Mortgages Explained

with effect from 1 April 2019

Newbury
Building Society

Contents

About this booklet

This booklet sets out all the information you may need to know about a mortgage, how it works and what the process involves. It also tells you what happens once your mortgage is set up and how your mortgage will be administered.

This booklet is not part of our legal arrangement with you. The content is to help you understand what a mortgage is and how the process works. Our legal arrangement with you will be contained in the mortgage offer, the mortgage conditions and any other document referred to in these as being part of the legal contract.

If you need any further help, please contact your local branch or visit **www.newbury.co.uk**.

The information contained in this document is correct at the time of print.

What is a mortgage?

A mortgage is simply a loan, obtained by using property as security. As very few of us can afford to buy our homes outright, many of us at some stage of our lives will require a mortgage. Taking on such a large commitment is probably the most important financial decision you are ever likely to make.

How do I get a mortgage?

Who is responsible for a mortgage?

If you take out a mortgage on your own, then you are responsible for it. If you are taking out a mortgage with another person then both of you are 'jointly and severally' responsible for it. This means that each borrower is responsible for ensuring the mortgage and each payment is paid.

Amount of deposit

We will consider the loan amount you have applied for as a percentage of the purchase price or valuation figure (whichever is lower). This is known as the 'Loan to Value' (LTV). The lower the LTV, the larger the deposit and the greater stake you will have in your home. For example, a £150,000 mortgage on a house valued at £200,000 would mean a LTV of 75%.

There is a maximum loan amount we will lend depending on the LTV, repayment method (e.g capital and interest or interest only) and type of property. These limits can vary. Check with us for current limits.

Affordability

The amount you can borrow is generally based upon your income and your expenditure. We look at your annual basic salary (or income if you are self-employed) and subtract the standard costs of living and any commitments, such as credit cards, childcare etc, to determine how much we can lend you.

Other income

We will include the following in addition to your basic salary when calculating your overall income:

- 100% of car allowance
- 50% of regular/permanent bonuses and overtime (to be confirmed by employer/Payslips/P60s)
- Mortgage subsidies/housing allowances or large town allowances (if permanent part of income)

We take into account whether this additional income is longstanding and of a regular nature and also consider its proportion to your basic salary.

Self-employed applicants:

For self-employed applicants we will assess your income for mortgage borrowing using the following:

- Three years' accounts, prepared by a Chartered/Certified Accountant or two years' accounts prepared by a Chartered/Certified Accountant, plus one years' projected income

- We may require sight of tax calculations showing your self-reported income, the HMRC calculations of the tax due and the tax year overview showing the total tax due and how much you have paid
- For sole traders and partnerships, we will assess income based on the average of the last two years' net profit (assuming profit is similar or rising)
- For Directors of Limited Companies we will assess income based on the average of the last two years' dividends and salary (assuming they are similar or rising)

You can get a general idea of how much we may be willing to lend you by using our online mortgage calculator. This can be found at **www.newbury.co.uk**

Credit history

It is important to us that you have conducted any current or previous credit agreements satisfactorily. In order for us to confirm this, we need to look at a number of things: your previous mortgage payment record; payment of rent to landlord; payment of credit cards, other loans etc. We do this by carrying out a credit search using a credit reference agency.

The information we receive relates to financial information registered at current and previous addresses. The credit search will detail any credit agreements and highlight county court judgements, defaults and arrears. The credit reference agency will keep details of the search we make.

Employment status

We need to ensure that you are in stable employment. We will look at your type of work; the stability of the industry you work in; your length of employment; type of contract e.g. permanent, fixed term, temporary, and whether you have any employment gaps.

Lending area

We generally accept all properties in England and Wales for standard residential mortgages. This includes Shared Ownership and Help to Buy. All other specialist mortgages, such as buy to let and commercial, are usually postcode restricted. All loans on properties in inner London are restricted to 60% LTV.

Please contact us or visit **www.newbury.co.uk** to find out more.

Property type

We accept all properties of conventional construction and will also consider modern methods of construction (MMC).

We do not lend on freehold flats or maisonettes and we do not lend on ex-local authority flats/maisonettes (houses are acceptable), timber or concrete properties.

