



## **MORTGAGE NEWS APRIL 2008**

As promised in our last newsletter we would like to explore **let to buy** as a possible way for you to buy a property, whilst retaining your existing property.

Not to be confused with Buy to Let, there could be many reasons why this might work for you:

What is it? Simply it is a case of buying a new residential property to live in whilst letting out your current home to cover its mortgage payments.

It could enable you to **hold onto the value of your current property**, perhaps a timely consideration whilst property prices are levelling off, or temporarily falling - this would then mean you would be free to sell the property at whatever point would yield the highest profit, if you were to sell at all. So, you could be in a position to move without selling, and maximize the equity in your current property. (Your existing lender would need to be informed of your intentions to let the property).

It could be the start of a buy to let portfolio, enabling you to purchase more properties in the future. For example you let out your current property today and buy a new one to live in and then in one or two years time you repeat the process and hence end up with two rental properties and your home.

You could **generate profit from rent** on your existing property and maybe even go towards subsidising your home mortgage payments.

For the sake of the new purchase we can disregard the old mortgage payments provided the achievable rent covers the mortgage and your income then only needs to fit in respect of the new residential mortgage, and **up to 95%** could be available on the new property. It can even be possible to remortgage your existing property to raise funds for the deposit and legal fees.

## **CREDIT CRUNCH UPDATE:**

The whole mortgage industry has changed since the crunch began. Lenders previously lent money to each other, this has now become gridlocked and hence there is a shortage of money to lend to the consumer which in turn means higher rates and a more cautious approach to lending. The Bank of England is trying to make the markets more liquid by **pumping £50billion into the money markets** which should hopefully go some way to easing the situation. As brokers our role in finding mortgages for all types of customers has become more of a challenge. We will now **go to extraordinary lengths** to negotiate with new and existing lenders to find a mortgage that fits your circumstances and requirements.

## **100% MORTGAGES:**

The traditional 100% mortgage has now disappeared completely, but there are still alternatives such as, [shared ownership](#) which usually doesn't require a deposit.

95% mortgage with 5% builder deposit hence leaving you only to find related fees.

100% guarantor mortgage, where a parent would put up their own home as security allowing you to obtain a no deposit mortgage.

**Call us for ways to buy without huge cash sums.**

## **COMING NEXT EDITION:**

The Government's new Home buy scheme and buy to let remortgages.

If you feel Let to Buy could benefit you please call us for more information and a tailored plan or [apply on line](#).

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