

Spring 2005

the mortgage

The bulletin from Western Welsh Mortgage Services Ltd

Covering key mortgage issues

If one of your resolutions was to tidy up your finances this year, it could be simpler than you think. You may think that you need to fulfil that you need to think.

Get started

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It has never been quicker to arrange a **secured loan** to mop up an expensive credit card debt you ran up at Christmas and in the New Year Sales. And there's no need to feel ashamed about debt, we are all borrowers and savers these days.

The average non-mortgage debt held by each adult in Britain is nearly £4,500 - an amount that has nearly doubled in the past five years, according to Datamonitor. What's more, the level of unsecured personal debt (such as credit and store cards) has jumped by more than 30 per cent in the past 12 months alone.

Around 67m credit cards are in circulation in the UK, with many

such as secured loans, providing you can pay your debt cost effectively, and not too much, it should not become a problem or a worry to you.

For instance, secured loans can be charged at far lower interest rates than the average credit or store card. The actual rate you are charged will depend on your credit rating and the amount you wish to borrow compared to the value of your property. And as a secured loan is set over a specific timeframe, it's a good, disciplined way to pay off your borrowings.

Remortgaging

Remortgaging can also be an option if your current mortgage lender will not offer you a better credit, or if you face early repayment penalties by changing your

remortgage. In these cases, it may be sensible to keep your existing mortgage arrangements intact and to pay a slightly higher charge on a secured loan.

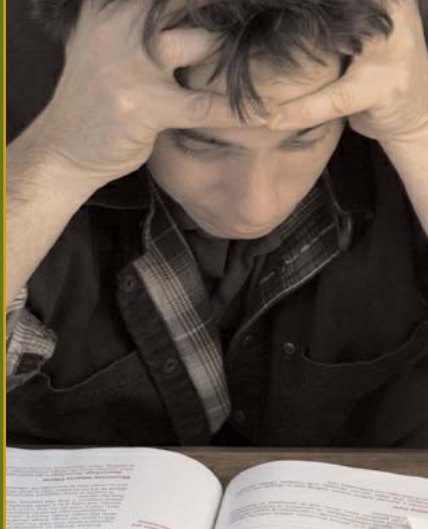
However, a secured loan is a second charge on your home and your home may be repossessed if you fail to keep up repayments. Also, some of these loans carry early repayment charges, so it's important to talk to us, so that we can identify the best way forward for you.



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Welcome.... to this newsletter, which covers some of the key issues of the moment that affect mortgages and mortgage-related products - and sets out how it **may benefit you**. Inside, we look at the benefits of **Equity Release**, and show how parents can help their offspring to **buy a property when at university**. And why not have a **Mortgage Health Check**, to see if there are better options out there for you. Enjoy this issue and do let us know if you have any questions.

■ **Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.**



With thousands of mortgage products out there and a multitude of product types, it's no wonder people get confused. Here's a brief outline of some of the key questions that are asked. However, you may have further queries, so get in touch and we can hopefully provide the answers to meet your needs.

BACK TO BASICS

Q: What are early repayment charges?

A: These are charges which are made if you decide to pay off certain types of mortgages (usually fixed, capped and discounted) within a set period. These can be extremely costly, so you need to know how long they apply. There are also early redemption penalties and the special rates that you get exactly how long they apply to move during.

Q: Why are interest rates higher?

A: Mortgage indemnity insurance policies are insurance policies that lenders charge for borrowing more than 80 per cent of the property's value. They are expensive and for the benefit of the lender in the event it has to repossess the property and sell it at less than the outstanding mortgage debt. However, not all lenders insist on them, and they are best avoided in most situations, even if you may have to pay a higher interest rate.

Q: What type of mortgage should I go for?

A: There is a plethora of different mortgages out there and you need to get advice as to which is best for you. The difference between interest rate reduction mortgages is already explained on page 2. Thereafter, you need to consider the relative merits of fixed, capped, discount, offset and tracker mortgages. As a yardstick, you should aim to pay an interest rate which is lower than the lender's standard variable rate (SVR).

Q: How much will I actually have to pay each month?

A: You will be told how much your monthly repayments will be, and also shown the impact of higher interest rates, so you can check affordability.

Q: What is the APR?

A: This stands for Annual Percentage Rate.

Q: What happens at the end of a fixed/discounted rate period?

A: You'll most likely be switched to the lender's SVR. Although you should establish if you'll be allowed to take another discounted/fixed rate deal. This is why it is important to check out your lender's SVR to see how competitive it is compared to other lenders in the market.

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PLEASE GET IN TOUCH WITH ME!

I would like to discuss the following ticked topics with you. I understand that the request is without obligation. Also, by providing my telephone number, I give you permission to call.

- Secured Loans
- Equity Release
- Insurance products
- General mortgage information
- Other (please specify) _____
- Please do not send any further issues
- Buying second home
- Remortgage choices
- Protection products
- First-Time buyer
- Buy-to-Let
- Poor Credit record
- Mortgage Health check

Name (Mr/Mrs/Ms) _____

Address _____

Email _____

Tel no. (and the best time to call) _____

Please put the coupon in an envelope and post **FREE** to: **FREPOST WESTERN WELSH IFA SA31 1BD**

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

There may be a fee for arranging a mortgage and the precise amount will depend on your circumstances. However, it will be no more than (£?), but may be up to (?%) of the mortgage advance.

■ The contents of this newsletter are believed to be correct at the date of publication (January 2005).

■ Every care is taken that the information in *The Mortgage* newsletter is accurate at the time of going to press. However, all information and figures are subject to change and you should always make enquiries and check details and, where necessary, seek legal advice before entering into any transaction.

■ The information in this newsletter is of a general nature. You should seek professional advice tailored to your needs and circumstances before making any decisions.

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