

**YOUR HOME MAY BE REPOSSESSED IF YOU DO
NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE**



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the Financial Services Authority.
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*To help maintain service and quality, some
telephone calls may be recorded and monitored.

This Mortgage Guide
provides you with the
information you need
to help you choose
the right mortgage.



Contents

Part 1

Part 1 provides general information about mortgages

Introduction	4
The different types of mortgages	5
How to choose your mortgage	10
Repayment methods	12
Buy-to-Let Mortgages	14

Part 2

Part 2 provides details of other aspects to consider

How much can you borrow?	16
Other Amber Homeloans benefits explained	19
Protecting your home	21
Understanding your mortgage costs	22
Other information to consider	24
Jargon buster	29

Part 1 - General mortgage information

Most of us would like to own property - which usually means having to take out a mortgage.

Help and guidance

Amber Homeloans is a wholly owned subsidiary of Skipton Building Society, one of the UK's top 10 building societies with over 150 years' experience.

We have produced this guide to help you understand all the points you need to consider when choosing a mortgage.

We will offer you full information on the different types of mortgage products we offer but will not make any recommendation or advise you as to which of our mortgage products is most suitable for you.

We recommend that you seek professional advice in finding a mortgage to suit your needs.

You should still read this guide if you have sought help and advice from an independent mortgage intermediary or financial adviser.

About this guide

Our practical help starts with this handy guide, which contains a summary in plain English of what's involved in buying and remortgaging property and how we can help. You should read this guide while referring to our current 'Product Rates and Features Guide', which gives details of the mortgage products we currently have available.

The different types of mortgages

There are many different types of mortgages available. Each one is simply a different way of borrowing money to fund your house purchase or remortgage. The range of mortgages available in the market means you are likely to find one that is suitable for your needs.

Amber Homeloans will offer, from time to time, all or some of the mortgage types highlighted below or a combination of them. All of our mortgages come with a number of additional benefits which are highlighted in the section 'Other Amber Homeloans benefits explained' on page 19.

In general, mortgage lenders have a Standard Variable Rate mortgage as well as the following product types:

discounted

variable

fixed

tracker

capped

cashback

The next section describes how these different mortgage types work. Please refer to our 'Product Rates and Features Guide' to see which options Amber Homeloans currently has available and for details of our current rates.

Standard Variable Rate

The Standard Variable Rate (SVR) is the rate of interest you will be charged on a lender's standard mortgage (not special deal mortgages such as fixed, capped, discounted, or those which track an external rate). 'Variable' means the rate can go up and down.

Discounted Rate Mortgages

Your payments are based on a discounted rate set at a certain level below a variable rate for a specific period of time, which means your payments may go up or down. For example, a 1% discount for 12 months off a variable rate of 5% would mean a pay rate of 4% for 12 months. Sometimes these discounts are stepped over a period of time, for example a discount of 2% in year one followed by a discount of 1% in year two. After the set period the full variable rate usually applies.

Pros

Provides you with lower payments in the early years to help with the cost of moving or setting up in your new home. A discount that gradually reduces means you do not usually face a significant increase in payments when the discount period ends.

Cons

If interest rates rise whilst you are on a discount, your payments may increase.

Variable Rate Mortgages

Your payments go up and down as the mortgage rate changes. Mortgage rate movements usually respond to changes in the base rate set by the Bank of England's Monetary Policy Committee.

Pros

The rate you pay may fall if mortgage rates in the market fall - this means your payments may go down. A variable rate without any special incentives may allow you to repay some or all of your loan without having to pay early repayment charges.

Cons

Your payments may rise if mortgage rates rise. So unless you can afford increases in your payments, you may be better off with a mortgage where the rate is fixed for a period of time (giving you time for your income or earnings to increase).

Fixed Rate Mortgages

The monthly interest rate will stay the same for a set period of time, for example between 2-5 years. At the end of the fixed rate period your rate will usually change to the lender's Standard Variable Rate.

Pros

You are guaranteed that your rate will be exactly the same every month for the duration of the fixed rate term - even if other interest rates rise during this period. You can confidently plan your budget for the whole period, because you'll know in advance exactly what your major outgoings will be.