Leasehold properties must have a lease with an unexpired term of 55 years more than the mortgage term, and an overall minimum term of 85 years. Flats must be in blocks of no more than six storeys.

Properties built in the last ten years must have the benefit of an National House-Building Council (NHBC) certificate or equivalent.

Insurance

Buying a home is one of the biggest financial commitments you will make, so protecting the investment is a must. We make it a condition of your mortgage that you have buildings insurance in place and maintained at a sufficient level throughout the mortgage term. If you are buying a leasehold property, the arrangement for buildings insurance is normally covered in the lease, however you will need to check this yourself. Buildings insurance covers the bricks and mortar of the property and the fittings, for example, sanitary ware. Buildings insurance should commence at exchange of contracts for house purchases because this is when you are legally committed to buying the property.

We strongly recommend contents insurance. Although not compulsory, your home is characterised by the items you put in it, so you should protect these too. Typical examples of areas covered by this policy include carpets, curtains, televisions, etc.

Cover for buildings and contents insurance can usually be upgraded to include accidental damage to the property and its contents, so if you damage an item the insurance company will replace it.

You should also consider how you would pay your mortgage if you are ill or made redundant. You can protect yourself and your family by taking out cover to pay your mortgage in the event of death, accident, illness and unemployment in the form of:

- Mortgage payment protection insurance
- Life insurance and income protection
- Critical illness cover

We recommend you speak to an independent financial adviser about the different types of insurance and cover available.

Guarantors and additional borrowers

A guarantee is a written promise in which one or more persons, the guarantor(s) (the person giving the guarantee), agree(s) to be responsible for the present or future debt of another. The guarantee protects the lender should the borrower default. The guarantor (as party to the mortgage) will have access to mortgage account details.

The most common occurance of this is when parents guarantee the debts of their child. As a guarantor, you should always seek professional advice on the commitment you are undertaking.

Sometimes, rather than adding a guarantor, we ask the family member to be a joint borrower on the mortgage. In both of these situations they do not need to be party to the ownership of the property.

What types of mortgages are available?

Purchase

A purchase mortgage is a loan, secured on the property, to help you purchase your new home. This home will need to be occupied by you and cannot be rented out. You will usually need a deposit of at least 5%.

Remortgage

A remortgage is when you move your current mortgage from one lender to another. This can be for a number of reasons: to receive a better interest rate, to reduce the term of your mortgage or to release equity from your home.

Further advance

A further advance is when you apply to your mortgage lender to release equity in your property. You should be aware releasing equity means your mortgage balance will increase, reducing the percentage of the property you own. A further advance is usually for home improvements, debt consolidation or to purchase a second property.

Buy to let

Buying a property to let is a specialist area and different to buying a home for yourself. Our buy to let mortgages are available to you if you would like to purchase or remortgage a let property within our local lending area (check with your local branch or visit our website for full details).

We lend to a variety of customers from individuals, limited companies and ex pats.

Each case is considered on its own individual merits, although these mortgages usually require at least a 25% deposit and you must already own your main residence.

Commercial

Commercial lending is a specialist area. Commercial mortgages are available to you if you would like to purchase or remortgage a commercial property within our local lending area (check with your local branch or visit our website for full details). We lend to a variety of businesses from sole traders through to partnerships and limited companies.

The owners/directors of the business will be required to provide personal guarantees for the mortgage.

Each case is considered on its individual merits, therefore terms will vary according to your business background, experience and the security you offer.

The property you are buying or remortgaging will be required as security, and we will take a first legal charge over it.

Buying your home

Speak to us - When you decide to buy a property, you may want to know how much you can borrow and whether or not you qualify for a mortgage.

AIP & ESIS - We will look into your income and expenditure and issue an Agreement in Principle (AIP) detailing the amount we would be willing to lend you. We will also issue you with a European Standardised Information Sheet (ESIS) which will give you details on the mortgage product we recommend you to have.

Finding a suitable home - Look in estate agents, property papers etc and consider things such as; property style, local schools and amenities.

Mortgage application - When you have found a suitable property and agreed to a purchase price with the seller, a mortgage application is made to us. We use this to assess your suitability for the mortgage.

