

Myths about sticking with a 'Standard Variable Rate'

Buy to let still an attractive investment

Tenant arrears up 13% year-on-year in Q2

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faraday mortgage associates news

Welcome to the fourth edition of 'faraday news' the newsletter packed with lots of information about the mortgage market

Myths about sticking with a 'Standard Variable Rate'

Some people are enjoying the economy's low rates, granted not on their savings but on their mortgages. Some borrowers are on low 'standard variable rates' after their latest mortgage deal expired. Borrowers with Halifax may be enjoying a 'standard variable rate' of 3.50% or those with Santander, the standard variable rate is 4.24%. Most high street lenders standard variable rates are between 3.99% and 4.95%, however enjoying these rates may not be the best approach for you.

Myth 1: Wait and see is the best approach

Most borrowers are enjoying the low rates and not jumping to another lender, because they want to wait to see what happens to the 'Bank of England' base rate. This 'wait and see' approach may have implications on future rate rises on their payments. This is because when the base rate does increase the lenders will already have withdrawn today's low remortgage rates and will follow suit by increasing their rates in line with the Bank of England.

Myth 2: I cannot get a lower rate than the 'standard variable rate' I am on!

Most borrowers feel because the standard rate is low that this is the best rate that they can achieve. This may not be the case as some lenders standard variable rates are now higher than the products currently available.

An example:

A Tracker rate for 2 years (80% borrowing) 2.79% or discount at 3.99% (90% borrowing). These rates and many more compared to the Skipton's standard variable rate of 4.95% makes them very attractive.*

The best approach is to review your mortgage every quarter, even if the base rate is not changing at the moment, the lenders are constantly changing and offering attractive deals. Lenders tend to only change their standard variable rate when the base rate changes.

Mortgage intermediaries like Faraday Mortgage Associates have access to a wealth of products, providing good value for real people with a range of different circumstances, which may not be available direct to customers on the high street.

What we're finding now is that the new ranges of low rates that are coming out are starting to come through as remortgage business.

When it may be possible to have a Tracker Rate at 1.98% or a 5 year Fixed rate at 3.84% (subject to criteria) it does make people begin to think whether now is a good time to re-mortgage.

** rate correct as of 28/07/2011*

Source: Santander, Halifax, & Skipton website 8th August 2011 for existing customers.



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Buy to let still an attractive investment

With property prices having reduced to more affordable levels, people who invest for rental returns rather than capital growth will find a 'buy to let' property is still a good investment.

The key points for investors:

1. They need to accept that the value of their property may slide in the short term, and ensure their property meets the criteria of at least 75% loan-to-value and returning 125% of monthly mortgage payments
2. Do not just walk into your bank or building society and ask for a mortgage. The banks or building societies do not always offer specialist products and advice. If you are looking for advice consider using a specialist buy-to-let mortgage broker like Faraday Mortgage Associates.
3. Rent should be the key return for buy-to-let. Most buy-to-let mortgages are done on an interest-only basis, so the amount borrowed will not be paid off over time. If you can get a rental return substantially over the mortgage payments, then once you have built up a good emergency fund, you can start saving for a deposit for possibly another property or repaying the mortgage balance.
4. A buy-to-let investor will have the same advantage as a first-time buyer when it comes to negotiating for a property. As they are not normally part of a chain and represent less of a risk of a sale falling through. This can be beneficial when negotiating a price reduction, especially in a tough market such as the one we have now. Make low offers and do not get talked into overpaying.



For advice on buy to let mortgages please contact Faraday on 01925 626262 or visit our website at www.faradayonline.co.uk

Rent on Time

Your rent... on time, every time



Tenant arrears up 13% year-on-year in Q2, 2011

Source: <http://www.mortgagestrategy.co.uk> - 28 June 2011

Landlords continue to inform us rent arrears is their greatest worry, followed closely by the potential costs of the eviction process.

With Rent on Time we can remove both of these worries and provide you with complete peace of mind.

Presenting to you the innovative Rent on Time service which **GUARANTEES** to pay the rent to you on the day it is due, regardless of whether the tenant has paid or not!

Rent on Time provides:

- Rent Collection & Guaranteed Rent Payments
- Payable until Vacant Possession
- Free Legal Expenses cover
- Managing non-payment disputes
- Hassle free & cost inclusive eviction process
- Provision of Assured Shorthold Tenancy
- Full Tenant Credit Referencing
- Deposit Registration via TDS
- Available to New & Existing Tenants
- All this for just 6% (+VAT) & £100 (+VAT) Admin Fee

There is no catch! Speak to your Financial Adviser at Faraday Mortgage Associates now for more information on how to place your properties with Rent on Time.

'Next Steps'

- **Speak to Faraday Mortgage Associates on 01925 626262**
- We will contact you at a time & date agreed between you and your adviser
- We take details of the Property, Tenancy, Rent and the tenants
- For New Tenancies we will reference & credit check the tenants
- If references are passed, we will prepare the AST
- You & the tenant sign and return the necessary documents to us
- We confirm your tenant & property is now on Rent on Time

Quick Facts

**Defaulting Tenant?
No financial impact
on you!**

**No need to claim!
No Excess!
No Waiting!**

**Eviction costs
covered**

**Rent on Time does
exactly that! It
pays your rent... on
time, every time**



A recent article within the Mortgage Strategy magazine focused on Tenant Arrears for let properties. It stated the number of tenants over two months in arrears increased by 13% in Q2 2011 compared to the same period in 2010, following research by Templeton LPA. There were a total of 74,492 tenants in arrears of more than two months in England and Wales in Q2, up by 4% compared to Q1.

Furthermore, the research shows that 24,170 tenants faced eviction notices in Q2, an increase of 5% on the previous quarter and of 9% in Q2 2010.

It was for this particular situation that we created Rent on Time. We are here to provide landlords with complete peace of mind because at Rent on Time we collect rents on behalf of our Landlord clients across the UK and with our innovative guarantee that landlords will receive their rent on the day its due even if the tenants fail to pay Rent on Time.

Rent on Time is a trading name of Rent on Time Ltd (Registered No. 6528634).
Rent on Time is a member of The National Approved Letting Scheme (NALS) Inc. NALS Client Money Protection Insurance (Licence No. A3215),
Tenancy Deposit Scheme (TDS) and The Property Ombudsman.



There is no need for the landlords to purchase a rent guarantee insurance policy, no need to make any claim, no need to pay any excess or no need to wait for their rent.

Not only this, at Rent on Time we deal with all arrears without any financial impact on the landlord. With £25,000 Legal Expenses cover included we will deal with an entire eviction process if this course of action is required, saving landlords thousands of pounds in legal fees and court costs.

Rent on Time is a registered member of The National Approved Letting Scheme (NALS) Licence No. A3215 (including being part of NALS Client Money Protection Scheme), the Tenancy Deposit Scheme (TDS), and The Property Ombudsman thus providing us with the "SAFEagent" (Safe Agent Fully Endorsed) mark denoting firms that protect landlords and tenants money through a client money protection scheme. Our SAFEagent Registration No. is S2467.

GET IN TOUCH...

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