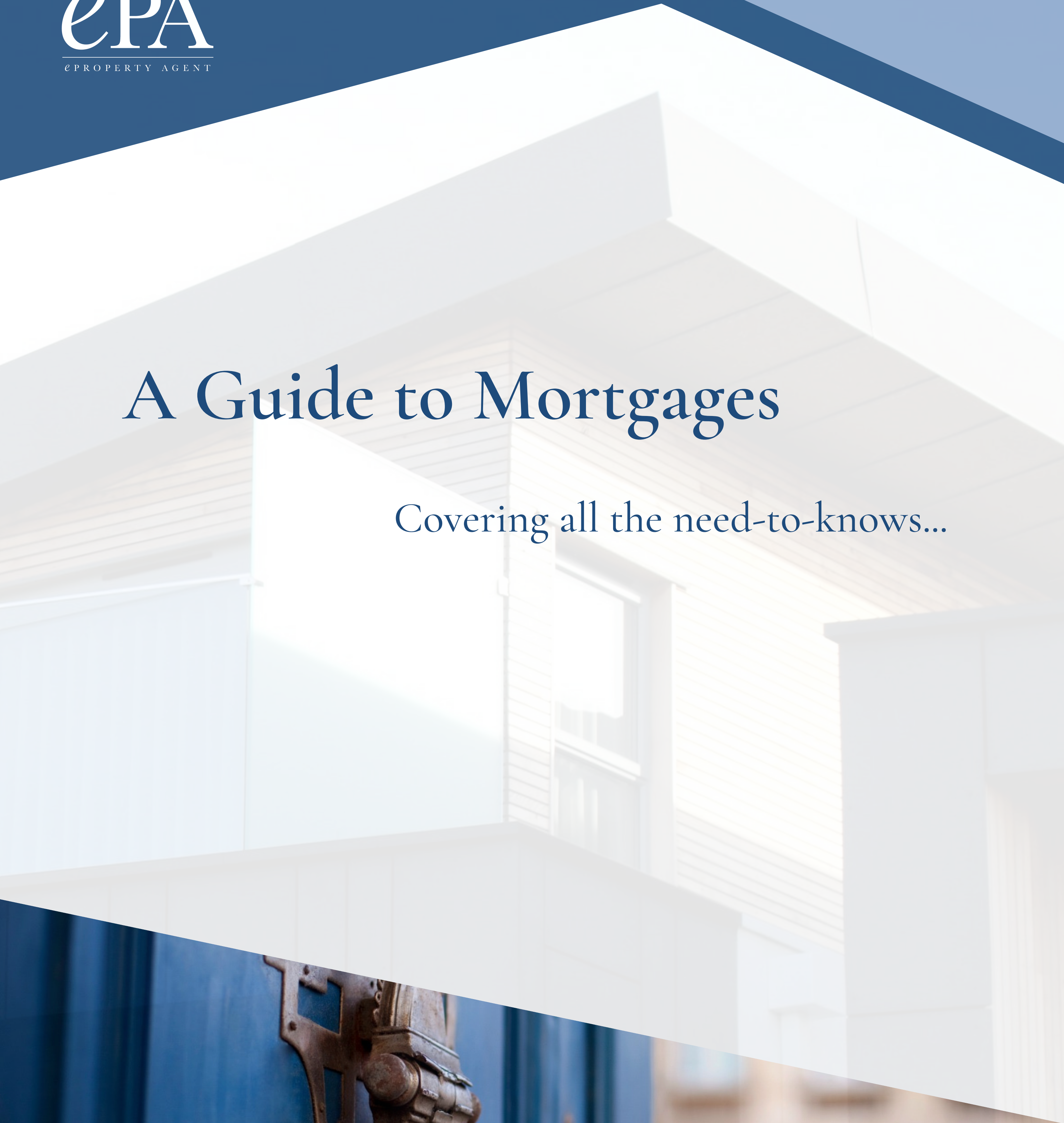
A Guide to Mortgages

Covering all the need-to-knows...



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Congratulations

You have made your first step towards getting the right mortgage to help you buy your first home, become a buy-to-let landlord or simply find a better deal on your existing mortgage.

Each year we help many people find the most cost-effective and appropriate mortgage deal for their individual financial circumstances, so you'll find us knowledgeable, approachable and friendly to deal with.

Taking out a mortgage is a big financial commitment, so it helps to know a little more about what's on offer, what your options are, and how the process works. Finding the right deal is important. Whether you're new to the mortgage market, or you've had a mortgage for a while but are considering a move, this brochure sets out a few facts and gives important information to help you make the right choices.

How much can I borrow?

To assess how much you can borrow, lenders are now required to scrutinise borrowers' incomes, outgoings and credit history closely and apply strict affordability criteria, ensuring that borrowers can comfortably afford their repayments now, and in the foreseeable future. All lenders are bound by the same general principles and criteria to assess borrower affordability, but there are slight variations in the way they apply them. So it really pays to work with a mortgage adviser. Their knowledge of the market and understanding of the approach adopted by individual lenders means they can help you present your application in a positive light, to the right lender, saving you time and stress.

