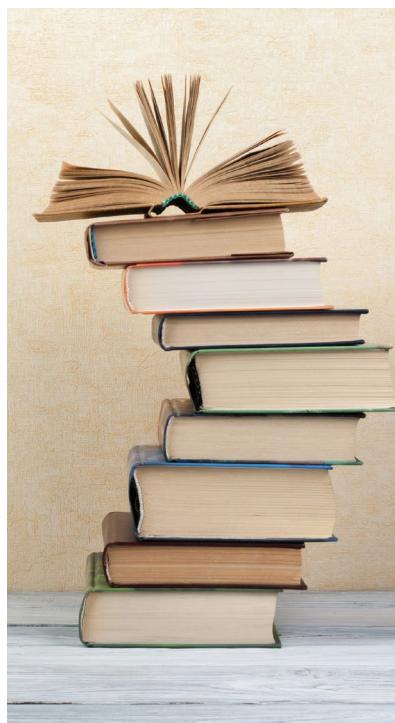


# Getting Mortgage Ready



**Sherry  
FitzGerald**  
MORTGAGES



# Sherry FitzGerald

Supporting you every step of the way

Very few people begin the mortgage process fully ready and sometimes it can feel almost impossible to prepare effectively. To navigate your way through this mortgage minefield, you need an expert in your corner, advising you every step of the way. We have been guiding applicants just like you through the mortgage process for more than 20 years. We know why applications fail and how you can sail through the process with flying colours.

With Sherry FitzGerald Mortgages by your side, you'll benefit from our experience and knowledge, giving you peace-of-mind that you'll be getting mortgage ready with a genuine expert. Our step-by-step handbook gives you the inside track on what lenders will expect from you, giving you a practical path to building your case toward a successful application.



# 1. Establishing how much you can borrow

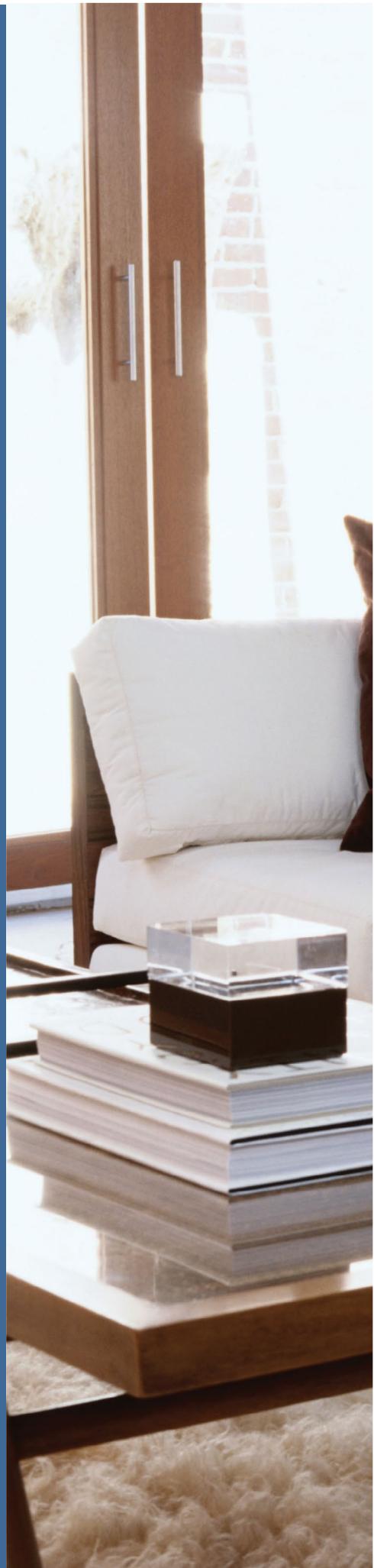
Under the Central Bank rules you are able to borrow 3.5 times your combined annual household income, however in some cases, you could be eligible to avail of an exception to this rule, meaning you could borrow more than 3.5 times your income if required.

In tandem with this, most lenders can lend you up to 90% of the purchase price. Keep in mind that there will also be significant differences in the amounts you can potentially borrow from various lenders. As every lender may have different credit policies or methods of calculating your suitability, your maximum mortgage amount could differ and you need to ensure that you are comfortable that your lender's assessment of your finances is in line with your budget.

It's important to point out at this stage that you do not have to have a bank account or be a regular customer of the particular bank to apply for a mortgage. It is treated as a separate financial product so you can apply to any bank, regardless of any previous connection.

