paragon

A guide to your mortgage

Residential mortgages

A straightforward guide to your new Paragon mortgage

This guide takes you through what happens when you purchase a new home and take out a mortgage with us or transfer a mortgage on your existing home to us (remortgage).

It explains the legal process from getting your mortgage offer to the start of your mortgage, tells you how your mortgage account works and answers questions about what might happen with your mortgage in the future. It should be read alongside your Mortgage conditions and mortgage offer letter.

It is updated regularly. You will find the most recent version on our website:

www.paragonbank.co.uk

We hope this guide answers any questions you may have, but if there is anything you are not sure about please contact your conveyancer for information about buying or remortgaging your home and understanding your mortgage offer and conditions, and your mortgage adviser with any questions about the advice they have given and the Mortgage illustration.

We are also here to help, so if you have any questions, or need any further assistance in understanding anything about your mortgage, please call us on **0345 149 7764.**

For simplicity, whenever the guide refers to 'conveyancer', we mean a licensed conveyancer or solicitor.

Contents

What you need to know now

RECEIVING YOUR MORTGAGE OFFER PACK

Along with this guide, and as part of your mortgage offer pack, you'll receive:

- **your mortgage offer letter**
- **the Mortgage conditions**
- **the Mortgage illustration**
- **the Tariff of mortgage charges**
- **a summary of your application**
- **a copy of the valuation report**

This information is very important and you should read it carefully. If anything is incorrect, or you need to make changes to your mortgage offer, please contact your mortgage adviser or call us on **0345 149 7764.**

UNDERSTANDING YOUR MORTGAGE WITH US

What is a Binding Offer?

A Binding Offer means that, for the length of your reflection period (see below), we are bound by the mortgage offer letter and Mortgage conditions to lend you the amount of money agreed.

What is a reflection period?

A reflection period is the amount of time you have to consider the terms of the mortgage offer before accepting them. It is there to give you time to review your offer and make sure you're happy to continue with it.

Usually the reflection period is ten days from the day we issue the mortgage offer, however you're free to withdraw your application at any point up until the time you receive your mortgage funds.

If you wish to proceed, you don't have to wait for the reflection period to end and can instruct your conveyancer to continue the process whenever you are ready.

What if you have an interest only mortgage?

If you have chosen an interest only mortgage, you will only pay the interest on the loan. The capital balance will not decrease unless you specifically make a payment to reduce it in addition to your monthly payment. Because this means you will need to repay the capital at the end of the mortgage, you will have told us how you intend to do this. We refer to this as your repayment strategy.

You may have decided to take a related financial product to repay the capital when the mortgage ends or you may have some investments or savings. Whatever you are intending to do, we will have assessed whether the strategy is credible and reasonable based on historical performance of financial products and the projections of any products you may have taken.

UNDERSTANDING YOUR MORTGAGE WITH US

What if you have a joint mortgage?

Where you have taken a mortgage in joint names, you have both agreed to repay the mortgage individually, even though it is in joint names. You should therefore make sure that if something were to happen to either one of you, the other one would still be able to repay the mortgage. A common way of doing this is through protection insurance. Your mortgage adviser will be able to help you determine the solution that is most appropriate for you.

Where the parties to a joint mortgage are not married, we would recommend you speak to your mortgage adviser about your circumstances should one of you die or be severely incapacitated/injured, to consider whether separate insurance policies should be taken out.

What if your personal circumstances have changed?

You should tell us if any of the personal information you gave when you applied for your mortgage has changed before you accept the offer. For example, we need to know about changes in your employment, your address or your financial circumstances amongst other things. All of these things may affect our ability to give you part or all of the mortgage you have asked for.

UNDERSTANDING YOUR MORTGAGE WITH US

What if the property's purchase price has changed?

If the purchase price has dropped, we may not be able to lend you as much as you first wanted. This is because there is a limit on the amount of money we will lend you as a percentage of the purchase price or valuation of the property, whichever is the lower.

If the purchase price has risen, you may need to borrow a little more. When this happens, we'll check you can afford the increased monthly payments. If you can, and the extra amount does not take the mortgage above the maximum percentage we will lend you based on the purchase price or valuation of the property whichever is lower, we can increase the loan amount.

What if your house purchase falls through and you have to look for another property to buy?

If this happens, you will need to contact your conveyancer and mortgage adviser.

