

spring 2011

LINDON-TRAVERS ASSOCIATES

M O R T G A G E B R O K E R S

LOOKING BACK, LOOKING FORWARD

2010 was a challenging year for sure, but Lindon-Travers Associates once again demonstrated its ability to cope with the difficult mortgage climate and continue to give our clients high quality, trusted, face to face advice.

Lending figures across the industry remained subdued at £137 billion down from £144 billion in the previous year. As a Practice we posted a robust £60m of completed lending business, completing nearly 200 mortgages for our clients.

So what will 2011 bring? The mortgage market will continue to be difficult across all products areas. Lenders still struggle to access funds through the wholesale markets, so it very much a hand-to-mouth existence for them, i.e. pretty much they only relend the funds they receive from clients redeeming their mortgages or from investor deposits.

Tougher underwriting criteria laid down by Lenders is very evident and may continue to tighten further, as they strive to demonstrate to the Financial Services Authority they are lending responsibly, so as to avoid any repeat performances of the financial crisis.

THE EUROPEAN COURT OF JUSTICE BANS GENDER BASED UNDERWRITING FROM DECEMBER 2012

On the 1st March the European Court of Justice (ECJ) has ruled that insurers cannot price products based on gender from 21st December 2012.

James Lindon-Travers, Practice Principal, highlights the possible effects this will have on the insurance market on page 3.

HOW DO I KEEP MY CREDIT RATING IN GOOD SHAPE?

Graham Gibson, one of Lindon-Travers Associates senior advisers, gives you a few tips on how to keep that all important credit rating in good order, which is vital when considering new mortgage options.

Graham says, *“too many clients say to me – well of course everyone has a few late payments! In these austere times this is just what the lenders don't like to hear – late payments lead to declined mortgages”*.

Here are his top tips for cleaner credit ratings:

- Always pay any credit agreement on time.
- Try and pay your credit cards off in full every month.
- If you don't – then ensure you have a Direct Debit set up to collect the minimum payment monthly.
- Do not exceed your overdraft and credit limits.
- If you are First Time Buyer and do not have any credit history



– get yourself a credit card, use it and pay off balance in full monthly.

- Make sure you are on the Electoral Register.
- If you are struggling to keep up with commitments – speak to us first, we can give you some sound advice that may keep your credit rating in tact.
- Be careful when disputing credit agreements, especially mobile telephone contracts. Often it's best to settle first and dispute after.
- Destroy credit data carefully – identity fraud is rife. This can affect you credit rating just at the wrong moment.

SURVEYS – A NECESSARY GOOD?

Do you know the difference between a survey and a valuation?



Malcolm Harrison, Chartered Surveyor and Managing Director of Campsie discusses the options about what is a very important choice when buying a house.

Many buyers have a basic misconception of the mortgage valuation report instigated by the mortgage lender. If the lender has given the go ahead, then all must be well with the subject property. However, a lender valuation could be as little as 'a drive by' to see if it looks adequate security or a 'desktop' valuation that compares price only. What buyers tend to forget is that the mortgage company carry out a valuation, not a survey, which is for their own lending purposes and not to provide the buyer any report in condition. Whilst the buyer is given a copy of the valuation it does not provide him with any indemnified advice on the condition of the property, essential repairs or likely legal issues, such as 'rights of way'. There is very little comeback if the buyer runs into problems post purchase.

The Royal Institution of Chartered Surveyors (RICS) recently carried out research which suggests that homebuyers are losing thousands of pounds by choosing the wrong type of survey at the outset. By only having a mortgage valuation the RICS found that a quarter of all homebuyers had to make unplanned building works after purchase – the average cost being £1818, and in some cases much higher. The survey also found 58 per cent of respondents incorrectly believed a valuation report included an assessment of the building's condition and would comment upon damp and structural movement.

Harrison, says that the RICS has two very worthwhile options when considering which survey is best.

The HomeBuyers Report provides an easy to read, understandable breakdown of a property's condition, advice on the urgency of any repairs needed and helpful information for the Conveyancer. It will also provide a formal valuation. The report is carried out by a fully qualified chartered surveyor, who works for the buyer and is responsible to them for the report and its contents. The surveyor will carry out a thorough inspection of the property including the roof space, commenting on damp, movement and overall condition.

He goes on to say that if you are buying a very large, very old or very expensive property then it would probably pay dividends to instruct a Building Survey. This is an extension of the HomeBuyers Report but altogether a more detailed inspection of the subject property. It will give full details of any defects, their likely causes and include recommendations to remedy the findings.

Naturally, both reports have a cost and based on a typical purchase price of £400,000 you can expect to pay around £600 for a Homebuyers Report and £800 for a Building Survey.