Valuation - The mortgage valuation is carried out for our purpose by a valuer to make sure that the property is suitable security for the loan required.

Mortgage offer - Once we have approved your mortgage, a mortgage offer will be made to you. This document will explain the exact terms and conditions of the binding contract between you and Newbury Building Society.

Legal process - You will need to instruct a solicitor to deal with the legal work in buying a property.

Exchanging contracts - Your solicitor will draw up a legal contract for you and the seller to sign. A deposit is payable at this time. Once exchange of contracts has taken place, you are legally committed to buy, and the seller is legally committed to sell.

Completion - On the day of completion your solicitor will conclude the transaction with the seller, and then the property will finally be yours.

Remortgaging your home

There are a number of reasons why you may choose to remortgage but usually it is to reduce your monthly payments or to raise money for a specific purpose.

Speak to us
When you decide to remortgage, you will need to know whether or not you qualify for the size of loan required.

ESIS & AIP
We will look into your income and expenditure and issue an Agreement in Principle (AIP) detailing the amount we would be willing to lend you. We will also issue you with a European Standardised Information Sheet (ESIS) which will give you details on the mortgage product we recommend you have.

Mortgage application
When you have decided to proceed you will need to complete a mortgage application. We will use this to assess your suitability for the mortgage.

Valuation
The mortgage valuation is carried out for our purpose by a valuer to make sure that the property is suitable security for the loan required.

Mortgage offer
Once we have approved your mortgage, a mortgage offer will be made to you. This document will explain the exact terms and conditions of the binding contract between you and Newbury Building Society.

Legal
A fee is paid to your solicitor to act in removing the existing lender's mortgage and adding our mortgage to the Land Register. Some more products may offer a 'free legals' benefit (see page 14).

Completion
Completion is the point at which the mortgage deed is signed and executed and all its conditions come into effect.

What mortgage schemes are available?

Help to Buy - Shared equity
The Help to Buy Equity Loan is a Government scheme that allows you to buy a home up to the value of £600,000 with only a 5% deposit. The Government will dig into its pocket and lend you up to 20% (40% in London) of the property's value as an interest free loan for 5 years.

Help to Buy - Shared Ownership
Shared Ownership allows you to buy your home with as little as a 5% deposit of the share you are buying. You can own shares of a property from 25% - 75% while paying rent on the remaining percentage to a housing association. Gradually you can increase your share in the property – called staircasing – when you can afford to. This means you can eventually own your house outright. The developer will normally take second charge over the property.

Shared Equity - other schemes
Shared Equity schemes are assisted buying options available from property developers.

The Shared Equity scheme allows you to purchase a property with only a 5% deposit. Usually up to 20% of the property price will be covered via a loan from the property developer that you do not pay back until the property is sold, at which time the developer will reclaim their percentage.

What interest rate options are available?

There are many different types of mortgage products available in the market place. We may offer one or more of these options - please see our current mortgage product range. The main types fall into the following categories:

Variable rate

A variable rate mortgage has an interest rate that can fluctuate. If the mortgage interest rate falls, your monthly mortgage repayment reduces but if the mortgage interest rate goes up, so does your monthly repayment. All lenders have a standard variable rate (SVR) on which they base their variable mortgage products. We will decide when to increase or decrease this standard rate.

Discounted rate

With a discounted rate mortgage, the lender's SVR is discounted for a specified period of time, usually 3 or 5 years. The discounted rate could be a set amount for a specific term or be 'stepped', for example, a 2% discount in year one and a 1% discount in year two. The interest rate will vary when our SVR moves up or down but the amount of discount will remain the same.

Fixed rate

A fixed rate mortgage has an interest rate which stays the same for a set period of time, usually 3 or 5 years. During the fixed rate period your monthly repayments stay the same. At the end of the fixed rate period the interest rate will change, usually to our SVR.

Tracker

Tracker rates are another form of variable interest rate, linked to the Bank of England's base rate ('the base rate'). The interest rate you pay is a specified percentage above the base rate for a specified period of time.