If there are any changes to your mortgage application after we have made you a mortgage offer, you will need to speak to your mortgage adviser and conveyancer, who will contact us regarding those changes.

You won't be able to complete the purchase of your new property, or your remortgage, until we have confirmed we can make you a new mortgage offer.

UNDERSTANDING YOUR MORTGAGE WITH US

What are the consequences if you do not keep up with your obligations under the mortgage?

We expect you to comply with all your obligations set out in your mortgage offer and Mortgage conditions, including:

- **making the required monthly payment on time**
- **looking after the property and keeping it in a good state of repair**
- **insuring the property using an appropriate policy**
- **paying any other costs and charges associated with the property eg ground rent and service charges**

If you do fall behind with your regular monthly repayments and we haven't agreed this with you, we'll write to you. You may also have to pay an arrears charge. If after reasonable requests you do not pay the amount due, we may also charge you the costs of recovering the money you owe us.

We'll always tell you when we intend to make these charges and how much they will be.

As a last resort, your home may be repossessed if you do not keep up with your repayments.

There may also be extra legal costs because we have had to go to court to take possession of your property, which will be at your expense.

HAPPY TO PROCEED, WHAT HAPPENS NEXT?

What happens when you purchase a new home?

If you are purchasing a new home, the next stage is to have a contract drawn up. This sets out the detail of what you and the people you are buying from or selling to have agreed.

Once everyone has agreed what is included in the contract (the terms), each party (the buyer(s) and the seller(s)) sign a copy and agree a completion date.

Your conveyancer will do this for you and check that all the legal conditions are met and that you know precisely what you are buying/selling.

What happens before you exchange contracts?

The seller's conveyancer should:

- **obtain details of the seller's legal title to the property**
- **ask the seller to fill in a Property Information Form and a Fixtures and Fittings and Contents Form. These forms collect information about the property and what is included in the purchase price**
- **agree the content of the contract of sale with your conveyancer**
- **answer any questions raised by your conveyancer**
- **ask the seller to sign one of the contracts**

HAPPY TO PROCEED, WHAT HAPPENS NEXT?

Your conveyancer should:

- **read the documents sent by the seller's conveyancer**
- **carry out a local search and a drainage search. They may also do other searches depending on where the property is, for example environmental or mining searches**
- **receive a copy of your offer letter from us and any formal instructions about acting for us**
- **report back to you and ask you to sign a copy of the contract**

At this stage, either the buyer or the seller can change their mind and usually they don't have to pay anything to the other party if they do. Reasons why this may happen include:

- **the seller may accept a higher offer from somebody else. This is called gazumping**
- **the buyer may withdraw the original offer and make a lower one. This is called gazundering**
- **the seller may withdraw the property from the market**
- **the buyer may decide not to go ahead with the purchase**

HAPPY TO PROCEED, WHAT HAPPENS NEXT?

What happens when you exchange contracts?

When you exchange contracts you usually have to pay a deposit, your conveyancer will tell you how much this is.

At this stage you should contact your buildings insurance provider and ask them to start your insurance cover.

If either party backs out of the sale after exchanging contracts, they are breaking a legally binding contract and will almost always have to pay the other party compensation.

What happens after you exchange contracts?

Before the completion date but after exchange of contracts, your conveyancer should:

- carry out searches at the Land Registry to make sure nothing new has come to light since the seller's conveyancer received the original copy of the property registry entries
- contact your current lender (if any) and ask how much is still owing on your existing mortgage
- ask you to sign a transfer document, a land transaction return, the Legal charge and any other documents we need you to sign
- ask us to send the loan money ready for the conveyancer to send to the seller's conveyancer on completion day
- ask you for any remaining money needed to buy the property

HAPPY TO PROCEED, WHAT HAPPENS NEXT?

What happens if you're remortgaging your home?

Your conveyancer will have received a copy of your mortgage offer letter and Mortgage conditions from us together with our formal instructions about acting for us.

At this point they should:

- **contact your current lender (if any) and ask how much is still owing on your existing mortgage**
- **confirm that all the mortgage conditions have been met and that they have completed all actions required under our formal instructions, including obtaining all necessary searches**
- **ask us to send the mortgage amount to them**
- **send the amount owing on your existing mortgage to your current lender and get confirmation that your account has been closed and any previous legal charges on the property have been removed**
- **pay off any other fees or other accounts you have requested them to**
- **send any money which is left from the mortgage amount to you**

If you are choosing to repay any other loans, overdrafts, credit cards etc with the additional money, you should contact the lender(s) to get confirmation of how much you owe on your accounts with them and make arrangements to pay.

