

Newbury Building Society's guide to free legals



What are free legals?

Free legals are common for remortgage applications and are usually where a mortgage lender appoints a solicitor to act on the customer's and lender's behalf. It allows your client to change mortgage lenders without paying for a solicitor. This is a service Newbury Building Society provides to enable completion of the remortgage application but it works in a slightly different way to other lenders.

Why is Newbury's service different?

We provide a free legals remortgage service which is covered by an insurance policy that we take out. The insurance policy does not provide cover for your client, the borrower. It provides cover for us, the lender. This means where they qualify for this insurance, we do not require them to instruct and pay for a solicitor. We will also not instruct a solicitor to act on behalf of the Society.

How does this work in practice?

Once we receive the application, we will carry out a search at Land Registry to check we are able to proceed with our free legals service. We will notify you quickly if your client's application does not qualify and in this instance they will need to appoint a solicitor at their own cost.

If they have an existing mortgage, we will ask you to confirm when your client would like the new mortgage to complete and if they have any early repayment or exit charges on their existing mortgage.

When the application is approved, we will send your client a mortgage offer and the mortgage deeds in the post.

They will then need to:

- Sign, date and return the mortgage offer.
- Sign and return the mortgage deeds to us using the freepost envelope provided. The mortgage deed must be signed by a witness who cannot be someone related to or connected to the transaction (e.g. mortgage broker or introducer). **Please note** - Whilst we are able to accept the signed mortgage offer by email, we must receive the original deeds prior to completion.
- Where applicable, provide us with a redemption statement from your client's current lender for their existing mortgage. (See below)

We need to receive all the above information five working days before the new mortgage is due to start.

What is a redemption statement and why do I need one?

A redemption statement is a closing statement you get from the existing lender. The statement confirms the amount required to pay off the existing mortgage, including any interest and fees. Your client need to provide this as a solicitor is not involved in the transaction to obtain one on their behalf.

The redemption statement provided to us must be for the **same or less than** the amount of the mortgage offer including any early repayment charges or exit fees. Any surplus funds over £10 will be sent to the bank account you have requested to pay the direct debit from on the day of completion. Any surplus funds below £10 will be credited to the mortgage account. If the redemption statement provided to us is higher than the requested loan amount, an overpayment must be made to the existing lender and a revised statement obtained. We are unable to accept a payment for the difference.

Why might my client be unable to use free legals?

There are a few possible reasons that would prevent our free legals service being available. Where this is the case, we will advise you as soon as possible in the mortgage application process. Reasons why free legals would be unavailable include but are not limited to:

- Where the names on the mortgage application are different to the property ownership shown at Land Registry e.g. joint mortgage sole proprietor or transfer of equity applications.
- Where a management company is in place on your title.
- Where a declaration of trust or subsequent charges have been registered on your title.
- Where your current mortgage is an offset account or linked to a current account.
- Where you or any applicant on the mortgage permanently reside abroad.
- Where there are specific restrictions on the title.
- Where the property is a self-build or has been recently individually built.
- Commercial loans, including Ltd Company Buy to Lets.
- Shared ownership or shared equity applications.

Please note - There are also a small number of lenders who we are unable to complete remortgages with using the free legals service and therefore a solicitor must be instructed. We will advise you, on receipt of the application, if your existing lender means our free legals service would not be available.

If you have any questions regarding our service, please ask the underwriting team on submission of your mortgage application.