If the base rate increases during the specified period so will your monthly payments. You need to be comfortable your budget will allow an increase in your monthly payment. If the base rate goes down during the specified period, your payments for your tracker rate mortgage will go down too.

Capped rate

With a capped rate mortgage, the interest rate is variable and has an upper fixed limit for a specified period, known as a 'cap'. If the variable rate exceeds the capped rate, you benefit by paying the capped rate. If the variable rate falls below the capped rate, you pay the variable rate. Some capped rate mortgages have a floor. This means that the lender sets an interest rate which the mortgage cannot fall below.

Flexible

Some mortgage lenders today offer a more flexible approach to mortgage borrowing, for example, by allowing mortgage overpayments, offering daily interest charging or even allowing payment holidays where the borrower has built up enough surplus credit that would allow a payment holiday to take place.

What repayment options are there?

Your mortgage can be arranged over a period of 5 to 35 years, depending on your personal circumstances and the type of mortgage you choose. There are two standard ways to repay a mortgage:

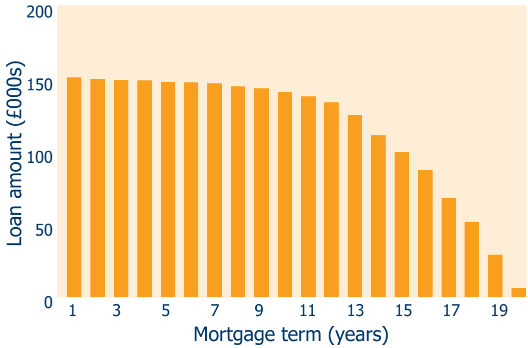
Capital & interest

The monthly mortgage payment is made up partly of a sum to repay a proportion of the amount borrowed (capital) and partly of a sum to repay the interest.

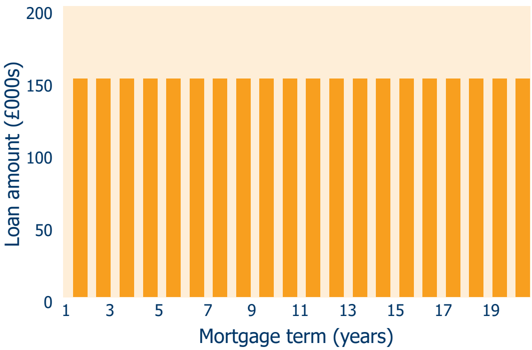
As the mortgage term progresses and the amount of capital owed begins to decrease, the proportion of the monthly mortgage payment representing interest decreases. This means that as the term progresses on a capital and interest repayment mortgage, the sum paid each month towards the capital becomes greater and the amount towards interest reduces (see graph A). Providing all repayments are made, it is guaranteed that the loan will be repaid at the end of the term.

For illustrative purposes only

A) Capital & interest repayment mortgage



B) Interest-only mortgage



Interest-only

The monthly mortgage payment consists of just the interest due on the original loan amount. You pay none of the outstanding capital and at the end of the mortgage you will still owe the amount you originally borrowed (see graph B). The capital element of the loan will normally be repaid at the end of the term using some form of repayment strategy. It is your responsibility to ensure a repayment strategy is in place to repay the mortgage at the end of the mortgage term. You also need to ensure any repayment strategy is reviewed regularly to ensure it is on target to repay your mortgage at the end of the term.

Interest only mortgages are only applicable when there is an acceptable source of capital repayment.

There are various types of repayment strategies; we will accept the following, although this is not an exhaustive list:

Repayment strategy	Evidence required	Assessment method
Endowment policy	Copy of latest projection statements dated within the last 12 months.	Endowment companies will present three growth rates to an investor. We will accept 100% of the projected amount using the middle figure.
Stocks and Shares ISAs (UK), Unit and Investment Trusts, Investment Bonds	Copy of latest statements dated within the last 12 months.	The current value must be at least £50k and the value must cover at least 80% of the interest only amount.
Stocks and Shares	Copy of latest statements dated within the last 12 months.	The current value must be at least £50k and the value must cover at least 80% of the interest only amount.
Pension (UK)	Copy of latest statements dated within the last 12 months.	Maximum of 25% of the current fund value can be used.
Sale of second home (UK) or other property asset	Property details, proof of ownership, evidence of amount of any outstanding mortgage by way of credit search or latest mortgage statement dated within last 12 months.	We will use 80% of any equity towards the interest only amount. We will use the borrower's estimated value of the property, which we will check for reasonableness.