STARTING YOUR MORTGAGE

When does the mortgage start?

Your mortgage starts when the purchase of your property goes through or when your remortgage completes.

For purchases this is when your conveyancer pays the seller's conveyancer the balance of the purchase price (usually the money you have given to them and the money we have sent them). Ownership of the property is transferred to you and you become entitled to have the keys to your new property.

The seller's conveyancer will pay off the seller's mortgage and send your conveyancer the transfer document and any other relevant documents, for example property guarantees.

Once your conveyancer has told you that your property purchase has completed (that is, you are the legal owner), you will be able to collect the keys and start to move into the property.

Your conveyancer will then register your ownership and the mortgage at the Land Registry and pay Stamp Duty.

For remortgages your conveyancer will register the new mortgage at the Land Registry.

We will set up your new account and start charging you interest from the day we release the money.

YOUR PAYMENTS

How is the first payment calculated?

For your first payment you'll only pay the amount of interest due on the mortgage for the number of days between the day we release money and the end of the month, unless you complete on the first day of the month in which case your first payment will be a full month's payment including capital (if you chose a repayment mortgage) and interest.

This means your first payment is usually lower than the rest of your monthly payments.

EXAMPLE ONE	
Interest Only Loan of £120,000 at an interest rate of 5.49% fixed. Money released on 20 May	
How we calculate your first payment:	**Payment due is on 1 June (first working day):**
Amount of loan x interest rate x days' interest ——— days in month ——— months in year	£120,000 x 5.49% x 12 ——— 31 ——— 12
TOTAL	**£212.52**

EXAMPLE TWO	
Interest Only Loan of £120,000 at an interest rate of 5.49% fixed. Money released on 1 May	
How we calculate your first payment:	**Payment due is on 1 June (first working day):**
Amount of loan x interest rate ——— months in year	£120,000 x 5.49% ——— 12
TOTAL	**£549.00**

YOUR PAYMENTS

When do we collect the first payment?

We always collect your first payment in the month after the mortgage starts (the day we release the money).

Your first payment will normally be due on the first working day of the month following completion. However, if the first working day of the month is within nine days of your completion date your first payment will be due on the ninth working day after completion. This is to give sufficient notice of your direct debit payment.

For example:

- **If your mortgage completes on 1 July 2016, the first payment will be for a full month's interest (and capital if you have a repayment mortgage) and will be collected on 1 August 2016. The second monthly payment will then be collected on 1 September**
- **If your mortgage completes on 15 July 2016, your first payment will be the interest from 15 to 31 July and will be collected on 1 August 2016. The first full month payment (including capital if you have a repayment mortgage) will then be collected on 1 September**
- **If your mortgage completes on 22 July 2016, your first month's payment will be the interest from 22 to 31 July and will be collected on 4 August 2016. The first full month's payment (including capital if you have a repayment mortgage) will then be collected on 1 September**

When your mortgage completes, we will write to you with a welcome pack which will set out the date and amount of your first payment. There will also be a copy of the statement of completion which shows you when we'll collect your first and subsequent monthly payments, and which bank account we'll collect them from. You will have completed a direct debit instruction as part of your mortgage application process.

YOUR PAYMENTS

The letter will also give a summary of other information we agreed with you when you applied for your mortgage, for example whether it's an interest only mortgage or a repayment mortgage.

We will contact you within three working days of completion to check that all is well and answer any queries you may have.

How will we release retention money?

Sometimes we need to keep some of the loan back (referred to as a retention in your offer) because essential repairs need doing or because you are borrowing against a value that the valuation survey has estimated the property will be worth when improvements are made. Your offer letter will tell you whether we have retained any money and if so, what this amount is.

We will release the money either by sending the valuation surveyor to revisit the property or after we have seen copies of the invoices which show the works have been completed. Your offer letter will advise you which is required.

The surveyor will make a charge for this final inspection which you will have to pay, either by cheque or card.

When we release the retained money, we'll pay it into the bank account which you pay your mortgage payments from. We will start charging interest on the money on the day we pay it into your account. We will send you a letter to confirm your payments.

CHARGES AND COSTS

What are the charges and standard costs?

