



100% Mortgages: How can they help me?

A 100% mortgage, also known as a zero-deposit mortgage, is a loan that allows first-time buyers to borrow the full purchase price of a property without having a deposit.

What does this mean?

For first-time buyers, a 100% mortgage can be an appealing option as it allows you to step onto the property ladder sooner, without having to build up a large deposit. It can help individuals or couples who may be struggling to save a sizeable amount for a down payment, while also covering other expenses linked with buying a home, such as legal fees and moving costs.

What about my finance?

With a 100% mortgage, first-time buyers could face higher interest rates compared to mortgages with a deposit. Lenders view these loans as higher risk as there is no initial equity, and as a result, they may charge a higher interest

rate to balance this risk.

Furthermore, as a first-time buyer, it is important to consider the long-term affordability of a 100% mortgage. Without a deposit, the loan amount will be larger, resulting in higher monthly repayments. It is essential to carefully assess your personal finances, taking into account ongoing mortgage payments, other living expenses, and potential interest rate changes.

Government-backed schemes

In recent years, some initiatives and government-backed schemes, such as Help to Buy, have been introduced to support first-time buyers. These programs aim to assist

buyers by providing equity loans or shared ownership options, reducing the burden of a large deposit or enabling buyers to purchase a portion of the property.

Help to Buy closed to new applicants towards the end of 2022, although there could be a chance of it making a return with Wales extending the scheme to 2025. It is uncertain if the Help to Buy scheme will return, but there are still plenty of options available to first-time buyers.

It is essential for prospective buyers to carefully consider the long-term financial implications, including higher interest rates and monthly repayments, before opting for this type of mortgage.

Exploring other government schemes and saving for a deposit may still be a wise approach to secure the best financial outcome when purchasing a home.

For more information, contact your adviser who can support you and discuss the options available to you.



If you'd like to discuss the options available to you, contact your adviser today.

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