



Financing home improvements

Borrowing on your mortgage to put your ideas into action

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OUR HOMES HAVE become more important than ever, not only for eating and sleeping but for other needs like working from home and exercising. And while some homeowners will decide to upsize and buy a new property, others take the opportunity to plan home improvements

Are you planning some significant home improvements such as an extension or conversion this year? Wondering how to pay and whether you can raise funds from your mortgage to do it?

HOME IMPROVEMENT PROJECT

Many homeowners remortgage to fund home improvements because the interest rates tend to be lower than on personal loans or credit cards. But remortgaging will depend on your property, your existing mortgage loan and your current financial situation.

Whether it's a new bathroom, kitchen, loft conversion or extension, you'll need to think about the best way of funding your home improvement project.

These are the main things to take into consideration when considering remortgaging to carry out home improvements:

Affordability: If you increase your mortgage loan, your monthly payments will rise. Before agreeing to a remortgage in these circumstances, the lender will check your salary is high enough to afford the new payments after all your other outgoings have been deducted.

Cost of the home improvements: The lender will consider the cost of the home

improvements in their assessment to give you an idea of the amount you will need to get from remortgaging. There is a lot to consider when calculating the amount of money you will need for home improvement.

Credit history: Lenders will look at your income, employment status, job security, debts and credit history. Your credit score is a primary factor in the lender's decision whether to approve your remortgage or not. So avoid the shock of being rejected by understanding how lenders may see you before you apply.

Equity: If you've owned your property for a number of years, the chances are you'll have equity. If property prices have really increased since you purchased your home, then you may have enough equity to utilise. This will mean you have even more equity to work with when looking to remortgage.

Financial circumstances: Whether you are looking to switch to a new mortgage deal with your existing lender or to move to a new lender, your financial situation will be reassessed. If you have a track record of late or missed payments, it may result in lenders turning you down. Lenders that do accept borrowers who have had mortgage payment issues typically charge high interest rates.

Type of property: Consider whether your home improvements will add value to your home. A local estate agent can help you assess whether you will see a return on your investment if that is important to you. ♦

5 GREAT REASONS TO STAY PUT AND CARRY OUT HOME IMPROVEMENTS

1. You could add value to your property
2. Create more living space
3. Stay in your current location
4. Stay near to schools
5. Save money on the cost of moving home

>> READY TO DISCUSS REMORTGAGING TO PAY FOR HOME IMPROVEMENTS? <<

As we've been spending more time in our homes than ever before, many homeowners have had the time to imagine their dream property and the steps required to make this a reality. We can help you review your funding options. Contact **Capital Mortgage UK Ltd** – telephone **0131 241 1601** – email **Info@capitalmortgageuk.co.uk**.