

MORTGAGE MARKET REVIEW CHECKLIST

Every month, the directors at mcpersons share some useful financial tips especially for Bexhillian readers. This month, Ainsley Gill asks Daron Beacroft from mcpersons financial solutions to look at the Mortgage Market Review (MMR).



If you're thinking about applying for a mortgage in the near future, there's one thing you need to make absolutely certain you know about, the Mortgage Market Review.

What is the MMR?

The MMR was a comprehensive investigation of the mortgage market which found that there were too many instances of high-risk lending prior to the financial crisis, which left a lot of people unable to afford their mortgage repayments. As a result, the Financial Conduct Authority brought in a package of measures with strict lending checks to ensure mortgages will still be available to customers who can afford it, whilst ensuring those who can't won't be left struggling.

Be Prepared

Those rules officially came into effect on April 26th 2014 and all lenders are required to abide by them. They'll need to apply additional criteria to current affordability checks which could have an impact on your ability to get a mortgage or the amount of loan you'll be eligible for, and that's why it's so important to be prepared. With that in mind, we thought we'd put together a quick overview of what you'll need to do to boost your chances of acceptance.

Provide evidence of income

You'll need to provide thorough evidence of income so your lender can fully determine your eligibility. Chances are you'll already have to do this but now there is no leeway, so just what will you need to provide?

- ❖ Payslips, usually covering 6 months prior to application;
- ❖ Evidence of any overtime, bonuses or other allowances;
- ❖ Other income such as maternity pay;
- ❖ Evidence of any tax credits/state benefits;

- ❖ Evidence of income received from investments or rental property;
- ❖ Retirement income, if applicable;
- ❖ Bank Statements as further proof, again up to six months' worth.

Keep a record of outgoings

While providing the above evidence is routine, you'll also now be expected to provide further details regarding your outgoings. Having a basic layout of money coming in versus money going out won't be sufficient. From now on you'll need to keep a detailed record of everything you spend, including:

- ❖ Payments of utility bills, council tax, insurance;
- ❖ Evidence of unsecured loans, credit cards or hire purchase agreements complete with usual monthly repayments;
- ❖ Payments towards lending secured against your house;
- ❖ Child maintenance payments and/or childcare;
- ❖ Essential travel cost (to school/work);
- ❖ Ground rent or service charges, if applicable;
- ❖ Housekeeping including food, cleaning services;
- ❖ Telephone, TV, Broadband;
- ❖ Entertainment e.g. cinema, holidays;
- ❖ Regular savings and/or pension contributions.

The whole point is to ensure you're not already stretching yourself too thin. The lender needs to be confident that you could not only afford the repayments now, but could do so should interest rates rise.

Need more help?

This feature aims to give some informal hints and mcpersons are offering small businesses free advice so get in touch now to arrange your free meeting.

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