As with all mortgages we strongly recommend you take out life assurance (mortgage protection policy) to ensure your mortgage is repaid if you should die during the mortgage term.

What are the potential fees payable to other parties?

Legal fees

If you are buying your home, the fee paid to your solicitor/conveyancer covers all legal work involved in transferring the ownership of the property to you.

A local search is undertaken to check for any upcoming building and/or development plans on land near to the property that may affect its value. A bankruptcy search is carried out on you to ensure you are not bankrupt and therefore unable by law to borrow. Other searches may be required and a separate fee is charged for each search. Land Registry fees are paid in order to register you as the new owner of the property and to register the mortgage on the Land Registry's Charges Register.

Your solicitor's fees are paid on completion of the mortgage and must be paid from your own funds (fees for searches are usually paid up front).

For remortgages, a fee is paid to your solicitor to act in removing the existing lender's mortgage and adding our mortgage to the Land Register. Your solicitor will also carry out a local search and bankruptcy search (as above).

Some mortgage products may offer a 'free legals' benefit where we carry out the legal work for you using Title Insurance. Title Insurance is an indemnity policy, issued in our name, that guarantees the validity of our mortgage charge and protects against various risks that could arise during the remortgage process, eg. inaccuracies in existing title documentation

Stamp Duty Land Tax (SDLT)

SDLT is a government tax on house purchases. The amount payable depends on 4 factors:

- the price of the property
- if it is an additional home
- if it's residential or non-residential
- if you are a first time buyer

Details on the amount of SDLT you will need to pay can be found at www.gov.uk/stamp-duty-land-tax.

What are the potential fees payable to Newbury Building Society?

Mortgage application fee

Some lenders will charge a fee which is payable as part of the cost of the product. This also covers the cost of any administration associated with assessing your application and setting up your mortgage account.

Booking fee

Some lenders will charge a fee to reserve a specific interest rate or product for you if there is limited availability.

Valuation fee

A standard mortgage valuation is an inspection carried out by a valuer to make sure the property is suitable security for the loan required. The amount of the fee is based on the purchase price or estimated value. The mortgage valuation is carried out for our purpose but we will give you and your solicitor/conveyancer a copy of the report. Some mortgage products may offer a free mortgage valuation.

A HomeBuyer Report is a more detailed valuation that will give you a more comprehensive guide to the condition of your property. You will need to pay a supplement to cover the cost of having the HomeBuyer Report on top of the standard mortgage valuation. The Homebuyers report is carried out for your benefit, and is not a condition of your mortgage.

Unless the mortgage product you choose specifies otherwise, our fees for a basic mortgage valuation and HomeBuyer's Report are:

£ Market Value	£ Basic Valuation Fee	£ HomeBuyer Report (including the basic valuation fee)
£100,001 to £150,000	200	450
£150,001 to £200,000	225	500
£200,001 to £300,000	275	600
£300,001 to £400,000	350	700
£400,001 to £500,000	400	800
£500,001 to £750,000	600	1100
£750,001 to £1 million	700	1500
£1,000,001 to £1.5 million	1000	1750
£1,500,001 to £2 million	1200	2250
£2,000,001 to £2.5 million	1500	2500
£2,500,001 to £3 million	1750	3000

For properties with an estimated value of over £3 million, a fee will be negotiated. VAT is not chargeable on valuations. Once the valuer has carried out the valuation/survey, the fee cannot be refunded.
If you are arranging a commercial mortgage, a different valuation fee will apply. Please ask us for details.

A full building survey is a thorough and complete inspection of the property done to your specification. If you would like a full building survey, we will give you the names of local surveyors who you can contact to give precise instructions and negotiate a price.

If your property is subject to a reinspection or revaluation prior to release of the mortgage funds, there will be a fee charged for this. Please refer to our Tariff of Charges document for a full list of our charges.