Our charges and standard costs are contained in our 'Tariff of mortgage charges', a copy of which will be included with your mortgage offer. A copy can also be found on our website

www.paragonbank.co.uk

Our charges and standard costs may change from time to time. An updated tariff will be provided with your annual statement and the most current tariff will also be available on our web site

www.paragonbank.co.uk

After your mortgage starts if you wish to make changes, there may be charges for doing so. We'll tell you of any charges in advance so you can agree them before they become payable.

INSURING YOUR PROPERTY

How must you insure your property?

You must have buildings insurance cover for your property as long as you have the mortgage and we would strongly recommend maintaining this once the mortgage is paid off.

- You must make sure that there is buildings insurance in place for your property at all times
- You must show us details of the insurance policy and proof that it is still in force if we ask you. If we reasonably think that the cover is not suitable, you must improve the cover as we ask
- You must claim under the policy for any damage (except minor damage) you are covered for, unless you put the damage right yourself

What if you cannot insure the property?

There may be cases where you are unable to insure your property because someone else has the legal right to insure it. One example of this is if your property is leasehold and the lease requires the freeholder to insure it. In this case, you must do all you can to make sure that the freeholder insures it.

Whose names must the buildings insurance policy be in?

The preference is for the solicitor to confirm on completion, that the lender will be noted on the policy or that the policy has been issued in the joint names of the Lender and the applicant. However, this will not be insisted upon if the insurer is not prepared to comply.

INSURING YOUR PROPERTY

What must your buildings insurance policy cover?

The type and amount of the insurance cover must be adequate and the level of any excess must be affordable if you need to make a claim.

The excess is the amount shown in the insurance policy which you agree to pay yourself if there is damage to your property, before you can make a claim to the insurer.

Policies which cover 'comprehensive householder's risks' would normally be adequate. If you are unsure about the level of cover you should speak to your mortgage adviser or conveyancer.

Some policies have an unlimited amount of cover to allow your property to be rebuilt if badly damaged. If your policy has a limit, you will need to make sure that it will be enough to allow your property to be completely rebuilt. This should also cover damage that your property causes to any property owned by a third party, eg damage to your neighbours' house caused by a fire in your house.

As a minimum the cover must equal the rebuilding cost shown in the valuation of loan, and should include the following risks:

- **fire, explosion, lightning, earthquake**
- **bursting, leaking or overflowing of water tanks, pipes, or apparatus**
- **storm or flood**
- **subsidence/heave or landslip**
- **impact by vehicles, trains, aircraft or animals**
- **riot, civil commotions, labour and political disturbances, vandalism and acts of malicious persons**

INSURING YOUR PROPERTY

When may we get involved?

If we become aware that the property is not adequately insured, we may choose to insure the property through our agreed third party insurer. All premiums are payable monthly and will be collected with your monthly mortgage payment.

We may insure our interest and/or your interest in your property if:

- **you are not insuring it (and we are not reasonably satisfied that anyone else has insured it)**
- **we reasonably believe the insurance is not suitable and you have not made it suitable when we have asked**
- **we have asked you to provide details of the insurance and/or proof that it is still in force and you have not done so**

If we insure your property, we will decide:

- **who the insurer will be**
- **what will be covered by the policy**

The insurance we put in place will be to protect our interests. Our insurance may not cover your interests or the interests of anyone else at all, or if any of your or anyone else's interests are covered, they might only be partly covered.

If we insure your property, we can add the cost of the insurance to the amount you owe us on the mortgage.

Although we may insure your property, you must not rely on us to insure your property if you do not.

INSURING YOUR PROPERTY

How should you maintain your insurance?

You must take reasonable steps to make sure that nothing happens which may affect the ability for a claim to be made under the insurance. For example, if you do not pay the insurance premiums or do not give the insurer all the information they ask for, they might not have to pay out if you make a claim.

You must tell us straight away if any significant damage (such as flooding or serious roof damage) happens to your property and you need to make a claim. Where the insurance allows, we will have a right to negotiate with the insurer and settle a claim on reasonable terms.

Any money from a claim must be used to repair or rebuild your property or for any other agreed purpose, unless we give you notice that it is to be used to pay towards everything you owe. We will not do that unless we reasonably consider that using the money to repair or rebuild your property or for the other purpose referred to above will:

- **not put your property in good enough repair for the value of your property to cover everything you owe**
- **not meet the other purpose(s) the pay-out was made for**

You must ensure that the amount of insurance keeps up with inflation and that if you make any alterations to the property, you increase the amount of cover in line with those changes.