The bigger the deposit, the better the deal...

Having a large deposit really matters in the current market. The more you can put down, the lower the interest rate you are likely to be offered. While many lenders are prepared to lend purchasers up to 95% of the property price, with the borrower putting in the remaining 5% as a deposit, better deals and rates are available to those who can put down, say, 20% or even more.

How mortgages work...

A mortgage is a loan made by a bank or building society to enable you to buy a house or other type of property. The length of the mortgage will usually be anything up to 25 years for a standard repayment mortgage. The shorter the term, the more you will repay each month, but you will obviously pay off the mortgage more quickly. Interest-only mortgages can usually be anythingup to 40 years. When you sign the mortgage agreement, you are agreeing to give the property as security for the loan.The amount you borrow is referred to as the capital sum. The lender then charges you interest on the amount you have borrowed.

What happens if I cant pay?

Lenders secure your mortgage against your property through a legal charge, so if you fall behind with payments and no other solution can be found, then the lender can repossess your home. If you get into arrears or find it a strain to keep up with your monthly payments, you should seek advice as soon as possible.

Buying to let

Rising property values and a booming lettings market has meant that many lenders have developed mortgage deals tailored to the needs of would-be landlords. For investors seeking rental yield or capital growth, property has proved a good investment at a time when returns on other types of asset have been comparatively low.

Buying to let

In recent years, buy-to-let mortgages have seen some changes affecting how these mortgages are categorised, and a new stamp duty change for additional properties for instance.
Your adviser will be on hand to explain any changes that have happened in relation to your chosen mortgage.

Types of mortgage available

Choosing the right sort of mortgage to meet your needs and circumstances can seem a bit overwhelming. There are many different types to choose from, all meeting the needs of different types of borrowers. Your adviser will be able to help you by explaining what's on offer, what the key features are, and what type of mortgage best meets your individual circumstances.

Here's a selection of what's available in the marketplace:

Fixed rate mortgage	The interest you pay remains the same for a set period of time, so your repayments will remain the same even if rates rise
Variable rate mortgage	The rate applied can change at any time, meaning that your monthly repayments could do so too
Standard Variable rate mortgage	The interest rate is the lender's default rate, their standard variable rate (SVR). This can change at any time, meaning your repayments could go up or down
Tracker mortgage	A type of variable rate mortgage. Here the interest rate usuall tracks the Bank of England base rate at a set margin above of below it, for the period of the deal
Discount mortgage	A type of variable rate mortgage where the interest rate is set a discount below the lender's SVR for a fixed period of time
Capped-rate mortgage	The rate you will be charged moves in line with the lender's SVR, but the cap means that the rate won't move above a certain level

Repaying your mortgage

Once you have a mortgage in place, you'll be making regular monthly repayments until the end of the mortgage term, or until you decide to move or take out a new loan. However, lenders do offer a certain amount of flexibility when it comes to the amount you pay each month; your adviser will be able to explain the options available to you.

Making larger or smaller repayments

If you're looking to repay your loan faster, you may be able to increase your monthly payments. Some lenders impose a limit, and there may be an early repayment charge attached to your mortgage.Depending on your circumstances, some lenders may be prepared to let you make smaller monthly payments. You should be aware that this will increase the amount outstanding and the time it will take to repay the loan in full.

Repayment 'holidays'

Some lenders are prepared to allow borrowers to take a temporary break or 'holiday' from making repayments, sometimes for up to a year. However, you may need to have overpaid your mortgage for a period of time in order to qualify. If you are temporarily struggling to meet your repayments, because you've been made redundant or are going on maternity leave, you may be able to negotiate a break for a few months until you are in a position to resume making repayments.

Offset mortgages

An offset mortgage links your savings, and in some cases your current account, to your mortgage. This means that instead of earning interest on your savings, you pay less interest on your mortgage. So, for example, if you have a mortgage of £125,000 and you have £25,000 in your linked accounts, then your monthly interest would be calculated on £100,000 instead of the balance of £125,000.

Portable mortgages

A portable mortgage is one that can be transferred from one property to another while avoiding the early repayment penalties that would typically be incurred on the property sale.Porting means repaying your existing mortgage when you sell your current property, and using the same mortgage to purchase your new one. This will be on the same terms as your existing mortgage, including the end date of any deal period.

We're here to help...

Choosing the right home loan or protection plan can be a big challenge. There are literally hundreds of lenders and policy providers in the marketplace, so how do you know you've made the right choice for you and your family?

That's where we can help, saving you time, effort and unnecessary expenditure. As mortgage brokers, we specialise in finding our customers the right, affordable mortgages and protection plans for their individual needs.

So if you're looking for a mortgage, or want to review your current deal, or need advice on how to protect your income, your possessions or the roof over your head, then your adviser is only a phone call away and ready to help you.We look forward to helping you fulfil your goals.