



Mortgage Guide

A guide to explaining all
you need to know about
mortgages

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Welcome to our Guide to Mortgages

Taking out a mortgage is a big financial commitment, but with one of our qualified Mortgage Consultants by your side it's a lot easier than you think. This guide is designed to help you through the process by explaining your options and providing hints and tips to help you on your way.

How can we help?

Qualified Mortgage Consultants

There is a lot to take in when it comes to mortgages, for instance: how much you could borrow? What kind of mortgage is best for your situation? How much is it going to cost initially, and can you afford the monthly repayments afterwards?

Our Mortgage Consultants are fully authorised to give mortgage and protection advice and are regulated by the Financial Conduct Authority (FCA) for your peace of mind. We take great pride in ensuring we find the right mortgage and protection products based on 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:

- **Search thousands of mortgage deals** from our panel of selected lenders allowing us to recommend the right mortgage for you based on your needs and circumstances*
- **Confirm how much you may be able to borrow** and secure the most appropriate mortgage for you*
- **Aim to save you money on the property you choose to buy** by negotiating with the vendor. This only applies when the property is for sale with another estate agent and we do not act for the vendor
- **Explain the house buying process** and all the costs involved
- **Take care of all your mortgage and protection requirements** regardless of whether you buy a property through us or not*

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 monthly repayments.

How to Repay Your Mortgage

Before you choose a mortgage product it's worth considering what repayment option suits you. There are two main options:

Capital repayment mortgage

This is the standard repayment method for mortgages. You repay the money borrowed in monthly increments, plus interest (a capital repayment). At the end of the mortgage term, as long as you've kept up your monthly repayments, you'll have paid the debt completely and own the property outright.

Interest-only mortgage

The monthly payments are lower as you only pay the monthly interest from the original mortgage amount you borrow. At the end of the mortgage term, as long as you haven't taken out any additional borrowing, you'll still owe the original amount you borrowed so you'll need to organise a way to repay the debt. The options are called repayment vehicles*, these could include:

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

Important information

Repayment vehicles such as endorsements, pensions and ISAs are higher risk strategies for repayment of a mortgage and returns aren't guaranteed. You need to be aware that they rely heavily on investment returns that are not guaranteed. It should be noted that most lenders have severely restricted their criteria for interest-only mortgages and some may not lend on this basis. For those lenders that may offer interest-only mortgages, they will generally require evidence of the repayment vehicle and want to see whether it is on track.

Speak to one of our
Mortgage Consultants to
find out more

* We are not able to advise on the suitability of your selected repayment vehicle. We recommend you seek independent financial advice when considering an interest only mortgage.



Types of Mortgage

To help you understand your options and prepare for your mortgage application, here are some of the types of mortgage products available:

Fixed Rate

Your monthly mortgage payments are fixed for a set amount of time (usually 2-5 years), which is useful when working out your monthly budget. You are protected from rate increases during this fixed period, but will not benefit from rate decreases.

Standard Variable Rate

You pay the lender's current interest rate. You may benefit from rate reductions, however you could be impacted by interest rate increases too.

Base Rate Tracker

This follows an interest rate usually set in line with the Bank of England (BoE) base rate for a certain period of time. It's typically higher and you may benefit from immediate rate reductions, but your payments will go up if the rate increases.

Discount

You pay the lender's standard variable rate, minus a set discount for a fixed period of time. After that time period has finished, you will switch to your lender's standard variable rate. You may benefit from immediate rate reductions, however your payments will go up if the rate increases.

Capped

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

Flexible/Offset

Offset the amount you're borrowing by linking the mortgage to your savings or current account balances. Some of these products allow flexibility when making repayments or even allow you to make overpayments. With offsetting, you don't earn any actual interest on the accounts you link to your mortgage, instead your savings are used to reduce your mortgage balance.

Other things to consider

Fees

Although there are some mortgage products without fees, some do have costs. Our Mortgage Consultant will discuss these fees with you.

Here are some fees you may incur to secure a mortgage with a lender:*

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.

*The total fees payable will depend on your lender.

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- Arrangement fee: paid to the lender for arranging your mortgage
- Booking or reservation fee: usually charged upfront, it pays to reserve the mortgage you have been offered while your application is being processed
- Valuation/survey fee: pays for 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: this is 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 Scotland stamp duty is called Land and Buildings Transaction Tax, and in Wales it's called the Welsh Land Transaction Tax. Depending on the property value you may be exempt from stamp duty as a first-time buyer. We can tell you about this, or you can check the government website for current thresholds.

Speak to one of our Mortgage Consultants and they will discuss any relevant fees with you so you can start budgeting for your new home.



Arrange your conveyancing

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

This is where we can help. Our Home Conveyancing service is an easy and affordable way of taking care of all your conveyancing needs in one place. Here are some of the benefits:

- Open 7 days a week and evenings too
- No move, no legal fee
- Fixed price guaranteed
- Manage every aspect of your case securely online and by phone
- No need to visit a conveyancer's office
- We aim to deliver a consistently faster legal service

Speak to one of our Mortgage Consultants who will be more than happy to speak to our Home Conveyancing department for you.

Valuations and surveys

Your lender will require a basic mortgage valuation – a report they will arrange themselves, which confirms the property is worth the money you are asking to borrow. There are also three main surveys which you might want to consider:

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.

Speak to one of our Mortgage Consultants who will be able to advise which valuation / survey would be suitable for your needs.

Secure 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. That means if you were buying a £200,000 home you would need to raise at least £10,000 before applying for a mortgage.

However, if you raise a larger deposit, you might gain access to mortgage products with lower interest rates, which could potentially result in lower monthly repayments. If you're funding your purchase with the sale of another property, your equity may cover your deposit.

How Much Can You Afford to Borrow?

How much you can afford to borrow for a mortgage depends on lots of things: your income, expenditure, financial situation and personal circumstances are all factors. If you're buying a property with someone else, their income and financial situation will also be taken into account.

Lenders need to know much more about you than just your salary before making a decision on how much they're willing to lend by way of a mortgage. The lender will look closely at your financial history and existing commitments before making a decision. This is done for every mortgage application.

Each lender's criteria can be a little different, so what might be enough for one isn't guaranteed to be accepted by another. [Speak to one of our Mortgage Consultants who can explain each lender's criteria and advise you on what you can afford. This includes a comprehensive budget planner, which lots of our customers find useful.](#)

Secure a 'Decision in Principle' / 'Agreement in Principle'

A 'decision in principle' (DIP)/ 'agreement in principle' (AIP) is confirmation from a lender that they will loan you a certain amount of money 'in principle', subject to underwriting.

How to Apply for a Mortgage?

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

Address Verification

- Utility bill dated in the last 3 months (not a mobile phone bill or junk mail)
- Valid driving licence (as long as the address is correct and it's not being used for photo ID verification)
- 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

- Last 3 months' payslips and P60 (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 recent pay rise
- Pension/benefit statements

Once your Mortgage Consultant has recommended a mortgage based on your circumstances,* they'll submit a full mortgage application to the lender with certified copies of your documents (to prove they have seen the originals), details of the property and the conveyancer you're using to complete your purchase. The lender will process your application and arrange a basic mortgage valuation on the property. At this point you may want to consider a survey upgrade for your own peace of mind.

Your Mortgage Offer

Once your lender is satisfied with the results of the valuation report and the details you provided as part of your mortgage application, they will be in a position to make you a formal mortgage offer.

A copy will be sent to you and your conveyancer, who will continue to work towards exchange of contracts and completion.

Protection

If you are buying with a mortgage, your lender will require you to have a buildings insurance policy 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 to the physical structure of your new home.

You should consider adding contents insurance to be effective as soon as you start moving your possessions in. You can also add accidental damage cover to this.

There are other protection products you may also want to think about.

Speak to our Mortgage Consultant today and you can find out about:

- Life insurance
- Critical Illness
- Income protection



Making a Will

If you haven't made a will, buying a home is a really good reason to finally do it. Planning what happens to your money, possessions and property would save your loved ones additional stress, worry and cost at a difficult time.

Our will-writing partner can provide a simple, straightforward service for your peace of mins. Speak to one of our Mortgage Consultant for more details.

Why choose us?

Being a lifetime member enables you to receive ongoing mortgage and protection support for life. We're constantly reviewing the products and services we offer to make sure lifetime members get great value. If you join, we'll be in touch about finding you another great mortgage product when your initial benefit period is coming to an end.

You'll always have access to our advice, you'll get discount on our conveyancing service, and should you decide to sell with us in the future, you'll get a discount on our estate agency fees too. We'll also reward you if you recommend a friend who goes on to arrange their mortgage with us*.

Additionally, once you're a member you'll never pay another broker fee again – no matter how many times you move or remortgage.**



* Can be withdrawn at any time

** An administration fee will still apply on mortgage applications

ALL MORTGAGES ARE SUBJECT TO STATUS AND LENDER CRITERIA

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 RE-MORTGAGE

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