## Typically a lender will consider four key aspects

1. Your guaranteed and variable income
2. Your age and potential maximum term of a mortgage available to you
3. Your outgoings including other loans and commitments
4. Your other living expenses



## How we can help

This is your first decision to make on the road to owning your own home or if you are thinking about trading up. And from this first stage, we are with you every step of the way. Initially, as we have a detailed understanding of the banks' criteria and their underwriting calculators, we can give you very accurate figures as to what each bank would be able to lend you. We can also flag any issues with your application in advance and if we notice that there is an issue that needs to be addressed, we can hold off applying and put a plan in place to make sure that when you apply, you get approved.

From there, we will discuss with you which bank best suits your needs. We work for you and not the banks so we will only work with whichever bank ticks all the boxes and the one that gives you the best deal.

In the meantime, visit **sherryfitz.ie** and if you are a first-time buyer read our informative guide on the **Help-to-Buy** incentive scheme for first-time buyers.

While there, you can also complete our online mortgage query form and a member of our team will be in touch with you shortly.

## 2. Deposit and savings

In order to buy a home, you will need to have a deposit and the new rules implemented by the Central Bank means lenders can lend you up to 90% of the value of the property that you want to buy if you are a first-time buyer. And if you are a first-time buyer who is buying a new home, the Help-to Buy (HTB) incentive has been introduced to assist you to fund the deposit required.

This incentive offers you a tax rebate of 5% of the property, up to a maximum of €20,000. This rebate is available only on properties valued at €500,000 or less.

Otherwise, if you are not a first-time buyer, you can source your deposit from a gift or inheritance or even a bonus from your employment. Many people still use the traditional method of saving for a deposit over time and this is also a good way to show your mortgage lender that you have a solid savings record.

### Working example

- You want to buy a house for €300,000
- Your lender may lend you up to 90% or €270,000
- But you will need to have the remaining 10% or €30,000 deposit yourself



### 3. Employment status

Any prospective lender will take a close look at your employment status and in particular they are looking for a solid steady income. Even if your monthly wage often includes bonuses, commission, and overtime, they are now taking a percentage of these earnings into consideration. You will also need to have completed your probationary period, be fully permanent and demonstrate at least 6-12 months' continuous employment in total.

If you are self-employed or run your own business, your lender will need to see two to three years tax returns/audited accounts.

**In advance of your application, you'll need to gather key documentation relating to employment, including...**

- A current or most recent P60 confirming your salary
- A completed salary certificate from your employer detailing basic and variable remuneration
- Three recent payslips
- Self-employed people will need to show a completed Form 11/Chapter 4 and tax clearance certificate as required



#### How we can help

As your mortgage broker, Sherry Fitzgerald Mortgages can provide you with the insight and expertise you need. At this stage, we will make sure that the income documents are the correct ones required for the bank, especially if you are self-employed. This ensures that the right documents go to the bank leading to a quicker decision and also the approval for the amount sought.

Most importantly, if we see an issue with these documents we can flag it with you before they are submitted. And if we need to delay your application until any issues are resolved, we will advise you accordingly. Like you, we are always focused on getting you the best possible outcome.

If you have not already done so, you can also visit **sherryfitz.ie**, complete our mortgage query form and a member of our team will be in touch with you very soon to discuss your needs.

## 4. Understanding the associated costs with buying your new home

Many people make the mistake of simply applying for a mortgage which only covers the price of the house they want to buy. There are several extra costs involved in buying a property and when you are calculating the amount you'll need to borrow, it's important you take the following issues into consideration.

1. Stamp duty will also apply to the purchase and the current rates are 1% of the purchase price up to €1,000,000 and 2% of any value over that
2. Legal fees will need to be paid to your own solicitor. You will need to determine with them in advance whether this is a flat fee or a percentage of the purchase price
3. Structural survey – before you sign contracts it is important to have the new home structurally surveyed so you know there are no issues with the property. This cost can vary depending on the size and condition of the property, but an average cost would start at €500 plus VAT
4. Broker fees – an experienced and independent broker will charge a fee for their services. This cost varies from broker to broker. At Sherry FitzGerald Mortgages we charge a once off fee of €195 when your application is ready to submit. This is a small investment considering the thousands that could be saved over the full term of the mortgage
5. Valuation – before you draw down your mortgage, the property will need to be independently valued by a professional valuer at the request of the lender. You should expect to pay a fee of between €150 and €250 plus VAT, but this can vary





## How we can help

Understanding the associated costs with buying your new home is an important stage. As your mortgage broker, we can explain to you when you have your amount approved as to what the maximum purchase price is, and that would include the savings you have.

