



GUIDE TO MORTGAGE AND INSURANCE APPLICATION AND PROPERTY PURCHASING
and
BASIC DOCUMENTATION PACKAGE FOR MORTGAGE APPLICATION

The following is a basic guide document to the process of obtaining a mortgage offer in order to purchase a property. It is not absolute, and timings and requirements can vary according to individual circumstances. There is also some information on the process from mortgage offer to completion, including options for insurance cover. Finally, we have included a list of basic documentation that will be required for the mortgage application.

THE GUIDE TO MORTGAGE AND INSURANCE APPLICATION AND PROPERTY PURCHASING

Obtaining the Decision in Principle (DIP)

- Client(s) obtains full credit record which is checked by Tapper Financial Services (TFS).
- Client(s) and TFS discuss outline mortgage requirements including property value, type, location.
- Client(s) and TFS agree terms of business.
- Client(s) sign and return Authority to Proceed document to TFS.
- Client(s) provides preliminary full documentation package to TFS (see list 'Basic documentation Package for Application' below).
- Client and TFS agree outline mortgage borrowing amount.
- Advisor makes application to lender for a Decision in Principle.
- Decision in Principle is offered. This is vital proof of a client's financial worthiness to a prospective vendor/estate agent. Offers on properties are generally only accepted with this evidence, however we recommend avoiding disclosure of maximum borrowing amount to the estate agent or vendor as this could be used to the client(s)' disadvantage.
- Agreed fee for Decision in Principle is charged by TFS to the client(s).

Finding a Suitable Property

- With decision in principle agreed client(s) searches for property.
- Client(s) discusses chosen property with TFS and checks any non-standard issues (eg property construction, location etc).
- Client(s) makes offer to the agent / vendor (ideally the client checks the property with TFS before making the offer to the vendor but there may be occasions where the client may need to make an immediate offer on a property).
- Offer is accepted by the vendor.

Your home may be repossessed if you do not keep up repayments on your mortgage.

Obtaining the Mortgage Offer

- Once the offer on the property has been accepted by the vendor, the client provides TFS with full details of the property, estate agent, solicitor etc.
- Advisor makes full mortgage application to the lender and uploads supporting documentation to the lender.
- Client pays any fees on application due to lender if appropriate, (eg. lender arrangement and/or valuation survey), if these fees are not being added to the mortgage payment.
- Lender reviews all submitted documentation and may ask for more documents / information.
- Lender instructs valuation.
- Application will always include a valuation survey by the lender, however a detailed building survey for the client(s) is strongly recommended.
- Valuer inspects and reports back to the lender.
- Once the lender is satisfied with all information on the client(s) and the property, the lender makes a mortgage offer to the client(s). This is sent to client and the solicitor.
- Client(s) and TFS check that the mortgage offer accurately reflects everything that has been asked for and make amendments if necessary.
- Agreed fee for mortgage offer is charged by TFS to Client(s).

Process from Mortgage Offer to Completion

- Once all debts are clearly understood by both the client(s) and TFS, the client(s) should apply for personal insurances and buildings insurance (usually with deferred start dates). TFS will work with the client in order to cover all debts that will be incurred and so ensure that the client(s) is able to keep the property to be bought, should anything untoward happen to the client(s).

The following phase of the purchase is in the hands of the legal conveyancer and normally outside the control of Tapper Financial Services

- Once the mortgage offer is in place, legal work commences to check the status of the property, and searches and background information are also carried out.
- Once Client(s) parties are happy with the property transaction, contracts are exchanged between buyer and vendor (buildings insurance must be in place at this point and other insurances are generally also set live at this point).
- Contracts are completed and lender pays solicitor funds for the property, which are then transferred to the vendor.
- Client(s) collect keys and moves in.

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Timeframes

- The timescale on the above process can vary enormously. A decision in principle usually takes no longer than 12 to 24 hours.
- The time from application to mortgage offer can take anything from 1 to 8 weeks, sometimes longer, depending on individual circumstances.
- The time from offer to completion depends on the buyer and seller circumstances. The whole process can be done in 4 weeks. However it is more typical between 3 to 4 months, but longer is not uncommon.
- A decision in principle usually expires after 3 months. This is usually very simple to renew.
- An offer usually expires after 6 months. An offer renewal can be more problematic to obtain.

Additional People and Costs to Consider

Valuation and Survey

As part of the mortgage process a lender will require an independent “valuation survey” of the property. This only checks that the property is habitable and is worth the asking price. Buyers are therefore very strongly advised to have a “building survey” to check for any serious structural issues. Sometimes the lender valuation is free of charge and the survey can be upgraded to a building survey at a reasonable cost. If not, this needs to be arranged and paid for separately.

Conveyancing – Legal Work

A mortgage is a loan that has legal commitments by both borrower and lender and a solicitor, or conveyancer is needed to carry out this work. Sometimes this service is offered by the lender and is included at no cost to the applicant. If not, it is necessary to appoint and pay for a solicitor.

Estate Agent

Most property on the market is sold through estate agents or a builder’s agent, if it’s a new-build property. Remember, the vendor pays the agent to sell their property. It is vital to understand that whilst the agent works between both buyer and seller to reach a sale, the estate agent is paid to act in the interest of the vendor. There should not be a cost to the buyer, although in some extreme cases it has been known.

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BASIC DOCUMENTATION PACKAGE FOR MORTGAGE APPLICATION

1. Current mortgage statement (re-mortgage only).
2. ID - copy of driving licence or passport showing photo – both of these if possible.
3. Details of any loans and/or credit cards and/or any other debts. These include student loans and childcare maintenance.
4. Credit reports –EG Equifax or Experian. These should be full reports (extending to a number of pages, not just the summary credit score.
5. Proof of income.
If employed: a) payslips for last 4 months b) P60.
If self-employed / sole trader / limited company shareholding director: a) 3 years accounts b) 3 years tax computations c) 3 years tax year overviews
6. Proof of deposit – this must also show 6 months build-up of funds from whatever source.
7. Full bank statements (last 4 months, corresponding exactly with payslips), showing incoming salary credits AND the full name and address of the client(s) AND the sort code AND the account number.
8. If the client(s)' current address is not on any of the above, additional proof of address will be needed (eg utility bill, dated within the last three months)
9. Completed income/expenditure review.
10. Once we have agreed how we shall work together we will need your signed Authority to Proceed and agreement to our fee if chargeable (see the terms of business above for current fee).
11. 3 years address history details
12. 3 years employment history – address, place of work, start dates.
13. Details of dependent children or relatives, names, ages etc.

VERY IMPORTANT

1. Pay-slips and bank statements must co-ordinate for the three most recent months. If necessary, please provide four months' pay-slips if the statements are out of sync
2. On-line bank statements must demonstrate the lenders name and address, as well as your name, address, account number and sort code.

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