

MONEYMATTERS



MONEY TIP

Hopefully you have already benefitted from the historically low Base Rate and mortgage rates that have been around for a number of years now. However, you could be making further savings, in terms of time and interest, by utilising any disposable income by making overpayments.

For example, if you have a repayment mortgage of £250k over a 25 year term at 4 per cent, by overpaying £250 per month could cut your mortgage term up to six years and saved over £50k in overall interest costs. Most products allow overpayment of at least 10 per cent per annum, some more but it is worth checking your mortgage offer because if you exceed any permitted allowance, the lender may charge a penalty fee.

There are some circumstances whereby any disposable income could be better spent (creating a rainy day pot or repaying other debts) but overpayments are definitely something to ponder while mortgage rates are so low.

Gareth Lowman, SPF Private Clients

News from Nationwide that house price rose more slowly in March – the last month for which figures are available – may not suggest that property values are about to enter a downward spiral as some commentators have suggested. The figures also show that there were 11 per cent more sales than the last peak, in January 2007. Robert Gardner, the building society's chief economist, said: "While UK house prices edged up 0.2 per cent during the month of April, the annual rate of house price growth moderated to 4.9 per cent from 5.7 per cent in March. However, it is possible that the recent pattern of strong employment growth, rising real earnings, low borrowing costs and constrained supply will tilt the demand/supply balance in favour of sellers and exert upward pressure on price growth once again in the quarters ahead."

CURRENT BEST BUY MORTGAGES

Source: SPF Private Clients

Lender	Rate	Until	Reversionary Rate	APR	Max. LTV	HLC	ERC	Product Fee	Exit Fee	Notes
Yorkshire BS	1.22%	7/31/2018	4.99%	4.4%	65%	n/a	2%/1% until 31/07/2018. 10% overpayments p.a. without penalty.	£130 Booking Fee £1345 Product Fee	£90	Mx £5m
Chelsea BS	1.34%	7/31/2018	5.15%	4.5%	75%	n/a	2/1% until 31/07/18. 10% overpayments p.a. without penalty	£130 Booking Fee £1545 Product Fee	£90	Mx £5m
HSBC Bank	1.99%	7/31/2018	3.94%	3.7%	90%	n/a	2/1% until 31/07/18 10% overpayments p.a. without penalty	£250 Booking Fee £1249 Product Fee	-	Mx £400k. Fees payable per £400k borrowing
HSBC Bank	1.99%	7/31/2021	3.94%	3.3%	65%	n/a	5/5/4/3/2% until 31/07/2021. 20% overpayments p.a. without penalty	£250 Booking Fee £1249 Product Fee	-	Mx £500k. Fees payable per £400k borrowing
Leeds BS	2.75%	6/30/2026	5.69%	3.4%	80%	n/a	6/6/5/5/5/4/4/3/2% until 30/06/2026. 5% overpayments p.a. without penalty	£1,499	£199	Mx £500k

Fixed Rates

35%

The proportion of house buyers who pay in cash, compared with 25 per cent in 2007

40,000

The number of properties estate agents have on their books – the fewest since records began

NUMBERCRUNCHING

The ratio of average house prices to earnings, still short of the 2007 peak

5.5 times

The rise in mortgages for home ownership rather than buy to let

21%

BORROWERSBEWARE



Fluctuating exchange rates present particular difficulties for borrowers who choose a foreign currency mortgage – and lenders, too, explains Duncan Farmer

There are almost a million continental Europeans living in London, many of whom are in well-paid City jobs, such as law and finance, often posted on short-term contracts although many end up staying for years. The growing number of schools for foreign children, such as the Lycee Charles de Gaulle in South Kensington, which is one of at least 24 French schools in the capital, are testament to the long term nature of their stay.

While many rent, others choose to buy, but when they apply for a mortgage should they borrow in the currency in which they are paid (if it is sterling) or opt for their home currency, such as euros or Swiss francs? The dilemma is the same for British expats working abroad who want to buy a home either over there or back home.

It is a difficult decision because any fluctuation in exchange rates could have a big impact on the size of the outstanding debt and on monthly repayments. Changes to the Mortgage Credit Directive may help them with their decision.

If you live in Northern Ireland, for example, but work for a company across the border in the South, you will be paid in euros and are now seen as requiring a foreign currency mortgage.

Even if you only have shares in a company overseas that you are hoping to cash in to pay off some of your mortgage, particularly an interest-only one, this will still be classed as a foreign currency mortgage.

The rules have been brought in apparently to protect both borrower and lender. If the exchange rate between the two currencies that relate to you, moves by more than 20 per cent either way, you could now have the right to move your mortgage to an alternative currency, such as the one relevant to where your property is, especially if you can prove that the new rates mean that your payments are no longer affordable.

One side effect of this is that due to the amount of monitoring of exchange rates these mortgages require, many lenders have withdrawn from the foreign income market.

Another reason that lenders could be put off is because, due to your ability to now switch currencies should the exchange rates move too far, the currency risk now sits with them and not you.

However, there are still many lenders that are continuing to offer mortgages to foreign currency earners, so it is important to speak to a professional mortgage adviser regarding this change and foreign currency mortgages, particularly if you work in a different country to the one in which you live.

A beautiful home needs a beautiful mortgage

Whether you are buying your first home, next home or need to remortgage, look no further than SPF Private Clients for specialist mortgage advice.

Your home may be repossessed if you do not keep up repayments on your mortgage.

There will be a fee for mortgage advice. The precise amount will depend upon your circumstances and loan amount. We estimate that the fee will be 0.67% of the amount borrowed.

Call SPF Private Clients on:

0870 900 7762

for more information



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Variable Rates

Lender	Rate	Until	Rev. Rate	APR	Max. LTV	HLC	ERC	Product Fee	Exit Fee	Notes
Natwest (Via selected brokers)	1.28%	Tracker over base until 30/09/2018	3.99%	4.5%	60%	n/a	3/2% until 30/09/2018. 10% overpayments p.a. without penalty	£999 Product Fee	£265	Mx £1m. Purchase Only
Tesco Bank	1.45%	Tracker over base until 30/06/2018	4.24%	3.8%	75%	n/a	2% until 30/06/2018. 20% overpayments p.a. without penalty	£195 Booking Fee £800 Product Fee	£90	Mx £1m
Nationwide	1.84%	Tracker over base for 24 months	3.99%	3.7%	85%	n/a	None	£999 Product Fee		Mx £750k. Free Valuation & Free Legals for remortgages
Coventry BS	1.75%	Variable rate for term	n/a	1.9%	65%	n/a	None	£999 Product Fee	£125	Mx £1m. Free Valuation. Free Legals for remortgages