HOW TO ARRANGE A MORTGAGE THROUGH US

ROOK MATTHEWS SAYER

A mortgage is probably one of the biggest financial decisions you'll face. Whether it's your first time, you're moving home or investing in a property, getting a mortgage is a big step.

We understand you'll have lots of questions.

That's where we come in...

1 HOW WE CAN HELP

There's a lot to take in when it comes to mortgages, for instance: how much could you 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 insurance 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 insurance products based on your circumstances.*

What we'll do for you

- **Search thousands of mortgage deals** from our panel of selected lenders to find the right mortgage for you.*
- **Confirm how much you may be able to borrow** and all the costs involved.*
- **Aim to save you money on the property you want 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.
- **Explain the house buying process** and all the costs involved.
- Take care of all your **mortgage and insurance** arrangements whether you buy a property through us or not.*

*Subject to status and lender criteria.

2 YOUR MORTGAGE OPTIONS

What is a mortgage?

A mortgage is a long-term loan you take out via a lender specifically for buying a property. You repay the mortgage (plus interest) over a fixed period – which is usually 25-30 years with regular monthly payments.

Repayment options

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 (known as the capital) in monthly increments, plus the interest on the loan. 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 the financed property, or another property.
- Individual savings account (ISA).
- Endowment policy.

Important information

Repayment vehicles such as endowments, 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. 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 mortgages, they will generally require evidence of the repayment vehicle and want to see whether it is 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.

*We are not able to advise on the suitability of your selected repayment vehicle.
If uncertain we recommend that you seek independent financial advice.

Types of mortgages

The right mortgage product for you depends on your circumstances and how much you can afford to repay each month. The types of mortgage products available include:

Fixed rate

Your interest rate, and therefore 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 (SVR)

You pay the lenders standard variable interest rate (SVR) which loosely follows the BoE base rate. When the base rate changes, so does the SVR. 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 the initial benefit period. It's typically higher and you may benefit from immediate rate reductions, but your payments will go up if the rate increases.

Discounted

You pay the lender's standard variable rate, minus a set discount for a fixed period of time, after which it reverts to the SVR. You could benefit from immediate rate reductions, but equally your payment will go up if the rate increases. 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

Even if the base rate rises, this mortgage rate won't go past a certain amount for a set period of time. If interest rates fall, so will this 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

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. 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.

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.

3 OTHER THINGS TO THINK ABOUT

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 can take 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.

We can look after all the finer details for you and keep you up to date throughout the conveyancing process. We will:

- Draw up and check contracts.
- Raise enquiries with the opposing conveyancer.
- Carry out local searches (e.g. local authority, Land Registry, water and environmental searches).
- Arrange Land Registry certification.
- Organise payment of stamp duty (if applicable).
- Manage exchange of contracts.
- Transfer monies.

Valuation and surveys

Your lender will require a **basic mortgage valuation** – this is a report they will arrange themselves, which confirms the property is worth the money you're asking to borrow. You should be aware that this valuation is not a building survey and will not identify any physical problems with the property.

There are also three main surveys which you may want to consider:

- **RICS Home Survey Level 2 (Survey Only)** 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)** 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** 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.

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 your mortgage with a lender:*

- **Arrangement fee** – paid to the lender for arranging your mortgage.
- **Booking or reservation fee** – usually charged upfront, it reserves the mortgage you have been offered while your application is being processed.
- **Valuation/survey** – 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** – 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, particularly if you're a first-time buyer. We can tell you about this, or you can check the government website for current thresholds.

* The total fees payable will depend on your lender.

4 SECURE A MORTGAGE

Deposit

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'd 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) or an agreement in principle (AIP) is confirmation that a lender has checked your finances and is willing to lend you a certain amount as a mortgage, subject to underwriting. 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 for a mortgage

Once you've found a property and have had an offer accepted, it is time to apply for a mortgage. Our Mortgage Consultant will complete the paperwork. Please have available original copies of the following documents. Don't worry if you don't have them all to hand – our Mortgage Consultant will advise you which documents you need, depending on the lender.

Photo ID

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

Income proof

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

Address verification

- Utility bill dated in the last 3 months (not a mobile phone bill or junk mail).
- Valid driving license.
  (as long as the address is correct and it's not being used for photo ID verification)
- Annual council tax bill.
- HMRC/DWP letters dated within the last 3 months.
- Last 3 months' bank statements.
  (some lenders may accept less than 3 months' documents)
- Latest credit card statement.
- Latest mortgage statement (if applicable).

If you're making the application with another applicant(s), we'll need to see these documents for all of you.

Once our 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 (look at Section 3 for more details about surveys).

> Have a folder to keep everything organised and close to hand in meetings and appointments. Create an electronic folder too, so you can easily access any emails or digital paperwork.

Mortgage offer

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

*All mortgages are from a panel of lenders and are subject to status and lender criteria.

5 INSURANCE

Protecting your home and yourself

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 to the physical structure of your new home.

You might want to 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 insurance products you may also want to think about.

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.

6 WHY CHOOSE US?

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.***

If you're buying, use our professional offering service

Tell us about a property you like and we'll use our market intelligence to show you its sales history, including how the value of the property has changed over the years.

We can discuss your strategy and deal directly with the agent to help negotiate the sale on your behalf.****

* Subject to status and lender criteria.

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

*** Can be withdrawn at any time.

**** We can only provide this service as long as the property is for sale with another estate agent and we are not acting for the seller.

ROOK MATTHEWS SAYER

16 Branches across the region
www.rookmatthewssayer.co.uk

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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