



Percentage Borrowing

Mike Begg here again from Mortgage Healthcare..... this week I would like to talk about the percentage of borrowing lenders may offer against the value of your home and how making the wrong choice could leave you seriously out of pocket.

Assuming you have a good credit record and can prove income, let's see what's out there.

Well, traditionally we have what I would call 90% lenders and 95% lenders. So what does this mean ? Well, you could borrow up to 95% with one lender and they will levy no other charges apart from perhaps an arrangement fee. Try and do the same with another in the High Street and you could be hundreds or even thousands of pounds out of pocket.

Why ? Well it's all to do with a thing called Higher Lending Fee or Mortgage Indemnity. A 90% lender backtracks the charge to 75% of the borrowing and charges a premium on the difference between that figure and say your 95% loan. In other words on 20% of the borrowing.... and it gets worse !!! Firstly, the lender has two choices on how to spend that money.....either buy an insurance policy with the proceeds or would you believe it..... simply put the funds straight to profit !!!!

Secondly, even if they buy a policy it generally offers only the Bank protection NOT the borrower. Put simply, in the event of a shortfall on repossession, the lender could in theory pursue you for any shortfall... and here's the real sting in the tail..... the insurance company can also pursue for their loss !!!Put simply you have paid a fortune and bought a big fat zero !!

So, for some no-nonsense advice on how to avoid what could be a very costly mistake ... why not give us a call today on 732324, 732327 or 732328.

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP
REPAYMENTS ON YOUR MORTGAGE**

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Mortgage Healthcare Limited
16 Hamilton Street
Broughty Ferry
Dundee
DD5 2NR
tel. 01382 732324 732327/8
email. enquiries@mortgagehealthcare.co.uk