For example, on a purchase price of €300,000 with a 90% mortgage of €270,000, you need 10% deposit or €30,000 to start with. You then also need to cover costs as noted above. Stamp duty at 1% = €3,000. Legal fees would be approx. €2,500, structural survey approx. €500, and bank valuation €150, and our own broker's fee of €195. In this case, the total required is €36,000 and that is before you spend any money on refurbishment, furnishing or moving costs.

Visit **sherryfitz.ie** and use our handy **online mortgage calculator** to see how much you can borrow.

## 5. Ability to repay

One of the key indicators taken into consideration by any lender will be your ability to pay any future mortgage drawn down. Any lender will require proof that you can meet future mortgage repayments, and not just based on today's interest rates.

They need to be satisfied that if interest rates go up, you will be able to cope with possible future interest rate increases, and higher repayments. This repayment test (sometimes referred to as a stress test) is usually stressed at 2% above today's rates. It is up to you to present the best possible case in demonstrating your repayment capacity.

By addressing a number of key issues over a period of at least six months, you can create a paper trail of regular outgoings, and prove you have the capacity to meet future mortgage repayments when the time comes.

### Demonstrating your capacity to repay

- Monthly savings – it's important to keep these regular and that you clearly show that you do not dip back into your savings
- Loans discontinuing – complete a full discharge of an existing loan before drawdown of the mortgage
- Rent to landlord – make it clear through a bank account that you are paying rent to a designated landlord
- Rent to parents – similarly, handing over money to parents is best shown through your bank account, clearly itemising that money as 'Rent'
- Mortgage repayments – to secure a mortgage when trading up, you would have to be able to demonstrate a good credit history of payments





## How we can help

When we begin the application process, we look through your bank and savings statements to make sure that we can show the bank that you can take on a mortgage on a stress-tested basis. If interest rates go up by 2%, any prospective lender needs to see that your current financial situation ensures you can take that hit on a monthly basis.

For example on a €270,000 mortgage over 30 years that would cost approx. €1,215 per month based on a rate at 3.5%\*. If rates went up to 6%, that would cost approx. €1,500 per month.

This means that if you are renting and paying €1,000 per month and you are saving €500 per month, then between your rent and your savings you have demonstrated to the bank that you can take on the mortgage on a stress-tested basis.

At every stage of the process, we're in your corner, providing you with clear advice and expertise.

\*Based on a standard variable rate

## 6. Understand and future-proof your credit history

When you apply for a mortgage, you will undergo a credit check where your lender will apply to the ICB or Irish Credit Bureau, the biggest credit-referencing agency in Ireland. The ICB maintains a database of information on the performance of credit agreements, such as mortgages, car loans, credit cards, and more.

Each time you apply for credit from an ICB member like a bank or lender, they can access your credit file to check your performance. Typically, your repayment history over a five-year period is included in this credit report, including where you may have missed payments. You can order your own credit report and see for yourself how you score. If your credit score is poor and can be improved in the short to medium term, it may be wise to postpone your application until this is in order. Your financial advisor or broker can advise you on the best course of action in this situation.





## How we can help

It is our role to ensure your application is in the best possible condition before we submit your application. If you have had an issue with a loan or credit card in the past we can review the Irish Credit Bureau report with you. And if there is an issue, we can prepare a detailed explanation together. We will then include this explanation with your application form enabling the bank to make a commercial decision on the application.

Keep in mind that if you apply without telling them and they spot the issue, your application will probably be declined so it is better to approach them with the information upfront. This is just another example of how we can help you get mortgage ready.

Start the process with Sherry Fitzgerald Mortgages today. Visit [sherryfitz.ie](http://sherryfitz.ie), complete our online mortgage query form and a member of our team will be in touch with you very soon to discuss your needs.

