

## **Self Certified Mortgages**

A self certification mortgage is often referred to as a non-status mortgage, and is available to both the employed, self employed, first time buyers and those with an impaired credit history alike. They have become very popular in recent years, as working environments and practices have moved away from the more conventional 9 to 5, and where monthly income may come from several different sources. A self certified mortgage is specifically designed for people whose income is difficult to assess using the standard underwriting criteria used by most mortgage lenders.

Self certification mortgages allow you to declare your income without having to provide the documentary evidence usually required when applying for a mortgage. This facility could therefore assist the following categories of employment:

- **Both self employed and employed**
- **Employees on short-term or part time contracts**
- **Employees who depend upon bonuses or commission for a significant proportion of their income**
- **Unsalariated company directors**
- **Low wage earners with other income or material assets upon which they rely for future payment.**
- **People with seasonal earnings**
- **Those with more than one income**
- **Contract or freelance workers**

Whilst there is no need to supply accounts, bank statements, employers letter, payslip's or any other proof of income with self certified mortgages, we do prefer for this to be provided as it helps us to establish that there is income to support the mortgage application. Please be aware that a significant downside to self certification mortgages is that the interest rate charged will almost certainly be higher than it would be on a mortgage where evidence of income, like salary slips or accounts are provided. Please let me know if your position changes and you are able to provide me with this type of evidence as we may be able to source a mortgage on a lower interest rate.

### **Risk Warning**

When self certifying your own income it is important to ensure that you have accurately assessed all income streams and that the amount stated correctly reflects this. Also check the monthly repayments that you are committing to, as they need to be affordable both now and in the future if interest rates were to rise.

Should you fail to adhere to the above – if for example your income was overstated, you may not be able to afford the repayments on the mortgage - particularly if interest rates were to rise, and this could result in your home being repossessed. Therefore it is imperative to ensure that your stated income is accurate. You should also be aware that if you make a fraudulent mortgage application you will be liable to prosecution.