Harrison concludes *"Buying a house is usually the biggest single purchase anyone is likely to make and I would warn against anybody trying to cut corners when it comes to the Survey"*.

For advice on Surveys call Business Support at Campsie, 80 Peasod Street, Windsor, SL1 1DH Tel: 01753 410735 www.campsie.com



An application fee of £75 is payable and a maximum fee of 0.5% of the loan amount, subject to a minimum of £495 is also payable. Typically this will be £495.

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

WEBSITE COMING SOON

Lender	Rate	Term	Monthly Payment	Repayment	Total Cost	APR Annual rate for comparison	Total Cost
Q&Q	2.99%	4800.00	2.99%	1491.22	1848	3.76%	228.00
Q&Q	2.99%	4800.00	2.99%	1493.16	1828	3.76%	223.96
Q&Q	2.99%	4876.00	2.99%	1478.31	181	3.76%	217.00
Q&Q	2.99%	4800.00	2.99%	1504.61	181	4.26%	223.96
Q&Q	2.99%	4800.00	2.99%	1502.12	181	3.9%	223.96

We are re-launching our website in the coming weeks. In conjunction with Mortgage Brain, it will be possible for our clients to use a real-time mortgage calculator. By entering some basic personal details it will allow you to browse mortgages representative of the whole of the mortgage market. It will let you choose rate type, loan size, repayment method and term. Once you have had a chance to shortlist some rates, simply call James, Graham, Debbie or Craig and they will be able to help you come to a conclusion on lender, rate, term and payment methodology.

BUY TO LET FIGHTS BACK!

After a couple of years in intensive care, it would appear the Buy to Let mortgage market is making a comeback and the future of this sector is looking much brighter. James Lindon-Travers highlights some of the significant pointers.



BLUE SKY
LAST LET
FOR 2 MILES

Rightmove have reported that the stock of rental properties available is down 23% year on year, due to increasing demand.

Miles Shippside of Rightmove commented *“Rental agents reporting turning many prospective new tenants away, with only those with the best references passing the beauty parade to view the limited new stock on offer”*.

- 88% of landlords expect void periods to be less than four weeks over the next 12 months.
- 3rd quarter lending in 2010 was £2.8bn – up 12% on the previous quarter.

L&G have reported that in London it takes sealed bids to secure a rental property and Paragon, previously one of the UK’s largest Buy to Let lenders has re-entered the market, with the aim to get back to its market leading position.

During a recent meeting with James, Paul Isaacs, National Account Manager, Corporate Partnerships for Platform Home Loans (a subsidiary of Co-op/Britannia) said that they were hoping to increase their Buy to Let lending fivefold in 2011. He went on to say that Platform have a wide range of Buy to Let products which allows applicant to choose between deals with higher arrangement fees and lower rates or lower arrangement fees and higher rates, which can help cater for more clients.

If you are thinking of entering the Buy to Let market, why not give us a call and find out more.

An application fee of £75 is payable and a maximum fee of 0.5% of the loan amount, subject to a minimum of £495 is also payable. Typically this will be £495.

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

Openwork Limited offers insurance and investment advice on products from a limited number of product providers and advice on mortgages representative of the whole market. Lindon-Travers Associates is a trading name of James Lindon-Travers who is an appointed representative of Openwork Limited, which is authorised and regulated by the Financial Services Authority. Buy to let mortgages are not regulated by the Financial Services Authority.

THE EUROPEAN COURT OF JUSTICE BANS GENDER BASED UNDERWRITING FROM DECEMBER 2012 *continued from page 1*

The general expectations are that:

- Women are likely to face increased rates for life assurance while men may experience a decrease in rates
- Women could see the cost of providing critical illness cover decrease but men may find the cost increasing
- Women are likely to see a decrease in premiums for income protection plans while men could see an increase in cost for providing this type of cover
- Women may see motor insurance rates rise whilst male drivers see reduced premiums

Despite the above the ruling it still goes without saying the majority of the UK populous are grossly underinsured in so many ways. It is astonishing that when it is a legal requirement that we insure our cars it is not law that the household breadwinner is adequately insured. I hate getting those dreaded phone calls from someone who has just lost their partner enquiring whether they had affected life cover through us. All too often we have to tell them, at the most difficult of times, that their partner had decided against insurance.

With the ECJ ruling there may be some opportunities to obtain cover at lower rates than after the changes come in to force. So, there is no time like the present to contact us to review your current protection arrangements – you never know – we might be able to secure the same level of cover you already have, for less.

Call us on 01932 808180 for further information.