What does 2011 hold for us?

Are you prepared….

House Prices

Many house price survey and reports seem to contradict each other. This is because they take different factors into account.

Overall it seems house values in 2010 started to drop towards the end of the year but this pretty much levelled off any small rises we had at the start of 2010.

If we continue to see a drop in property process in 2011 this will reduce the equity of homeowners and may affect your ability to obtain the better deals in the market place.

For example you may find yourself in the '75% Loan to Value' bracket for deals you are eligible for when prior to any further property price drops you would have been able to obtain the more competitive interest rate deals within the '60% Loan to Value' bracket.

It's worth reviewing what you could be eligible for now if you are not tied into any redemption penalties especially if you are looking to fix your mortgage interest rate before any imminent rise anticipated later in the year.

Inflation and interest rate Issues

The base rate still remains at 05% at time of going to press and has been at this rate since March 2009!

Great for homeowners still on a tracker rate, or even on the reduced standard variable rates but the Bank of England cannot hold out forever and there will come a point in the foreseeable future when rates will have to rise again.

The impact of Quantitative Easing, VAT rises and other factors increasing the inflation rate may mean the Bank of England will need to address a change in the rate and there is only one way it can really go.

Obviously once the Bank of England raise their rate it is likely the deals on the market including fixed rates being offered will also rise so it may be prudent to opt for a fixed rate now. This and the fact property prices are still dropping which reduces your equity in the home and therefore the potential rate the lender will offer you, means if you do want the security of a fixed rate, now may be the time to start looking.

Time to review

2011 it seems will still be a rocky road to recovery and it remains to be seen what the big changes will be in the economy over the next 12 months. It's not just a case of sit tight and hope for the best.

As I have explained you can proactively address issues such as your mortgage deal now and gain potential benefits rather than reacting later.

It is a time to ensure we have reviewed any shortfalls in our protection provisions. Have we adequate life cover, providing security for our loved ones if anything unforeseen happens.

Have we adequate income protection and do we want redundancy cover during these times of uncertainty so at least we can be certain we are prepared for the worst and protecting our homes and family.

Have we a valid and up to date will in place?

This are issues that should be reviewed regularly anyway to ensure even if you do have some provisions in place, they are still relevant to your current circumstances.

First Time Buyers

First time Buyers still have to find at least a 10% deposit to find a semi attractive rate.

Lenders are still reluctant to make this any easier for first time borrowers but probably only for the right reasons.

A more flexible approach by some lenders to use an affordability calculation to assess what someone can borrow sometimes works in the applicant's favour as opposed to the standard 3 or 4 times your income. Again in my view this is for the right reasons as it is obviously of grave importance to ensure a borrower can comfortably afford to maintain the payments.

I personally have seen a greater number of shared ownership applications coming through as it's the only option for many first time buyers if they want to get on the first rung of the property ladder.

Credit scoring is essential especially if you only have a 10% deposit as the lenders will be more rigorous in their underwriting. Keeping an up to date copy of your credit report would be prudent in ensuring your data is up to date and there are no errors. These can be obtained from Experian or Equifax from £2 per request.

Buying and Selling

A new innovative estate agent is hoping to drastically change the way we sell our homes in the future.

There are already a few online estate agents on the market but **MovingMe.co.uk** seem to have the most comprehensive package in the market place which essentially offers the same deal as a traditional estate agent (with a few added extra's) yet can save you thousands in commission fee's.

<u>How do they do it?</u>

The aim of 'MovingMe' is to cut out the middle man.

I have sold houses of my own and get annoyed when an agent charge a few thousand pounds when all they do is walk dirt through my house and point out where the front door and garden is to prospective buyers!?

Ok maybe this is being fairly harsh and there is some value to an agent with good knowledge of the area, selling the pro's and cons of my home but lets be honest. Who knows your home better than the person living there?

The main reason we use an estate agent is to obtain their marketing tools in order to advertise our property to prospective buyers.

MovingMe advertise your property in the local paper and with their online partners (including rightmove, findaproperty.com and zoopla as well as their own site) just as the traditional estate agents will do, but MovingMe will do it for a one off upfront fee of just £399. No other commission or charges are payable!

The only difference is that you can show the buyers around your house yourself, or just be there to let them in and let them wander around. Whatever you feel most comfortable with.

For more information see our 'A Must read for anyone selling their home' Newsletter or our home page www.right-advice.co.uk or visit www.movingme.co.uk