



Let Us Help You Get a Self-Employed Mortgage



Is it harder to get a mortgage if you are Self-Employed?

If you're self-employed, it can be more of a challenge to get a mortgage because you'll need to prove you have a reliable income. But getting a mortgage when self-employed is **certainly not impossible**. There are plenty of ways to prove to a mortgage lender that you have a reliable income, it's usually just a case of jumping through a few extra hoops.

What counts as self-employed?

Lenders will view you as self-employed if you own more than 20% to 25% of a business, from which you earn your main income.

You could be a **sole trader**, a partner, a **company director**, or a **contractor**.

How do you get a self-employed mortgage?

If you're self-employed and looking for a mortgage, you will, in theory, have access to the same range of mortgages as everybody else and you'll need to pass the lender's affordability tests in the same way as any other borrower.

But because there is no employer to vouch for your wage, self-employed people are required to provide far more evidence of their income than other borrowers.

Since the introduction of the Mortgage Market Review in 2014, mortgage providers have considerably tightened up their lending criteria and need to be convinced you can afford your mortgage before they agree to lend you the money.

What will I need to provide for a self-employed mortgage?

To prove your income when you apply for a self-employed mortgage, you will need to provide. Most banks and lenders will want to see a minimum of 2 or more years' proof of income.

However, subject to meeting the lender's criteria, we can offer mortgages to those with only 1 year's proof of income.

Other specific evidence will be:

- SA302 forms and a tax year overview (from HMRC) for the past two or three years
- Evidence of upcoming contracts (if you're a contractor)
- Evidence of dividend payments or retained profits (if you're a company director)

Some lenders also prefer self-employed mortgage applicants to provide accounts that have been prepared by a qualified, chartered accountant; that way they can be sure of your reliability. It's likely that they will focus on the average profit you've earned over the past few years.

If you only have accounts for one year or even less, you may find it a challenge to convince a lender that you can afford to repay a mortgage – but, again, it's not impossible, our expert team will help you from the very start.

Having evidence that you've got regular work or providing proof of future commissions may help. Just be aware your choice of mortgages may be more limited.

Self Employed Mortgages 0220

Having a healthy deposit and a good credit history will also help your chances of securing a mortgage when you're self-employed.

As well as providing evidence of your income, you will also need to provide:

- Passport
- Driving licence
- Council tax bill
- Utility bills dated within three months
- Six months' worth of bank statements

Lenders will want to examine your bank statements to look at how much you spend on bills and other costs to be certain you could afford your mortgage repayments. They may ask about:

- Household bills
- Travel and commuting costs
- Childcare
- Holidays
- Socialising
- Hobbies
- Credit card and store card repayments
- Loan repayments
- Car finance agreements
- Catalogue credit accounts

What are self-certification mortgages, and do they still exist?

"Self-certification" or "self-cert" mortgages were specifically designed for the self-employed and allowed them to self-certify how much they earned in a given year, with no need to provide evidence. However, self-cert mortgages were **banned completely in 2014** due to concerns borrowers were being accepted for mortgages they couldn't afford. This means those who are self-employed now need to apply for a mortgage in the same way as everyone else.

Do self-employed people have to pay higher mortgage rates?

Self-employed mortgages aren't necessarily more expensive. As long as you're able to supply enough information about your income, you should qualify for the same mortgage deal as someone with a comparable salary in a permanent, full-time job. The mortgage rate you get is much more likely to depend on the size of your deposit, as well as your credit rating. The more you can put down as a deposit, and the higher your credit rating, the better your mortgage rate is likely to be.

As a fully independent broker we will search the whole of the market for you including many specialist lenders, to ensure we can offer the most competitive and suitable deal and rate.

Contact Us

For more information about anything relating to your house purchase or move, your mortgage or protection or insurance, please get in touch with one of our Advisers for a **FREE CONSULTATION**

Email: info@swmortgages.com

Call: Bristol office 0117 325 1511, Bath office 01225 584 888 or Exeter office 01392 690 888

Please visit one of our websites

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YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE