

**A GUIDE TO
FINDING THE
RIGHT MORTGAGE
FOR YOU**

Taking out a mortgage is a big financial commitment, but with a good Mortgage Consultant by your side it is a lot easier than you think.

This guide is designed to help you through the process by explaining your options to help you on your way.

YOU ARE IN SAFE HANDS

QUALIFIED MORTGAGE ADVICE

Our Mortgage Consultants are authorised and regulated by the Financial Conduct Authority (FCA) to provide clear and practical advice on your mortgage and insurance needs.

We take great pride in finding the right mortgage product for your circumstances.* Whether you are a first-time buyer, a next-time buyer, a buy-to-let investor or remortgaging for a better deal, our Mortgage Consultants aim to:

- Confirm **how much you can borrow** and all the costs involved*
- **Recommend the right mortgage for you** by searching thousands of mortgage deals available from our panel of selected lenders*
- **Explain the house buying process** and all the **costs** involved
- **Aim to save you money on the property you choose to buy** by negotiating with the seller. This only applies when the property is for sale with another estate agent and we do not act for the seller
- Take care of all your **mortgage** and **insurance arrangements** regardless of whether you buy a property through us or not*

LIFETIME MEMBERSHIP

When you take out a mortgage through us you can choose to become a Lifetime Member. This means you will receive ongoing mortgage and insurance advice for life. You will never have to pay another broker fee again, no matter how many times you move or remortgage.**

We will review your mortgage and insurance needs regularly to give you the best mortgage products and services.* We will also inform you of key developments in the market to show how they could affect you.

We will be in touch when your mortgage is coming to an end to look at your options and provide professional advice on what's best for you at the time.*

If you decide to move, sell your property with us and you can enjoy a discount on the cost of conveyancing and estate agency fees too. Plus, you can even earn rewards by recommending a friend.***

* Subject to status and lender criteria.

** An administration fee will still apply on all future mortgage applications.

*** Can be withdrawn at any time.

YOUR MORTGAGE OPTIONS

WHAT IS A MORTGAGE?

A mortgage is a long-term loan from a lender that enables you to buy a property. You will need to repay the mortgage (plus interest) over a fixed period, usually 25-30 years, with regular monthly repayments.

HOW TO REPAY YOUR MORTGAGE

When you take out a mortgage, you will also choose a repayment method that suits you.

Repayment

Repayment mortgages are the most common. Your monthly repayments gradually pay off the amount you borrowed (known as the capital) as well as the interest on the loan.

At the end of the mortgage term, as long as you have kept up your monthly repayments, you will have paid off the full amount of the mortgage and you will own the property outright.

Interest-only

With an interest-only mortgage, the monthly payments are lower, but you are only paying off the interest, not the loan amount itself.

At the end of the mortgage term (as long as you have not taken out any additional borrowing) you will still owe the original amount you borrowed and will not own the property outright, so you need another plan for raising the money to do that known as a 'repayment vehicle'. These could include:

- Pension
- Sale of the financed property or another property
- Individual savings account (ISA)
- Endowment policy

Repayment vehicles such as endowments, pensions and ISAs are higher risk strategies for repayment of a mortgage. You need to be aware that they rely heavily on investment returns that are not guaranteed. We are not able to advise on the suitability of your selected repayment vehicle. If uncertain we recommend that you seek independent financial advice.

It should be noted that most lenders have severely restricted their criteria for interest-only mortgages and some may well not lend on this basis. For those lenders that may offer interest-only, they will generally require evidence of the repayment vehicle and want to see whether it's on track.

These days, interest-only mortgages are very rare and only tend to be offered when the applicant has a clear strategy for paying off the main mortgage debt.

MORE CHOICE, MORE OPTIONS

Unlike banks and building societies who sell their own brand of mortgages, we act as a broker on your behalf, selecting the right mortgage for you from our panel of selected lenders.*

TYPES OF MORTGAGES

To help you understand your options and prepare for your mortgage application, here are some of the main types of mortgages available.

Fixed Rate

Fixed rate mortgages guarantee your interest rate and therefore your monthly repayments will stay the same for a set amount of time, usually 2-5 years. This is called the 'initial benefit period'.

During this time you are protected from any Bank of England (BoE) base rate rises, which will help you to budget since you will know your exact costs from month to month. However, you will not benefit from rate decreases.

Standard Variable Rate

Every lender advertises its own standard variable interest rate (SVR) which loosely follows the BoE base rate. When the base rate changes, so does the SVR.

This means you may benefit from base rate reductions, but be mindful; you could also be impacted by rate increases.

Base Rate Tracker

Tracker mortgages follow an interest rate usually set in line with the BoE base rate for the initial benefit period. The interest rate is typically higher than the base rate and you may benefit from immediate rate reductions, but your payments will go up if the rate increases.

Discounted

With a discounted mortgage, you pay the lender's standard variable rate, minus a set discount for a fixed period of time. After that time has elapsed you will switch to the lender's SVR. You could benefit from immediate rate reductions, but equally your payments will go up if the rate increases.

Capped Rate

Capped rate mortgages have a set upper value for their interest rates – they cannot go higher than this level, no matter how the mortgage lender's standard variable rate changes. If interest rates fall, so will this rate.

Flexible/Offset

Flexible or offset mortgages offer built-in features such as changing your monthly payments, taking payment holidays, making overpayments, paying off a lump sum, releasing capital or using your savings to reduce (or 'offset') the amount you are borrowing (note that not all savings or current accounts offer this). With offsetting, you do not earn any actual interest on the accounts you link to your mortgage, instead your savings are used to reduce your mortgage balance.

THE BANK OF ENGLAND BASE RATE

The official bank rate (also called the Bank of England base rate BOEBR) is the interest rate the Bank of England charges banks for secured overnight lending. Most UK lenders use the base rate to help calculate interest rates on their own products.

OTHER THINGS TO CONSIDER

WHAT IS CONVEYANCING?

Conveyancing is the legal transfer of a property from one person to another. It includes all the legal work involved, plus a variety of important checks on the property.

Our Home Conveyancing Service can take care of everything for you, there's no need to visit a solicitor's office and we're open seven days a week and evenings too.

VALUATION AND SURVEYS

The lender will process your application and arrange a basic mortgage valuation to ensure the property is worth the mortgage amount they are lending you.

You should be aware that this valuation is not a building survey and will not identify any physical problems with the property.

For your own peace of mind, you may also want to consider a more detailed survey to be sure the property is in good condition. Types of surveys offered are:

RICS Home Survey Level 2 (Survey Only)

This is a report suitable for conventional properties, built from common building materials and in reasonable condition. The focus of the report is on assessing the general condition of the main elements of the property.

RICS Home Survey Level 2 (Survey and Valuation)

This report is as above, but also includes the surveyor's professional opinion on the 'market value' of the property and an insurance reinstatement figure.

RICS Home Survey Level 3

This is a report suitable for a larger, older or run-down property, a building that is unusual or significantly altered, or if you are planning major works. It provides detailed information about the structure and fabric of the property.

We can help you choose which survey would suit you best and arrange it for you, either directly with the lender or via our Survey and Valuation department.

HOW MUCH WILL IT COST?

Although some lenders do offer fee-free mortgages, others may come with associated costs. Here are some fees you may incur when you secure a mortgage with a lender.*

- **Arrangement fee:** paid to the lender for arranging your mortgage
- **Booking or reservation fee:** often charged upfront, it reserves the mortgage you have been offered while your application is being processed
- **Valuation/survey fee:** to cover the valuation/survey carried out on the property
- **Legal fees:** costs incurred by your conveyancer for the legal work required for a mortgage
- **Broker fee:** a one-off fee payable to us, for lifetime membership to our mortgage services, which comes with a number of benefits
- **Administration fee:** payable to us, for handling all the administration on your mortgage application
- **Stamp duty:** this is a one-off fee that buyers have to pay the government on properties worth over a certain amount. In Wales it's called the Welsh Land Transaction Tax. Depending on the property value you may be exempt from stamp duty, particularly if you are a first-time buyer. You can check the government website for current thresholds.

Our Mortgage Consultant will discuss any relevant fees with you so you can start budgeting for your new home as soon as you've had a mortgage offer accepted.

APPLYING FOR A MORTGAGE

HOW MUCH DEPOSIT WILL YOU NEED?

Very few lenders require no deposit so you may typically need to raise at least 5% of the value of the property to secure a mortgage with lenders.

This means if you are buying a £200,000 home you may need a minimum deposit of £10,000.

However, if you raise a larger deposit, you might gain access to mortgages with lower interest rates, which could potentially result in lower monthly repayments.

HOW MUCH CAN YOU AFFORD TO BORROW?

This depends on your income, expenditure and personal circumstances. If you are buying with someone else, your lender will take their finances into account too.

These days, buyers use online mortgage calculators to work out how much they can borrow, but a more accurate way is to see one of our Mortgage Consultants and work through a budget planner. You can do this with us when you apply for a mortgage or a 'decision in principle' (DIP) – also known as an 'agreement in principle' (AIP).

* The total fees payable will depend on your lender.
** Subject to status and lender criteria.

WHAT IS A DECISION IN PRINCIPLE OR AN AGREEMENT IN PRINCIPLE?

This is an accurate estimation of how much you can borrow without actually applying for a mortgage in full. It is a statement from a lender that says they will loan you a certain amount 'in principle', subject to underwriting.

HOW TO APPLY

When you have found a property and had an offer accepted, it is time to apply for a mortgage. Simply make an appointment with one of our Mortgage Consultants and together we will look at your income and expenditure patterns.

Once our Mortgage Consultant has recommended a mortgage based on your circumstances** they will submit a full mortgage application to the lender. They will also send certified copies (to prove they have seen the originals) of your documents along with details of the property and the conveyancer you are using to complete the purchase.

WHAT YOU WILL NEED

You (and another applicant(s) if you are buying together) should have available the following original documents for your mortgage meeting (you may have already used these to apply for a DIP/AIP)

Photo ID

- Valid UK/EU passport
- Valid driving licence (if not being used for address verification)
- Valid firearms ID card
- National ID card

Address Verification

- Utility bill dated in the last 3 months (not a mobile phone bill or junk mail)
- Valid driving licence (if not being used to verify ID)
- Annual council tax bill
- HMRC/DWP letters within the last 3 months
- Last 3 months' bank statements (showing income and expenditure)
- Latest credit card statement
- Latest mortgage statement (if applicable)

Income Proof

- Latest P60 and last 3 months' payslips (some lenders may accept less than 3 months' documents)
- If self-employed, last 3 years' audited accounts/SA302 form, including tax year overviews (some lenders may accept less than 3 years' documents)
- Accountant's certificate (which includes their name and address)
- Proof of any recent bonuses or pay rise
- Pension/benefit statement(s)

Don't worry if you don't have everything available – our Mortgage Consultant will advise you which documents you will need, depending on the lender.

YOUR MORTGAGE OFFER

Once the lender is satisfied with the details you provided as part of your mortgage application and the results of the valuation report, they will be in a position to issue your mortgage offer and send a copy to your conveyancer, who will continue to work towards exchange of contracts and completion. A copy of the mortgage offer will also be sent to you.

Our Mortgage Consultant will explain everything about the offer, from the interest and monthly repayments to the cost over the full term and any other features.

BE ORGANISED

When you gather all your documents, get a folder or a wallet so you can keep all your important information together during the house-buying process. Create an electronic folder too so it's easy to access any emails or digital paperwork.

INSURANCE

Buying a property is a major investment, so it is wise to protect yourself and your home.

PROTECTING YOU AND YOUR HOME

The mortgage lender will require you to have buildings insurance in place from the point you exchange contracts on a freehold property. Some buildings insurance policies have an element of accidental damage cover included, but you may want to add additional cover for more protection.

You might want to consider adding contents insurance to ensure your possessions are covered from the day you move in.

There are other insurance products you may also want to consider. Speak to our Mortgage Consultant about:

- Life insurance
- Critical illness
- Income protection

MAKING A WILL

When you buy a property you become the owner of a substantial asset, so if you don't already have a will, now is a good time to put one in place.

Deciding what you want to happen to your property, possessions and assets in the event of your death would save your loved ones untold worry, costs and stress and provide them with stability and protection at a difficult time.

Ask us how our will-writing partner can guide you through the process, help you safeguard your home and your possessions and give your family peace of mind, whatever the future holds.

A BROKER FEE MAY BE PAYABLE UPON MORTGAGE APPLICATION AS WELL AS AN ADMINISTRATION FEE. THE TOTAL FEE PAYABLE WILL DEPEND ON YOUR CIRCUMSTANCES. YOUR MORTGAGE CONSULTANT WILL EXPLAIN ANY FEES APPLICABLE IN YOUR INITIAL APPOINTMENT.

YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE. YOU MAY HAVE TO PAY AN EARLY REPAYMENT CHARGE TO YOUR EXISTING LENDER IF YOU REMORTGAGE.

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