Cons

If other interest rates fall during the set period, then the amount you pay during the fixed rate term may be higher than if you had chosen a mortgage type where the interest rate is allowed to rise and fall.

Tracker Mortgages

Your interest rate is directly linked to an independent variable rate, such as the Bank of England base rate or the 3-month LIBOR (the London Inter Bank Offered Rate) for a set period of time.

For example, your rate may be 1.5% over 3-month LIBOR for a period of three years.

Pros

Your rate will reflect the independent rate being tracked. This means when the independent rate falls, you are guaranteed to benefit from the rate reduction in full at pre-agreed times.

Cons

If the independent rate rises, your rate will automatically rise so you may find you are paying a rate which is higher than other variable rates.

Capped Rate Mortgages

Your payments are linked to a variable or tracker rate which means that payments can go down as well as up - but the amount the rate can rise to is restricted to an upper limit (known as the 'cap' or 'ceiling') for a set period of time. There is a similar mortgage called a Cap and Collar mortgage, where the rate you pay does not fall below a lower limit (known as the 'collar' or 'floor'). At the end of the cap (and/or collar) period you are usually charged at the variable rate.

Pros

These mortgages provide certainty that the variable rate charged to your mortgage will not rise above the cap. This means you are protected from significant rises in variable rates. This will help you to budget. In addition, you will be able to enjoy a lower rate if interest rates fall.

Cons

May not be as beneficial as a fixed rate mortgage if rates rise, as the upper limit of a capped rate is often higher than a fixed rate. For example, if the variable rate rises to the cap level and remains at this level for a significant period of time, then a fixed rate mortgage below this level may have been better value.

Cashback Mortgages

Instead of receiving a discount, you receive a single lump sum or cashback generally based on the value of your loan at the time you take out your mortgage. For example, on a £100,000 mortgage with a 3% cashback, you will receive £3,000. Your monthly payments are usually linked to a variable rate, or a base rate tracker which may go up and down in line with interest rate changes.

Pros

It means money in your pocket at a time you may need it most - providing you with a very useful contribution to the cost of moving or helping you pay for the decorating and refurbishment work you may have planned for your new home.

Cons

Because of the lump sum you receive at the start of your mortgage, your rate may not be as attractive as some other mortgage types. The cashback you receive is not usually available to use as a deposit on your mortgage, as it is only generally available after you complete.

How to choose your mortgage

When considering the different types of mortgages, we believe it is important you consider the whole deal. For example, if you opt for a mortgage with a special incentive period, you need to pay particular attention to what you will be paying during and at the end of this period because your payments may increase.

When an incentive period ends, the mortgage usually changes to a variable rate. This rate may go up and down in line with mortgage rate changes, which largely depend on fluctuations in the Bank of England base rate, but is not directly linked to it unless it is a Base Rate Tracker mortgage.

For example, if interest rates have risen sharply during your incentive period and remain high, your mortgage payment could be significantly higher when your incentive period ends - making it more difficult for you to afford the repayments.

To enable you to have the facts and figures you need, you will receive a financial illustration (called a Key Facts Illustration - KFI), which will outline the level of payments for the mortgage type chosen, as well as what might happen if rates increase. The KFI will also show any early repayment charges which apply.

Mix and match options

Whatever your circumstances, with Amber Homeloans you can choose more than one product to suit your personal requirements. In such cases, the highest product fee of those chosen will apply.

You can also have a mix and match in your repayment method, such as a part repayment and part interest-only mortgage, should you already feel you have the means for repaying part of the sum you are borrowing, for example using an endowment policy. Equally you may anticipate an increase in your income over the coming years and foresee overpayments as the key to reducing your loan. See the 'Other Information to Consider' section on page 24 where we explain these options in more detail.

SVR – how it works

The following example shows the importance of taking the lender's SVR into consideration when choosing your mortgage:

If you take out a £100,000 repayment mortgage over a 25-year period, based on an SVR of 6.54%, you would pay approximately £678 per month, whereas if you take out the same mortgage with an SVR of 6.09%, you would pay approximately £635 a month. This means that with the lower SVR you could save approximately £12,900 in monthly payments over 25 years.

Repayment methods

You will need to have paid off your mortgage by the end of the term. It is important for you to understand that your mortgage is made up of two main components:

the capital sum (i.e. the amount you borrow to buy your home), and

the amount of interest due on the capital sum over the period of the mortgage term (i.e. 25 years).

With an Amber Homeloans mortgage you have a choice of two repayment methods.

Repayment (capital and interest)

This is the most popular method and the route most borrowers prefer to take in order to be sure the loan is fully repaid at the end of the term.

Your monthly payments cover both the repayment of the capital sum borrowed and the interest due on your loan. In this way, you gradually pay off the full amount of your mortgage over the term. In the early years, your payments will be geared more to paying off the interest, whilst in the later years, most of your payments will be repaying the capital sum.

As long as you make all the monthly payments, you can be certain that the whole loan will be repaid by the end of the term. However, your monthly payments are likely to be at a higher level than the interest-only payment option, although overall you will pay less interest. You should also consider the cost of life cover to repay your mortgage in the event of your death, which will protect your family or dependants from liability for the mortgage.

Interest-only

Your monthly payments cover only the interest due on your loan. Therefore you will need another means of repaying the capital borrowed by the end of the mortgage term. Repayment of the capital sum can be from a separate savings plan or investment, such as those shown below:

Pension - this is repaid at retirement, when a certain proportion of funds accumulated in a pension plan may be taken as a lump sum, currently free of income tax and capital gains tax.

Individual Savings Account (ISA) - this is a tax-free savings account.

Endowment Policy - this is a specialised long-term investment which also provides life cover during its term.

However, you must be aware that the value of investment plans can go down as well as up and cannot be guaranteed on maturity. This makes an interest-only mortgage a more risky option than a repayment mortgage.

Sometimes you may have, or anticipate having, capital available such as a possible inheritance. You are not obliged to take a repayment vehicle in connection with your loan but you should not over-rely on a means of payment that may only be a possibility. It is your responsibility to make sure you have enough money to repay the loan at the end of its term.

As you will only pay interest, your monthly payments will be lower compared to the repayment method, but you also need to take into account the cost of any savings vehicle.

For specific advice on existing or new investment plans to repay your mortgage, you will need to speak to an independent financial adviser.

By taking this option your mortgage balance will not decrease, so there will be more interest overall to be paid, compared to the repayment method.

Length of mortgage term

Typically you would expect to repay a mortgage over 25 years. In some circumstances however, it could be more appropriate for you to take a shorter mortgage. For example, a shorter mortgage of say 15 or 20 years may be worth considering if you can afford it. Your payments are likely to be higher if your term is shorter, but this may substantially reduce the amount of interest you pay on the loan. You may also need to consider the length of the term in relation to your retirement when your income may reduce.

Buy-to-Let Mortgages

The following criteria applies to all Buy-to-Let mortgages:

Multiples - rent or expected rent must cover mortgage interest 1.25 times (ignoring any discounted interest rates).

Tenancy - no student lets, DSS tenants or Houses in Multiple Occupation (HMOs).

Maximum 6 self-contained units per property.

Maximum properties - 10 in total. £1,000,000 maximum total loan per borrower with Amber Homeloans.

Part 2 - Other aspects to consider

This section provides you with details of other items which need to be considered and are sometimes forgotten in the excitement of buying a property.

How much can you borrow?

If you are buying a property you will generally need a deposit, of between 5-10% of the purchase price.

Bear in mind you will need to budget for a number of one-off costs at the time of your purchase. These costs could include:

expenses such as:

valuation fee

local authority search fee

solicitor's fee

Stamp Duty Land Tax.

key household items such as:

appliances

furniture

carpets/curtains

decorating materials.

Even if you are looking to remortgage, additional one-off costs may be payable, for example early repayment charges to your current lender.

It is also essential that you borrow only what you can comfortably afford each month. The Budget Planner on the following page (17) can be used to see what your monthly expenditure is likely to be against your monthly income.

Monthly income and expenditure

Name of Applicant(s):

Address of property to be mortgaged:

Proposed loan amount: Today's date:

Your Income (monthly) (This should be the total income of all parties to the mortgage.)

Wages/Salary:	£
Shift Allowance:	£
Overtime:	£
Bonus:	£
Other Income:	£
Total:	£ <input type="text"/> A

Your Expenses (monthly) (These should be the total expenses of all parties to the mortgage.)