LEASEHOLD PROPERTIES

What is a leasehold property?

Leasehold means that you have a lease from the freeholder (sometimes called the landlord) to use the home for a number of years. Leases are usually long term – often 90 years or 120 years but can be as high as 999 years.

A leaseholder will have a contract with the freeholder, which sets down the legal rights and responsibilities of either side. The freeholder will normally be responsible for maintaining the common parts of the building, such as the entrance hall and staircase, as well as the exterior walls and roof. The freeholder is also usually responsible for arranging the buildings insurance, although leaseholders may have to pay a share of that alongside any maintenance fees and annual service charges.

What you may need to know in the future

INTEREST ONLY MORTGAGES

What you will need to know about your interest only mortgage?

When your mortgage is on an interest only basis, we will remind you on your annual statement that you are only paying the interest and we will specifically write to you more frequently as the loan gets closer to its end to make sure your strategy for repayment is still valid. If there has been a change in circumstances that means this may no longer be the case, please contact us on **0345 149 7764** to discuss. The earlier you contact us, the more scope we have for different solutions.

If you wish to change your mortgage from interest only to repayment or from repayment to interest only you will need to call us on **0345 149 7764** to discuss.

MAKING OVERPAYMENTS

What is a regular overpayment?

An overpayment is an amount you pay on top of your monthly mortgage payment.

Any regular overpayments we receive will immediately be applied to the amount you owe on your mortgage in order to reduce the capital balance. As a result, your monthly payments will change and the correct amounts will be reflected at the end of the month as we debit interest to accounts on a monthly basis.

How do they work on a repayment mortgage?

If you have a repayment mortgage, overpayments will not automatically reduce your mortgage term. This is because when we recalculate your monthly payment, for example at an interest rate change, we set your new monthly payment so that it repays your mortgage over the term we originally agreed with you. If you would prefer your overpayments to reduce your mortgage term, please contact us on **0345 149 7764**.

How do they work on an interest only mortgage?

If you have an interest only mortgage, overpayments will not automatically reduce your mortgage term. This is because whenever we recalculate your monthly payment, we set your new monthly payment so that we collect all the interest you owe by the end of the term. However, overpayments will reduce the amount you owe, so the lump sum you need to repay the mortgage at the end of the term will be smaller than originally planned.

How you can make regular overpayments

You can make regular overpayments by increasing the amount of your monthly payment. You can do this by asking us to increase the monthly direct debit we collect from your bank account.

MAKING OVERPAYMENTS

Will there be a charge for making a regular overpayment?

You may have to pay an early repayment charge (see 'early repayment charges' section) if you are making an overpayment during the early repayment charge period.

Your Mortgage illustration and offer letter will tell you if early repayment charges apply and this information will also be shown on your annual mortgage statement.

What is a lump sum overpayment?

A lump sum overpayment is when you pay off part of your mortgage using a one off payment.

How you can make a lump sum overpayment

You can write to us enclosing a cheque or make a bank transfer or debit card payment. Please clearly state your mortgage account number when contacting us.

You need to tell us if you want us to use the money to reduce the monthly payments by keeping the mortgage term the same. If you would like to permanently reduce the remaining mortgage term, please contact us on **0345 149 7764**.

If you don't specify you want to reduce your remaining term, we will recalculate your monthly payment over the remaining term so the balance would be repaid by the end of the term.

MAKING OVERPAYMENTS

How do they work on an interest only mortgage?

If you have an interest only mortgage, you can ask us to reduce the mortgage term but only if you can show us that you have a repayment strategy in place to repay the mortgage balance at the end of the reduced term.

Making a lump sum overpayment will reduce the amount of interest you will pay us over the life of the mortgage because you are reducing the amount you owe. We'll stop charging you interest on the amount of the lump sum overpayment on the day we receive the money, but your balance will not be recalculated until the end of the month.

Will there be a charge for making a lump sum overpayment?

You may have to pay an early repayment charge (see 'early repayment charges' section) if you make a lump sum overpayment during an early repayment charge period.

Your Mortgage illustration and offer letter will tell you if early repayment charges apply and this information will also be shown on your annual mortgage statement.

How you can choose which part of your mortgage to repay

You can tell us which part of your mortgage you want us to repay with your lump sum. For example, you may want us to reduce the part we charge the highest interest rate on, or the part that doesn't have an early repayment charge on it.