Higher lending charge (HLC)

A HLC is paid when a mortgage is more than a certain percentage of the purchase price/valuation of the property (whichever is the lower of the two), as specified by the lender. In our case, a higher lending charge is due where the loan is more than 75% of the lower of the purchase price/valuation. The fee is calculated on the portion of the mortgage loan above this percentage.

The higher lending charge is used to purchase insurance (indemnity) cover from an insurance company. This cover allows us to lend a higher percentage of the property value by covering the increased risk of loss associated with this level of borrowing.

If a mortgage is in arrears and the property is subsequently repossessed, the sale proceeds may not be enough to cover the outstanding mortgage debt plus all costs associated with the property sale. In these cases we would call upon the insurance policy to cover the loss. It is important to note the insurance policy protects the lender, not the borrower. Once the monies have been paid out to the lender, the insurance provider can then recover the loss from the borrower (whose property has been repossessed) to recoup the funds.

APRC

The Annual Percentage Rate of Charge (APRC) is an industry-wide method of comparing interest rates and charges for credit between lenders, so that you can make an informed decision on the price implications of your mortgage. Lenders are required to show an APRC whenever a mortgage interest rate is shown.

The APRC is a single rate that takes into account the costs of setting up the mortgage, the interest rate applied over the mortgage term and how that interest rate is charged (annually, monthly or daily).

It is important to look at the APRC because it reflects the true cost of a mortgage over the long term. For example, some lenders may offer a good introductory rate but charge a higher than average standard variable mortgage interest rate at the end of it, which will increase the overall cost and therefore the APRC.

Administration fees

We have a general Tariff of Charges for services that are outside the basic administration of your mortgage account. We will provide you with a copy before you take out your mortgage with us and provide you with an updated copy if any of these fees change during the lifetime of your mortgage.

What happens following completion?

How is the interest on my mortgage calculated?

All our mortgages are charged interest on a daily basis on the total amount outstanding on the mortgage. As monthly repayments (and any overpayments) are made to the mortgage, they reduce the balance immediately and therefore the interest charged.

For interest purposes, we will treat your payment as cleared funds on the day that it arrives. Direct debit payments will be credited to your account on your requested payment date. Standing orders will be credited to your account on the day we receive them from your bank. Depending on how your bank transfers the money, this could be 2-3 days after leaving your bank account.

How do I make monthly payments?

We operate a direct debit system for monthly repayments. We will debit your bank account by the amount required as detailed in your mortgage offer. If the interest rate changes on your mortgage, we will automatically amend the direct debit amount, so you do not need to do anything. We will tell you at least 10 days in advance of any change to your direct debit payment.

Can I reduce or repay my mortgage early?

You can reduce or repay your mortgage at any time during the term.

Sometimes, if you repay your mortgage, in full or in part, an additional charge may be payable. This charge is called an Early Repayment Charge (ERC). ERCs are usually attached to preferential interest rates. If you have an ERC, it will be detailed in mortgage product literature, your European Standardised Information Sheet (ESIS) and your mortgage offer.

If you repay your mortgage in full we will charge interest up to the date you repay the mortgage.

If you repay part of your mortgage (also known as an overpayment) this needs to be made by standing order or cheque in addition to the registered monthly payment by direct debit.

Overpayments immediately reduce the interest charged on your mortgage. If the overpayment is less than £1,000 your monthly payment will be recalculated at an interest rates change. If the sum of the overpayments made exceeds £1,000 we can recalculate our payment or amend your term at your request.

Can I take my mortgage with me when I move home?

All our products are portable; which means providing you qualify for the new mortgage, the terms and conditions of your current mortgage can be transferred to the mortgage on your new home. If there is an ERC on your existing mortgage, your new mortgage needs to be for at least the same amount as the old one to avoid payment of a charge. If you do borrow less, you only need to pay a proportion of the ERC. You still need to complete an application form because the mortgage is based on a new property and is subject to your current status and valuation.

Financial difficulties and changes in circumstances

Before buying a property or raising money on your home, it is important to consider your income and outgoings to ensure you can afford your mortgage repayments now and in the future. It is difficult to predict what may happen in the future but you should look at mortgage repayments based on our standard variable rate and above to see what the impact would be.

