

In general the rule of thumb is not to have more than one third of your monthly regular revenue servicing your monthly debt obligations. There are, however, always exceptions to the rule.

This, in addition to the administrative and language hurdles of obtaining a French mortgage mean that working with a professional mortgage lender is generally advised.

As in the UK, when choosing a mortgage, the factors to consider are: The duration of the loan; the amount of the down payment; the type of interest (variable, fixed or hybrid); whether the loan is amortised versus interest only; and early re-payment fees.

In France, it is possible to borrow for a duration of anywhere between five and 30 years. The longer the time, the lower your monthly payment will be. With a variable mortgage, interest rates are based on adding a margin to an interest rate index like the 'Euribor 3 month'. The advantage of variable rates is that they are often the lowest in the market. They are typically fixed for the first six months to one year then go up or down as the market index moves. Many banks offer variable rate mortgages that limit the risk of a rise in interest rates. For example, the interest rate increase can be capped or limited to a percent of inflation. The monthly payment amount can also be fixed. If interest rates go up, the term of the loan is extended rather than raising the monthly payment. Most products give you the option to convert to a fixed interest rate at any time.

With a fixed interest rate loan, the interest rate remains consistent for the life of the loan. The advantage is the security of knowing the rate for the duration of the loan – but the disadvantage is that this security comes at the cost of a higher interest rate.

A hybrid interest rate has both variable and fixed elements putting it in the middle in terms of risk and known cost.

Typically, the French banks require a cash down payment of 20 per cent of the total of the purchase price and renovation costs. This can potentially be reduced to 10 per cent depending on your situation.

There are a variety of financing options available that can meet your needs and goals. The best way to get started or find out more is to contact a professional advisor and arrange to speak with them about what would work best for you.

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