If you don't tell us which part of your mortgage you want to repay, we'll reduce each part of your mortgage in the same proportions as we apply your full monthly payments.

EARLY REPAYMENT CHARGES

What are they?

We offer different types of mortgage products with different interest rates. With some of our products there may be a charge if you repay all or part of the mortgage within a certain period of time. These are called early repayment charges.

If any early repayment charges apply to your mortgage, these will be shown in your Mortgage illustration and offer letter.

Why do we charge them?

When we agree to pay you the mortgage we have chosen to lend you money over a set period of time. If you repay some or all of this money earlier, there is a cost to us. The early repayment charge compensates us for that cost.

EARLY REPAYMENT CHARGES

When do we charge an early repayment charge?

We'll apply an early repayment charge if you repay a mortgage in full or in part (see overpayments) which has an early repayment charge period set out in your Mortgage illustration and offer letter. We'll base the charge on the amount you owe when you repay the mortgage, however it will never be more than the total early repayment charge amount shown on your Mortgage illustration and offer letter. We may apply an early repayment charge if we agree to all of your mortgage being transferred to a new product during an early repayment period.

Bear in mind that if you make any lump sum overpayments which you tell us to apply as a capital repayment during the year, both the lump sum payment and any regular overpayments will count towards the 10% balance reduction limit that applies before any early repayment charges are made.

EXAMPLE	
Amount you owe	£50,000
Percentage early repayment charge payable	5%
Total early repayment charge payable shown in your Mortgage illustration/offer letter	£2,500
Amount you repay early	£25,000
Total early repayment charge payable *(£25,000 x 5%)*	**£1,250**

EARLY REPAYMENT CHARGES

Are there any exceptions to this?

Yes. Each year you can make regular or lump sum overpayments of up to 10% of the amount owed at the anniversary of the completion date of the mortgage, without having to pay an early repayment charge.

If the total you overpay during the year exceeds 10%, we'll only charge you an early repayment charge on the proportion you overpay above 10%. You can repay as much as you want in any given year above 10%, however you will be charged a proportion of any applicable early repayment charge.

EXAMPLE	
Amount owed 1 January	£50,000
Total amount of regular/lump sum overpayments made between 1 January and 31 December	£10,500
Less the amount of regular/lump sum overpayments where early repayment charges do not apply *(10% of £50,000)*	£5,000
Total amount of regular/lump sum overpayments where early repayment charges applied *(£10,500 - £5,000)*	£5,500
Total early repayment charge payable *(£5,500 x 5%)*	**£275**

REPAYING YOUR MORTGAGE IN FULL

How can you repay your mortgage in full?

You can repay your mortgage in full at any time, however additional fees or early repayment charges may apply. To find out more about these, please get in touch with us on **0345 149 7764** and we will provide you with an exact figure that includes all costs and charges up to that date.

MAKING CHANGES TO YOUR MORTGAGE

What happens if you move house?

It is sometimes possible to move your mortgage to a new house. Paragon refers to this as porting a product. Your Mortgage illustration and offer letter will tell you if your mortgage product can be moved.

When moving house, you may be able to transfer your mortgage rate and keep the same product features. However, if you need to borrow more, you will need a new product on the additional amount you borrow.

If you are borrowing less than the amount you currently owe and there is an early repayment charge still in force, you will have to pay the early repayment charge on the difference between the current mortgage balance and the reduced amount you are borrowing.

What if your new mortgage starts before you've paid off your current mortgage?

If you're selling your current home but are unable to complete on your new home at the same time, we may agree to you having two mortgages during this period. Please contact us on **0345 149 7764** to find out more.

How do you change your monthly repayment date?

Once your first two payments have been made, you can get in touch with us on **0345 149 7764** to change the date of your mortgage payment. We will then update your mortgage details and change the date we collect your future direct debits.

MAKING CHANGES TO YOUR MORTGAGE

How do you change your repayment strategy?

If you wish to change your mortgage from a repayment mortgage or an interest only mortgage, please call on **0345 149 7764** to discuss.

How do you transfer your property?

If you want to change the property's legal ownership, you will need to change the name on the mortgage and the property title. This is called a transfer of mortgaged property.

To discuss this further, please call us on **0345 149 7764**.

What is a Further Advance?

Once you've had your mortgage for six months, you can ask us for additional borrowing if it falls within our lending guidelines. This is called a further advance.

