



SEARCHLIGHT FINANCE

FULFIL YOUR PROPERTY AMBITIONS

In an ever changing market the information lender's require is constantly being updated. Some are great users of technology, others are working in the dark ages of the 20th century. Yes, I'm still asked if I've got a fax!

The purpose of this guide is to help you prepare for a long term mortgage application, although it can be used for short term finance as well.

3 Steps to a Successful Completion – Application Process



1. All lenders credit search, so how is your credit file?

A lot of reports are wrong or have information on you know nothing about. Recently a client found a £90 default he was unaware of. That cost him £4,000 as he had to remove it, before a lender would repay his bridging loan! The three main agencies are:

Credit Karma offer a free report you can [download](#)

Equifax also offer a free report you can see [online](#)

Experian offer a [score](#) which is not as important as the content of the report

Or save money and time and get them all on one report with [Check My File](#)

2. Voters Roll

Make sure you are on the voters roll on your credit report. I've seen many people who are on the register

but the credit agency disagrees. If you aren't you may have to provide original bills or bank statements for the last three years. Not always easy in a world where you are encouraged to have it all online.

It's a good idea to always have one bill that you still receive through the post. My favourite is Council Tax as it can be valid for 12 months or a credit card statement.

3. Bank Statements

Thankfully online are acceptable to most lenders.

They want to see how you operate your bank accounts and are looking for confirmation of income, rent and mortgage payments. Lenders have different versions of the information that you can download. It needs to show the Bank name, your name, full account number, sorting code, transactions and balances.

TIP: Make sure the address of the rental property is shown on the payment you receive from your tenant.



4. Proof of Income



If employed your last P60 and up to 3 months payslips. If self employed then up to three years tax year calculations, tax year overviews and if you have rental properties already the full tax return – SA100. The quickest and easiest way to obtain the information is from your:

- HMRC Self Assessment online account if you submit your own returns
- Or from your accountants commercial software that was used to submit the return

That's three documents per tax year if you are a landlord . If you have a trading business an alternative may be signed accounts – the full set, not the shortened version that goes to Companies House.

If you had 10 properties in your portfolio during the tax year lenders will be looking to see that number on your tax return with the corresponding rental income. If not and there are many reasons such as voids, refurbishments, buying towards the end of tax year be prepared for questions.

TIP: Retain copies in an online folder once your tax return has been submitted then there is no chasing your accountant at application time.

5. Portfolio

A spread sheet is essential and as a minimum must include:

Ownership	Property Address	Postcode	Value	Balance	Monthly Rent	Mortgage Payment	HMO Y/N	Lender Name
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Some lenders may ask for the date of purchase, property description eg: end teraced, purpose built flat, semi deatched; number of bedrooms, number of rooms, year built and if freehold or leasehold.

What do they do with this information? Yes, they do look at it. It is input into a database that checks the value, mortgage outstanding, market rent, current valuation and EPC. This will capture 90% of cases and if they get different information to you, they will ask why and in rare cases they may ask for valuation proof?

TIP: We offer an online version which you can use, and we can send to the lenders when needed. If you want access email etech@searchlightfinance.co.uk

6. Portfolio Landlords

You become one on your fourth rental mortgage application and it doesn't matter if owned personally or within a company with most lenders.



The lender may want to see a business plan which doesn't take long and most lenders have their own version. You will know all the information you will be asked.

You may also be asked for an asset and liability profile which is straightforward and on rare occasions a basic

cashflow. Don't worry as we have years of experience doing this.

7. Proof of Deposit if a purchase

Usually three months statements showing the build up of the deposit and if a lump sum proof of where it came from, which includes completion statement if a remortgage or sale. Your solicitor will also require this.

8 Tax Return Deadline



Don't wait until January to submit your return. Do it May/June as it will give you access to more lenders and keep your accountant happy.

Once completed, don't forget to get copies from your accountant and keep in a folder as it will save time later.

Next in this series we will have guidance and tips on the valuation process.

If you have a finance enquiry then please contact us on **01565 654005** or email mortgages@searchlightfinance.co.uk

Secure Portal

The world of finance is changing, and we like to change with it. We have an online portal which you can access 24/7.

We use this to keep you updated on your application and securely send and retain documents, so you always have them to hand. You can send messages, upload documents and review your past mortgage applications..

The portal meets the UK data protection rules so you can be sure that we are looking after all your information.

If you want to submit a mortgage application register now <https://searchlight.omsystem.co.uk/client-registration>

Legal Stuff

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