**Homes for Self-Starters: Self-employed Mortgage Starter Guide**

Are you considering getting a mortgage as a self-employed individual? Mortgages for self-employed people are very common but can be seen as daunting. Here is a quick starter guide for people who are self-employed looking to get mortgages.

**What counts as self-employed?**

When getting a mortgage, it could be tricky to see if you are classed as self-employed. By lenders, someone who is self-employed is seen as someone who owns more than 20%-25% of a business which would be the main income. When applying for a mortgage being someone self-employed means that you will fall into one of these three categories.

* Sole trader -This is someone who owns a business and retains all profits
* Partnership-This is someone who owns a business but shares the profit with one or more people
* A limited company is a separate company that keeps your own money away from your business

**Being self-employed, How much can I borrow?**

When you're self-employed, getting a mortgage isn't much different than for those with a regular job. Typically, lenders will provide a mortgage for up to 4.5 times your annual salary, although this can vary based on your income and the size of your deposit1. Just like with any other type of mortgage, it's wise to save up for a deposit since a larger deposit can lead to lower interest rates.

**Because I’m self-employed do I need to pay a higher mortgage rate?**

When you're self-employed, your mortgage rate isn't affected. As long as you can provide the same information as someone in a full-time job, you can access the same mortgage rates. This means your deposit amount and credit rating are the primary factors in determining your mortgage rate. However, if a traditional bank doesn't approve your application, you may need to explore specialist lenders who might offer higher rates for self-employed individuals.

**Is there any way to try and boost my chances of getting a mortgage when I am self-employed?**

There are a few ways that you would be able to boost your chances of getting a mortgage when being self-employed. Some examples of these are:

* Be on the electoral roll
* Any mistakes on your credit report to be fixed
* Save up to make it so you have a bigger deposit
* Complete an SA302 form – This can provide lenders with proof of your earnings
* Make sure to keep a high credit rating.
* Book an appointment with us.

Booking an appointment with us means that we can help you and make sure that you can get the most suitable mortgage possible whilst being a self-starter.

**What is a credit rating and how does it work?**

Credit rating is a rating created by the banks which is where they will check your credit report, and this will see how you have managed your debt and bills in the past. This is only on a credit card, not a debit card. An example would be that if you had many late payments, it would harm your credit rating but if you regularly make payments on time, you will have a higher credit score. A high credit score can show lenders that you are reliable and more likely to return money in comparison to someone with a low credit score. This is vital if you are self-employed as this could be the main piece of information used if you are a lender

**How am I able to find the most suitable mortgage?**

To find the most suitable mortgage, simply schedule an appointment with one of our representatives. We provide personalised care and ensure that you secure the most suitable mortgage for your needs.

**We’re here to help you:**

As a self-starter, you’re used to taking charge and making things happen—but even the most driven individuals can find the mortgage market overwhelming. That’s where we come in. We’re here to empower you with the knowledge and support needed to make informed, confident decisions. Our expert team offers personalised advice tailored specifically to your financial goals, ensuring that you stay in control while benefiting from our industry insights and guidance.

Contact us today to learn more and schedule a no-obligation consultation. We're here to support you through every step of the process, giving you the tools to succeed in your mortgage journey with confidence and clarity.

Please remember: YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

[PLEASE ADD YOUR BROKER FEE DISCLOSURE HERE]

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References:

1. MoneySuperMarket(2024) *Compare self-employed mortgages and find the best rate* Available at:<https://www.moneysupermarket.com/mortgages/self-employed/> (Accessed on 18 October 2024)