

## Your Mortgage Debt

Home ownership has been severely tested with a series of major upheavals to understand and cope with. Almost every week, for the last 6 months new headlines suggest more problems for the housing industry. From *Northern Rock* to credit crunches; from American housing fears to volatile inflation rates; the housing industry remains uncertain.

What is certain is the Bank of England base rate has been cut to **5.25%** with a real expectation of a further cut to **5%** in the next quarter. Indeed fixed rates and tracker rates are reflecting those reductions already.

However, many people in the next two years face re-mortgaging concern as they will find interest rates far higher than when they last changed product.

Furthermore all lenders are now revising their lending policies, tightening their credit controls, increasing their fees and sharply reducing the bad debts they have incurred. In particular, the fees levied for property surveys, buy-to-let property purchases and commercial borrowing have all increased significantly.

Despite this subdued outlook, house values are resilient with national average values increasing to £183,000 in 2007. Urban supply and demand is a key factor in these values but of course this offers little comfort for first time buyers.

The key task for every home owner with a mortgage this year is to check their mortgage product, review the interest rate being paid and ensure the mortgage is really affordable. 2008 and 2009 will test peoples' resolve in the housing market still further, and reviewing the costs of the mortgage debt with Solomons will be a wise decision.

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