

Home truths

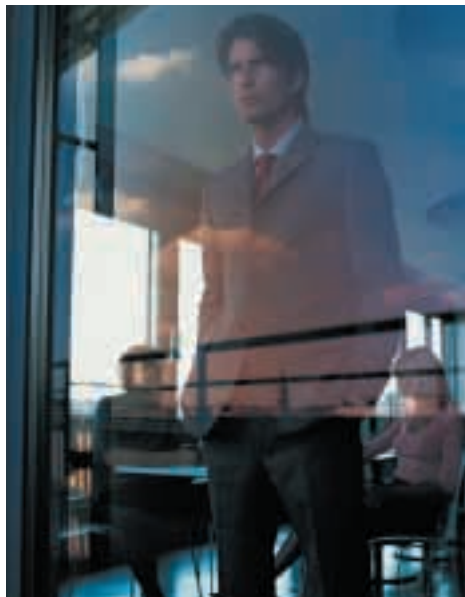
International Mortgages.Net are registered mortgage brokers in both the UK and Florida. As they are not tied to any real estate agencies or banks, they are able to offer totally independent mortgage advice and to ensure that the whole sale process runs smoothly from initial approval to closing.

When considering the purchase of a property in Florida, or any other foreign location for that matter, preparation is the key. The first thing that should be established is the budget available. Deposits required, current and future exchange rates, total cost of finance, legal fees and tax obligations, should all be calculated before viewing any potential properties.

Mortgages can be pre-approved well in advance, and this could save both time and money. This can be done by completing the online decision form at www.internationalmortgages.net. Many realtors will not accept an offer, unless it can be proven funding is in place. For the purchase of a re-sale property, the closing date will typically be set at 30-45 days after the signing of the sales contract, and most contracts will impose financial penalties for late closing. Appointing a lawyer, who is preferably qualified in both UK and Florida law, may pay dividends at this stage.

Mortgages are normally available to a maximum of 80% loan to value and for up to 30 years. There are not normally age restrictions on mortgages on Floridian property. If the mortgage is over 75% loan to value, it would normally be based on affordability and suitable proof of income would be required. As a rule, the debt to income ratio should not exceed 36%, although there are exceptions to this. For loans below 75% loan to value, limited documentation is required and income can be self-certified.

The mortgage secured against the Florida property, can be in either US Dollars or Sterling. The currency in which the mortgage is arranged would normally be determined by the currency of the income being used to fund it. A qualified



MORTGAGES ARE NORMALLY AVAILABLE TO A MAXIMUM OF 80% LOAN TO VALUE AND FOR UP TO 30 YEARS.

advisor from International Mortgages.Net would talk through the options and advise which was most suitable.

A US Dollar bank account will need to be opened, to enable the payment of local taxes, utility bills etc. Some lenders also require six months mortgage payments to be held in your account before closing.

Exchange rates can greatly affect the cost of an overseas property purchase. Deposits and closing fees would normally be converted from Sterling to US Dollars. Registration with a currency exchange

company would be prudent, as funds can be booked up to 18 months in advance. This is particularly useful should the purchase be off-plan, as it allows these costs to be "fixed".

If a Sterling mortgage has been chosen, the exchange rate can greatly affect the Sterling equivalent of the mortgage. The loan is converted from USD to Sterling at the exchange rate on the day of closing. For example, based on a loan of \$200,000, at 1.70, the Sterling equivalent would be £117,647 and at 1.85 £108,108; saving £9,539. It should be noted, that exchange rates would similarly affect this loan upon the sale or re-financing of the property. USD would need to be converted to Sterling, to redeem the outstanding loan, and this can have a very positive effect if the USD is stronger when selling/redeeming, than when initially purchased.

Closing fees are costs associated with the purchase, such as taxes and insurances, and would initially be listed on a good faith estimate and at closing on a HUD1. As a rule these would be approximately four percent of the purchase price for a newly built property and three percent for a re-sale.

It is possible to purchase a property in Florida without a lawyer, by using the services of a title agent. A lawyer would normally cost around one percent of the purchase price and should be seriously considered, especially if the purchase involves a number of parties, such as family members.

Finally, we come to tax, which is payable not only on income, but also on capital gains. Mortgage interest and other costs can be offset against this, however a tax advisor should be consulted, just to make sure.