

Mortgages for the Self-employed and Contract Workers

If you are self-employed, a company director or 'employed' on a contract, getting a mortgage can prove to be a challenge. The key is having cast-iron proof of income and speaking to your mortgage adviser to make sure you are matched to the right mortgage lender for you.

Proof of income

Income for the self-employed will usually be proven in one of three ways:

- **Business Accounts** – Ideally you will want to show three complete years of accounts to maximise your lender options, although two can be sufficient and a couple of lenders will even work on one years' accounts
- **Tax Returns** – As an alternative to full accounts, most lenders will accept your SA302 tax returns as proof of income. Again, the latest two or three years returns will be required
- **Accountant's Certificate** – A number of lenders will now accept a certificate from an appropriately qualified accountant detailing your income over the same period as above.

You should note that lending will generally be based on your net profit rather than your turnover, and as business owners tend to show lower profits to minimise tax, this will more often than not have a negative effect on your borrowing power.

For company directors, assessable income will usually be based on salary plus dividends with a handful of lenders also considering the retained profit in the business.

Alternatively give us a call on 0844 2254321. We would be happy to assess your affordability and borrowing potential, we can even arrange for a suitable lender to provide you with a Mortgage Certificate which is an 'agreement in principle' to the amount you are able to borrow (subject to status and credit checks). This can help simplify the mortgage process later on and also ensures any offer you make on a property is taken seriously by the vendors.

Contract Workers

Contracts come in many different shapes and forms and mortgage requirements change greatly depending on how you work

- **Contract Workers** – Companies often offer contracts whereby you are paid a set daily, weekly, monthly etc. rate but are responsible for your own tax and National Insurance. Most lenders will view this as the same as being self-employed and require the same income proof as above. If you don't employ an accountant, SA302's are likely to be the only acceptable proof of income.
- **Fixed Term Contracts** – If you are employed on a fixed term contract, lenders will generally want to see a track record of similar contracts. Typically you will need to have been working in such a way for at least 12 months.
- **Temporary Contracts** – Some lenders will consider applicants on temporary contracts (e.g. agency workers, zero hour contracts etc.) but again, track record is everything. Showing that you have had a regular income for a year or so gives lenders the comfort that you are more likely to be able to secure ongoing contracts and that you are a good risk to lend to.

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

If you arrange a mortgage on a property from one of our associated new homes developers, we will waive our fee, otherwise there will be a fee for mortgage advice. The actual amount you pay will depend upon your circumstances. The fee is up to 1% but a typical fee is 0.3% of the amount borrowed.

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