

What is National Mortgage Guarantee?



NATIONALE HYPOTHEEK GARANTIE

For purchase and improvement of your home

LOWER INTEREST RATES AND LESS RISK

Are you planning to buy or renovate a home, but are worried about the financial obligations? If so, ask about National Mortgage Guarantee (Nationale Hypotheek Garantie, NHG)! With NHG, you not only limit the risks but you also benefit from considerably lower interest rates, saving hundreds of euros a year!

National Mortgage Guarantee: what do you get?

For most people, buying a home is the biggest investment they will ever make. As this involves a large amount of money that virtually nobody has in their bank account, this generally means taking out a mortgage. In other words: a long-term financial liability. Besides keeping an eye on interest rates, it is therefore a good idea to think about the risks. What will your financial situation be in ten years? Will you still be able to pay the mortgage if you are made redundant or if your marriage breaks down? Fortunately, you can minimise the financial consequences with NHG. And the best part is: because NHG cuts interest rates considerably, you can save money!

How does NHG work?

Unemployment, incapacity for work, divorce or death of a partner are events that can happen to anyone. In many cases they result in a serious loss of income, making it difficult for you to meet your financial mortgage-related obligations and, in the worst case, forcing you to sell your home. If the proceeds of a forced sale are insufficient to redeem the mortgage, you are left with a residual debt.

Fortunately, NHG offers help. The Homeownership Guarantee Fund ensures that this residual debt is settled with your lender. However, you must have tried to minimise the level of the debt by contacting your lender as soon as you fell behind with payments. The remaining amount is then waived, meaning that you can start again: that's security!

Prevention is better than selling

Preventing a situation where you are forced to sell your home is even better. If you have a mortgage with NHG and you are temporarily unable to make your mortgage payments in full as a result of unemployment, disability, divorce or death of your partner, you may be eligible for the Mortgage Payment Facility (Woonlastenfaciliteit, WLF). The WLF allows you to add your payment arrears to your mortgage so that you have more time to bridge a difficult period in your life.

In order to be eligible for the WLF, you need to contact your mortgage lender. They will determine whether and under what conditions you may use the WLF. Your mortgage lender will assess the maximum amount you are able to pay on mortgage payments with your present income. The part that you are temporarily unable to pay will be added to your mortgage to a maximum of 9% of the total mortgage sum. Once your income has been restored, your mortgage lender will agree a repayment schedule with you.

The WLF is therefore not a 'mortgage holiday' but offers you the possibility to bridge a difficult period so that you can stay in your home. More information about the WLF is available at www.nhg.nl.

Who is eligible for NHG?

If you take out a mortgage to buy a house, you may be eligible for NHG. The main condition is that your income is sufficient. Furthermore, the total costs, i.e. purchase price, any refurbishment costs and additional expenses such as civil-law notary costs and commission, must not exceed €350,000. You can finance the total purchase price, so including the additional costs. For these additional costs, NHG charges a fixed percentage. When buying an existing house, this is 12% and the purchase price plus any refurbishment costs may not exceed €312,500. When buying a new build, this is 8%, whereby the maximum purchase/contract sum including additional work may not exceed €324,074.

You may also be eligible for NHG for a mortgage for refurbishment or home improvements. For more information, see the folder 'Finance home improvements safely with NHG'. The exact terms and conditions are available on www.nhg.nl.

On this website, you can complete a quick scan under 'Hoeveel kan ik lenen' (How much can I borrow). This quick scan gives you a general indication of the maximum amount you can borrow with NHG.

NHG: SAFE, RESPONSIBLE AND AFFORDABLE!

Safe

In the event that you become disabled or unemployed, divorced or your partner dies, you may find that you are unable to pay your mortgage. If this results in you having to sell your house, the proceeds from the sale may not be sufficient to pay off the remaining mortgage debt. In this case, NHG will pay this residual debt to the mortgage lender.

Mortgage payment facility: If you are temporarily unable to make your mortgage payments in full as a result of unemployment, disability, divorce or death of your partner, you may be eligible for the WLF. The WLF helps you out in difficult times!

Responsible

NHG prevents you borrowing more than you can financially afford. Besides your monthly costs, you must have enough money left over for important things like insurance and the household shopping.

Affordable

Thanks to the guarantee provided by NHG, you will receive a cut in your interest rate from your mortgage lender. This can be as much as 0.6%, saving you hundreds of euros every year! You also pay a one-off, tax deductible fee equalling 0.55% of the mortgage amount. However, you can generally recover this sum within a year, after which you will benefit from a lower interest rate year after year. In other words: without NHG, you not only take needless risks, but you are also robbing your own purse!

INTRODUCING OURSELVES

NHG is provided by the Homeownership Guarantee Fund (WEW). The Homeownership Guarantee Fund was established in 1993 on the initiative of the Ministry of Housing, Spatial Planning and the Environment (VROM) and the Association of Netherlands Municipalities (VNG). Its main aim is to responsibly promote the purchase of private property.

If you have any questions about NHG,
please contact:

**STICHTING
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WWW.NHG.NL

This pamphlet is part of a series of consumer pamphlets published by NHG. Visit www.nhg.nl for more information.