For more information about further advances, please call us on **0345 149 7764**.

What if you want to let your property?

If you are considering letting out your property, please call us on **0345 149 7764**.

What happens if something changes?

If anything else changes with your circumstances, please contact us on **0345 149 7764**.

Product incentives

From time to time we may offer mortgage products with incentives. Not all incentives are available to all customers. The interest rate for products with incentives may sometimes be slightly higher than for products without incentives. You need to consider whether the incentive available at the start of the mortgage is more important than the slightly lower rate paid without the incentive.

Free purchase conveyancing

If we offer free purchase conveyancing as an incentive, we'll choose the conveyancer for you. If you prefer to use your own conveyancer, you should not choose this incentive because we won't pay for your conveyancer's legal costs.

Free remortgage conveyancing

If we offer free remortgage conveyancing as an incentive, we'll again choose the conveyancer to do the legal work. If you prefer to use your own conveyancer, you should not choose this incentive because we won't pay your conveyancer's legal costs

Cashback

At present, we do not offer cashbacks on the mortgage.

Complaints

We are committed to providing a high standard of service to our customers. However, we appreciate that we don't always get it right. When this happens we want you to tell us about it so that we can put it right for you and all our customers.

If you remain unhappy with our response to your complaint, you have the right to refer it to the Financial Ombudsman Service.

If you have any complaints regarding the service provided by your mortgage adviser, you should contact them direct.

A copy of our complaints leaflet is included in your mortgage offer pack. This leaflet will explain how we handle any complaint you may have and aims to demonstrate our commitment to customer service.

Financial Services Compensation Scheme (FSCS)

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of product and the circumstances of the claim.

Mortgage and equity release advising and arranging is covered up to a maximum limit of £50,000.

Further information about compensation scheme arrangements is available from the FSCS.

Explanation of terms

Mortgage

A loan that you take out to buy property or land. It can run for a number of years, typically 25 years.

Remortgage

Remortgaging simply means replacing your existing mortgage with a new mortgage and you may not even have to move lenders to do this.

Mortgage product

The type of mortgage you have chosen. It may have a fixed or variable interest rate, a product fee or a charge for early repayment.

Fixed rate

The interest rate charged stays the same for a set number of years, usually between two and five years.

Variable rate

The interest rate you are charged can change at any time. The rate may be set by the lender, usually known as a standard variable rate or may move in line with another interest rate, usually the Bank of England Base Rate or LIBOR. (See below for LIBOR definition)

Bank of England base rate

The interest rate that the Bank of England charges banks for secured overnight lending.

Explanation of terms

London Inter Bank Offered Rate (LIBOR)

A benchmark rate that some of the world's leading banks charge each other for short-term loans.

Product fee

A fee you pay for your chosen mortgage product. It may be a set fee or a percentage of the amount you borrow.

Early repayment charge

A charge which is made if you repay your mortgage early, usually during a fixed rate period. Your Mortgage illustration will show you if your mortgage has an early repayment charge.

Repayment method

You can choose to repay the capital and interest within your monthly repayments (known as a repayment mortgage) or to only pay interest (known as interest only mortgage). If you choose interest only you will need a repayment strategy.

Repayment strategy

The method by which you intend to pay off your mortgage at the end of the mortgage term if you have chosen an interest only mortgage ie investments, other properties and assets. We may ask you for evidence of your repayment strategy to ensure the loan will be repaid at the end of the mortgage term.

Product switch

You have a mortgage with us and wish to transfer to a new mortgage product.

Further advance

You have a mortgage with us and wish to increase the amount you have borrowed.

Explanation of terms

Transfer of mortgaged property

You have a mortgage with us and want to change a name on the account either by adding or taking off a person.

Regular overpayments and lump sum overpayments

Extra payments made to your mortgage that reduce the amount owed.

Porting your mortgage product

Subject to you passing our current mortgage lending policy, you may be able to take your product with you and avoid paying the early repayment charge. If you repay your existing mortgage before you complete on the new one, we will refund a proportionate amount of the original mortgage early repayment charge provided your new mortgage completes within three months of the original redemption.

Redemption

When you repay your mortgage to your lender in full.

Interest charges

We charge interest on the loan on the day we release the money until the day the mortgage is repaid.

Annual Percentage Rate of Charge (APRC)

The APRC is the total cost of the mortgage shown as an annual percentage (%). We provide the APRC to help you compare different products across different lenders.

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