If your circumstances change during the term of your mortgage it may affect your ability to repay. If you do experience difficulties, please contact our Customer Support department as soon as possible on **01635 555700**, there are things we may be able to do to help.

For more information on what to do when you can't pay your mortgage please visit the Money Advice Service at **www.moneyadviceservice.org.uk** or call them on **0300 500 5000**.

What else do I need to know?

Membership of the Society

If you are taking out a mortgage with Newbury Building Society, you should refer to the Society's Rules, which give details of membership.

Data Protection

We comply with the General Data Protection Regulation (GDPR) and any other applicable data protection legislation. Our Privacy Notice sets out the basis on which any personal data we collect from you, or that you provide to us, will be treated. The notice may be updated from time to time, we will bring any changes to the Privacy Notice to your attention. The latest version is available via our website at **www.newbury.co.uk/privacy-notice/**, in any of our branches or you can call us on 01635 555700 and we can send a copy to you.

Financial Services Compensation Scheme (FSCS)

The FSCS provides protection if an authorised mortgage firm is unable to pay claims against them. The main area of mortgage business that could give rise to a claim, relates to suitability of advice for a customer's circumstances at the time. The FSCS will only pay for financial loss incurred. The maximum level of compensation for claims against firms declared in default on or after 1 January 2010 is 100% of the first £50,000 loss, per person, per firm.

The cost of the scheme and compensation payments are funded by contributions from the businesses covered by the scheme. The rules covering the scheme are very detailed. Information about the scheme is available on the FSCS website **www.fscs.org.uk** or telephone **0800 678 1100**.

Complaints policy

We want to satisfy our customers every time but we realise that sometimes things go wrong. If you are not satisfied with any aspect of our service, then let us know and we will do our best to put things right.

We have an internal complaints procedure, which tells you how we deal with complaints. A copy of our complaints procedure is available on our website or from any of our branches. It is our intention to settle all complaints promptly and fairly. Most complaints we are unable to settle may be referred to the Financial Ombudsman Service. Before your complaint can be referred to the Financial Ombudsman Service, it must have been through our internal complaints procedure.

Glossary of Terms

AIP

Agreement in Principle – An agreement in principle is a confirmation that we would be willing to lend you money based on proof of income and your expenditure matches what was disclosed in your initial appointment.

APRC

Annual Percentage Rate of Charge – The annual percentage rate of charge is an industry-wide method of comparing mortgage costs. The APRC takes into account any fees associated with the mortgage and projected interest rate for the term of your mortgage giving you a clearer picture of the price implications of your mortgage.

ERC

Early Repayment Charge – An early repayment charge is a fee payable by you if you repay all or part of your mortgage early.

FSCS

Financial Services Compensation Scheme – The Financial Services Compensation Scheme provides protection if an authorised mortgage firm is unable to pay claims against it. More information can be found at **www.fscs.org.uk.**

HLC

Higher Lending Charge – A higher lending charge is used to purchase insurance (indemnity) cover from an insurance company. This cover allows lenders to lend a higher percentage of the property value by covering the increased risk.

ESIS

European Standardised Information Sheet is a document that explains the terms and conditions relating to the mortgage product you have been offered.

LTV

Loan to Value – The loan to value is percentage of the property price that the mortgage would cover. E.g. a purchase price of £200,000 with a mortgage of £150,000 would mean a loan to value of 75%

MPPI

Mortgage Payment Protection Insurance - Mortgage payment protection insurance covers your monthly repayments if you can no longer make them.

SDLT

Stamp Duty Land Tax – Stamp duty land tax is a government tax on house purchases. More information can be found at **www.gov.uk/stamp-duty-land-tax**

VAT

Value Added Tax – Value added tax is assessed and collected on the value of goods or services that have been provided every time there is a transaction (sale/purchase). The seller charges VAT to the buyer, and the seller pays this VAT to the government.

Get in touch

Find a branch
For details on our branch opening times visit: newbury.co.uk/find-branch

Online
Visit us at newbury.co.uk

By phone
Call us on 01635 555700

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YOUR MORTGAGE IS SECURED ON YOUR HOME. THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.