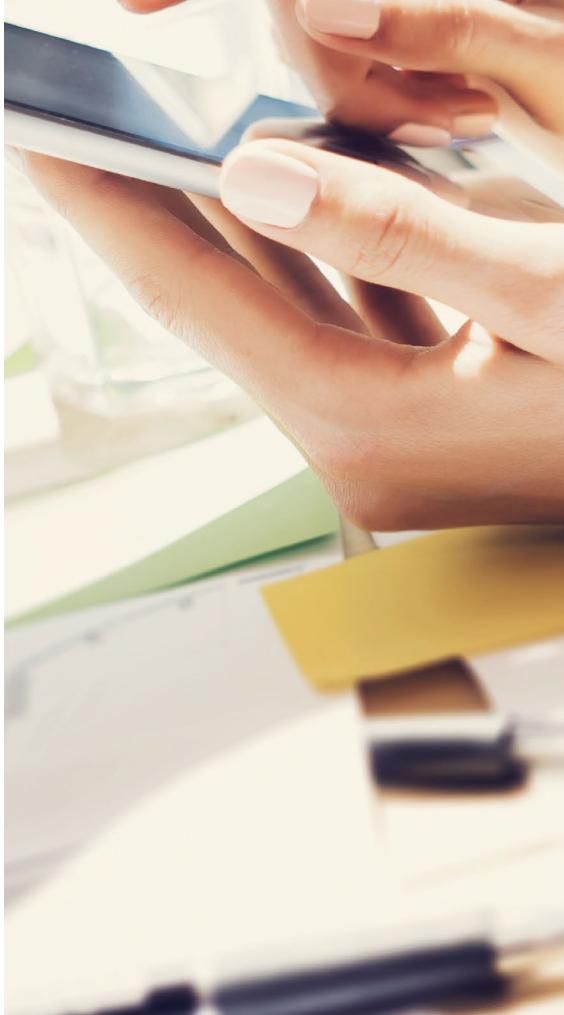


## 7. Lifestyle, living and banking

You need to make a strong overall case to any prospective lender. They need to be assured that you are a safe investment and someone who will repay their debts. How you manage your money on a monthly basis is always a good indicator of this and small changes in lifestyle, living and banking habits can make a major difference to your suitability as a prospective mortgage holder. In our experience, there are four general issues to consider.

1. Credit card management – if you have a credit card you should try and pay off the balance every month and ensure you are not building up expensive credit card debts unnecessarily
2. Ensure that you can clearly live within your means. In other words, it's important to demonstrate that you do not spend more money in a month than you earn
3. You should create a clear, logical view of your finances so try and present a clean and simple banking picture. Have a limited number of bank accounts for review and make any traffic between them crystal clear





## How we can help

If it is your first time getting ready for the mortgage application process, you may not have been aware of the level of scrutiny which your finances will undergo. And this is where our expertise comes in. As your mortgage broker, we will go through your documents to make sure that you are meeting the required level so that when we make the formal application, you get approval.

If you are not meeting the required level, we can put a tailored action-plan in place for three to six months, specific to your needs. Once that period has been completed, we can then submit your application with greater confidence.

By providing you with this level of service and expertise, our team at Sherry Fitzgerald Mortgages is committed to getting you the best possible outcome.

## 8. Recap – all the required documents and paperwork

Now that you understand what is required of you, it will soon be time to sit down with your broker and begin your mortgage application process. With this in mind, let's do one complete check and list the documents and paperwork you will need to present on the day.

- **Personal**

Photo ID: Valid and clear photo

Address verification: In date utility bill or bank statement (joint account where appropriate)

- **Financial**

Bank statements: No overdraft / No referral fees

Savings statements: 6-12 months

Credit card statements: Up to date

Loan statements: Up to date – Option ICB

- **Employment**

Continuous employment: 12 months – 2016 P60

Salary certificate: Basic vs. variable remuneration

Three recent payslips: Latest three prior to application

- **Self-employed**

Form 11 & Chapter 4 for the last two to three years

Tax clearance certificates

Business bank statements







## Good luck on your mortgage application!

Now that you know what it takes to get your mortgage application in good shape, it might be time to get your finances in order and start the application process.

It's time to get started. Visit **sherryfitz.ie** and complete our online mortgage query form and a member of our team will be in touch with you shortly.

To find out more about the application process, you can read our guide to the mortgage process on **sherryfitz.ie**. Keep in mind that if there are any aspects of the mortgage process you are unsure about simply email **financialservices@sherryfitz.ie** or call us on **1850 3000 30**. We would be very happy to hear from you.



**Warning: If you do not keep up your repayments you may lose your home.**

**Warning: Your home is at risk if you do not keep up payments on a mortgage or any other loan secured on.**

**Warning: The cost of monthly repayments may increase.**

Mortgage Insight DAC t/a Sherry FitzGerald Financial Services, Sherry FitzGerald Mortgages is regulated by the Central Bank of Ireland.

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