



AWS Mortgages

HOW TO CHOOSE THE BEST CONTRACTOR MORTGAGES FOR YOUR HOME

With more workers becoming self-employed and taking on increasingly flexible work for one or a variety of employers, there has been a growth in the number of contractors. But while those on fixed or short-term contracts who are paid a daily rate, perhaps via an umbrella company, may enjoy more flexible working conditions, it can be difficult to get competitive contractor mortgages. This is particularly true as we get to grips with the fallout from coronavirus and lenders worry about how it will impact incomes. This is resulting in tighter criteria for all borrowers – not just the self-employed.

Day rate versus salary and dividends

However, all is not lost for contractors looking for a mortgage – as long as you know where to go. The problem is that the majority of high-street lenders don't really understand contractor mortgages. Many lenders treat contractors as self-employed applicants, assessing income based on salary and dividends rather than the day rate model. This means borrowers tend to end up with a smaller mortgage than they would otherwise.

How much can a contractor borrow?

When it comes to how much you can borrow, much will depend on your individual circumstances. Lenders will look at the type of contractor you are; how long you have been contracting for; how long you have worked in that particular industry; your track record of having contracts renewed; and how long you have left on your existing contract. As a general rule, the longer you have been contracting and the stronger your track record, the better. If you've only recently become a contractor and have no track record, it will be harder to get a contractor mortgage – and even if you can, the loan-to-value may be fairly modest so you will need a bigger deposit.

Will I qualify for a professional contractor mortgage?

As with standard residential deals, lenders often offer professionals better terms and rates because they are keen to attract this business. Depending on your area of expertise, some lenders also offer professional contractor mortgages so if you work in IT, accountancy or as a solicitor, there may be more choice available to you at more competitive rates.

What paperwork do contractors need to supply?

All borrowers have to supply paperwork to satisfy a lender, but those applying for contractor mortgages will have to supply more information than most. You will need a copy of your contract, details of your track record of contracting, bank statements and proof of ID. Make sure you are on the electoral roll, and check your credit file before making a mortgage application – if your credit rating is poor you won't get a mortgage, even if your income is exceptionally good. If there are mistakes on your credit file, get them corrected, or they will cause problems for you during the mortgage application.

For More Information Please Contact:

AWS Mortgages

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Where are the best contractor mortgages to be found?

Picking up the phone and calling a number of high-street lenders directly or going on their websites – walking into branches being impossible right now – is unlikely to result in finding the best contractor mortgages on the market. Instead, a whole-of market broker which specialises in contractor mortgages, such as AWS Financial Services, is the best place to start. We receive scores of enquiries from contractors looking for mortgage advice (look at our case studies for examples of contractors we have helped) and have years of experience finding the right borrowing for your needs. We have come to specialise in this area due to the sheer volume of demand, so are well placed to help contractors looking for a mortgage – whether it's to purchase a new property or if you are mortgaging. We have found contractor mortgages for everyone from a client on a fixed-term contract that was about to expire (but who had experience and history behind him suggesting he should be able to secure another contract once his current one expired) to contractor clients needing to borrow at relatively high loan-to-values. As criteria can vary considerably between lenders, we pride ourselves on our bespoke advice, ensuring you get the right contractor mortgage for your circumstances on competitive terms. You won't have to worry that you might have got a better deal if you had gone somewhere else; indeed, it is more likely that we will help you find a deal that you may otherwise not have had access to. If you have any questions on contractor mortgages, or wish to speak to one of our advisers, please get in touch on +44(0) 203 488 1541 or enquire at info@awsmortgages.co.uk. We will talk ask some questions about your circumstances and borrowing aims, before comparing all the deals available to you and making suggestions based on your circumstances. We guide you through the process from start to finish, reducing stress and hassle, while ensuring we find you the right mortgage for your needs.

