal or maintenance, state benefits, second job or freelance work, tax credits
- (NOTE not all lenders will consider tax credits as income)

✓ 3. Evidence of outgoings

Work out your monthly payments and write down your costs.



A Committed costs



Pension contributions £ _____

Student loan £ _____

Hire purchase, car or bank loans £ _____

Child and/or spousal maintenance payments £ _____

Credit/store cards £ _____

Other loans/debt £ _____

Total: £ _____

Documents you might need as proof

- The amounts you owe, and the monthly payments you make on your credit cards, store cards, personal loans, secured loans etc. Hire purchase agreements e.g. to pay off a car, kitchen goods or other equipment
- Statements to show how much you are paying in child or spousal maintenance if you're divorced
- The exact details you are asked for will vary between lenders, but you should expect to discuss your regular spending in all these areas

B Essential costs



Utility bills £ _____

Council Tax £ _____

Water bills £ _____

Broadband/TV/Phone £ _____

Essential travel £ _____

Ground rent/service charge £ _____

TV licence £ _____

Insurance £ _____

Mobile phone £ _____

Household cleaning & laundry £ _____

Food £ _____

Childcare/school fees £ _____

Total: £ _____

Documents you might need as proof

- Depending on the lender you may have to produce household bills showing your actual spending or they may use an in-house model to estimate your monthly expenditure
- The exact details you are asked for will vary between lenders, but you should expect to discuss your regular spending in all these areas. Food is considered an essential spend but some (e.g. drinks may be living costs).

C Quality of living costs



Clothes & shoes £ _____

Household goods £ _____

Household repairs £ _____

Leisure costs £ _____

Entertainment £ _____

Non-essential travel £ _____

Pets £ _____

Holidays, weekends away £ _____

Personal care goods £ _____

Total: £ _____

Documents you might need as proof

- Depending on the lender you may have to produce household bills showing your actual spending or they may use an in-house model to estimate your monthly expenditure
- The exact details you are asked for will vary between lenders, but you should expect to discuss your regular spending in all these areas.

✓ 4. Checking your future affordability

Your mortgage lender will check to see how a change in interest rates might affect your mortgage payments. They'll also look at what is left in your budget, once personal expenses are deducted.

The lender will then use this to calculate what's the maximum you can borrow. Every lender uses their own affordability assessment calculation so the amount you can borrow and the affordability criteria will differ between lenders.



Quick tips

Spending on the home - working out what's affordable

After tax, it's good to know how much of your monthly income you spend on your mortgage and other commitments.

Under 40% = Affordable

40 - 50% = Risk of overstretching

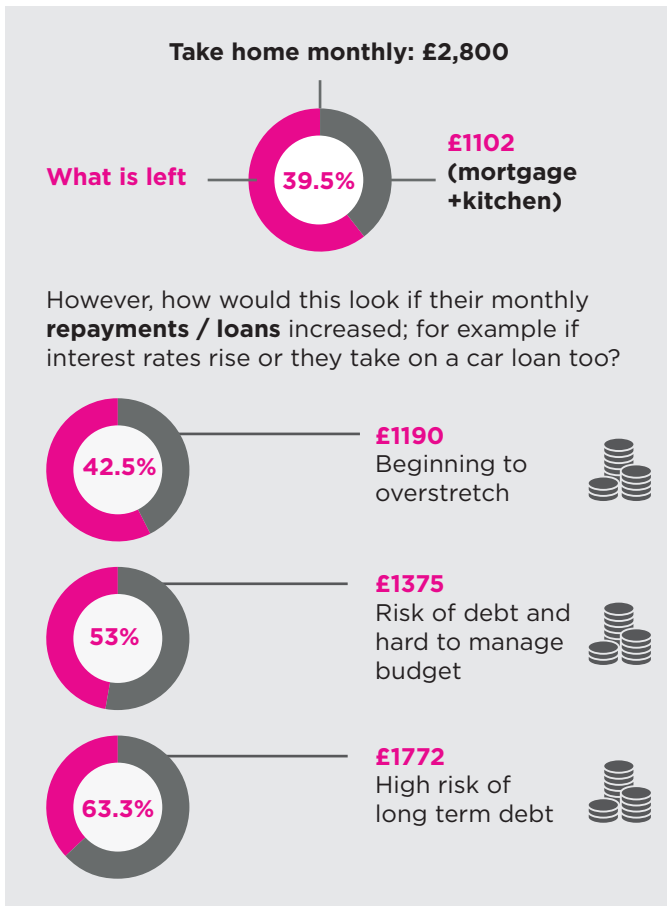
50 - 60% = Overstretching

Over 60% = High risk of debt

For example

Bob and Barbara together take home £2,800.

Their **mortgage is £902**, and they also have a loan for a **kitchen costing £200 per month**, but pay off credit cards in full and have no other debt



- Pay off your debt/credit/loans as they go towards reducing the amount you can borrow
- Get your budget in order and curb your spending
- Try not to overspend or go over your overdraft limit
- Prepare for the meeting ahead of time - whether it's on the phone or face to face. It will take over one and a half hours so make sure you gather bills and paperwork
- Make sure you are on the electoral roll - visit [gov.uk/register-to-vote](https://www.gov.uk/register-to-vote)
- Check your credit report and if there are problems, fix them ahead of the application
- Use our **Mortgage Affordability Calculator** to work out how much you might be able to borrow.

Interest-only mortgages

It's very difficult to get an interest only mortgage now. Lenders will ask you to explain and show proof of your plan for repaying the full loan when the interest-only period ends. They will check that your plan is still in place at least once during the interest-only period.

Changing an existing mortgage

If you want to remortgage, a lender may be able to arrange this without doing all the affordability checks.

The lender will still have to do the checks if you are: Increasing the amount you are borrowing Making a change that might affect what you can afford (for example, extending a mortgage into your retirement, or removing someone from the mortgage contract).

Related Content

Go to [revilmortgages.co.uk](https://www.revilmortgages.co.uk) and search for:

- Affordability calculator
- How much can you borrow?
- How to apply for a mortgage.