



MORTGAGE NEWS MAY 2008

AFFORDABLE HOUSING

Affordable housing, particularly for first time buyers, has become increasingly difficult over the last few months, as lenders have tightened their belts, increased rates and reduced income multiples available, resulting in borrowing capacity being less than was previously possible - couple this with 100% mortgages now having become extinct and it is not difficult to see how for some the prospect of buying a home of their own is a distant dream.

Add this with the fact that **home movers are reliant on first time buyers** pushing up from the bottom rung of the ladder and you can see why this is a worrying proposition for many. Of course, some people do have access to a deposit, and we are also able to offer products that allow for builder or vendor deposit in some circumstances, but for some people this may not be enough to get them on the property ladder for these the governments affordable housing and home buy schemes could provide an answer.

What are the financial benefits? No deposit is required, and as initially you would be buying a share of the property then you only need a mortgage to finance part of the overall value.

Some schemes, as in traditional shared ownership allow anything from 25% to 75% shares, with rent payable on the remainder. The immediate benefits are that you are able to enjoy living in a property that may have been out of your reach on the open market, coupled with **no deposit** being required and this is a very attractive proposition to many people.

Moving on from this there are now an increasing number of **shared Equity** properties being made available by housing associations. Again no deposit is required and typically a share of 75% would be available with no rent payable on the remaining share,

BUY TO LET

Good time or bad to be investing in property? According to the latest 'Royal Institute of Chartered Surveyors' letting survey, owners experiencing difficulty selling their properties have turned to rent to take advantage of rising yields. **Gross yields are expected to be up by about 5%** and investment buyers can also take advantage of an increase in auction sales.

If you are a canny buyer and area specific you can get yourself a good deal in the current climate.

[Rates for buy to let mortgages](#) on a fixed basis are currently from 6.19% at 80% LTV and 6.79% at 85% LTV

For the landlord With 5+ properties and sufficient equity we can offer **portfolio finance** whereby the lender takes into the pot your current properties and then offers you a funding line to purchase more properties on a cash basis, hence giving you even more buying power and sometimes in theory meaning no more 15% deposits.

For more information of this type of funding call **0800 3283684** and ask for the **commercial team**

COMING NEXT EDITION:

What would I do if I was facing repossession? and Buying at auction and what are the pitfalls?

instead when the property is sold the buyer would repay the remaining 25% value at that point.

The scheme now allows for shares of 50%+ to be bought again with no rent payable.

[We are able to offer a choice of products for both Shared ownership and Shared equity](#) and for both clean credit history and adverse credit history - in either case no deposit is required.

We will help you every step of the way even with the initial property sourcing.

Clients who have already bought shared ownership properties, and now more recent shared equity, are building up their equity over time, and some have gone on to then buy property on the open market, using the equity from the sale from their current property as a deposit for a property on the open market - so it can be either **a stepping stone, or a final destination** - the choice is yours - the flexibility it affords allows you to take control.

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