Loans (Loans that are to be repaid out of the proceeds of this mortgage should be ignored.)

2nd Mortgage/Secured Loan:	£
HP/Loan Repayments:	£
Credit Cards:	£

Utilities (These should be the utilities for your new property - an estimate is acceptable.)

Council Tax:	£
Water Rates:	£
Ground Rent/Service Charge:	£
Buildings/Content Insurance:	£
Life Assurance & Pension:	£
Gas/Electricity:	£

General

Housekeeping:	£
TV Licence:	£
Maintenance Payments:	£
Food & Clothing:	£
Car - Petrol/Maintenance:	£
Car - Tax & Insurance:	£
Savings Plans:	£
Any other regular outgoings:	£
Total:	£ <input type="text"/> B

Monthly Disposable Income (A-B): £

What you can afford now and in the future

As a general guide, provided you are in permanent employment and have been in your current job for at least four months, Amber Homeloans will lend you:

up to 4 times your annual salary, and, if you are applying in joint names, the whole of your partner's salary can be added too, or

we will lend you 3.25 times your combined incomes.

These multiples are a guide only, and we will take into account your income and expenditure to agree the actual loan amount.

The minimum property value we will accept is £60,000.

NB: Please be aware that our lending policy may vary from time to time and our mortgage products can be withdrawn at short notice. Any mortgage offer we make to you will be valid for three months only, and is not transferable to different properties.

Other Amber Homeloans benefits explained

Flexibility

Amber Homeloans mortgages offer you scope to change your payments to suit your ability to pay. They are also useful if you want to pay off the loan quickly. Here are some of the features of a flexible mortgage:

Daily Interest

We calculate your mortgage interest on a daily basis. This means that every time you make a capital repayment of any size, the amount on which interest is calculated is immediately reduced. This should save you hundreds, even thousands of pounds over the life of your mortgage.

Overpayments

You can make overpayments over and above your regular monthly amount at any time. By making regular overpayments of even a modest amount, you could significantly reduce your mortgage term and save yourself thousands of pounds as a result.

For example, on a £100,000 repayment mortgage with interest at 6%, over a term of 25 years, paying an extra £25 a month means you could pay off your mortgage two years and one month earlier and save yourself £8,778 in interest payments!

Some of our mortgage deals may include early repayment charges if overpayments are made.

Payment Holidays

Your Amber Homeloans mortgage allows you to take payment holidays once you have had your mortgage with us for six months, if you have overpaid. You will need to give us at least 14 days' prior written notice. As long as you have had no arrears, the

holiday proposed would not take the loan to value above 95%, and there are sufficient surplus payments to cover the holiday, you may take up to three consecutive months' holiday. You cannot take more than a total of six months in any 12-month period.

Of course, whilst you do not need to make payments during the holiday, interest will continue to be added to your account and your balance will increase.

Higher Lending Charge

Most lenders normally charge you a Higher Lending Charge (HLC) if you are borrowing a high percentage of the valuation or purchase price of the property. This is to provide your lender with extra security if you cannot pay your mortgage and your property is taken into possession and sold for less than you owe.

This charge is normally made on borrowing that exceeds 75% of the valuation or purchase price (whichever is the lower). The charge does vary depending on the product chosen, please see individual product specifications for details.

The HLC can be debited to your mortgage account on completion or you can pay the HLC when the mortgage is taken out.

The HLC is designed to protect Amber Homeloans, it does not protect you individually. You will remain liable to pay all the money owing, including arrears, interest and Amber Homeloans legal fees. If a claim is paid to Amber Homeloans under third party insurance, paid for out of the HLC, the insurers will normally have the right to recover the amount from you.

The HLC is a one-off charge. It will not be refunded if you pay your mortgage off early. If you exercise portability and take another mortgage, a further HLC may apply.

Protecting your home

Home Insurance

It's only natural to want to look after what's important in your life. As your home is probably your largest single investment, it makes sense to protect it. Lenders will insist you have insurance for your buildings to protect their security, but you should obtain protection for your contents too. A one-off charge of £25 will apply to cover insuring the contingency risk of Amber Homeloans suffering financial loss in the event that the property is not adequately insured, where buildings insurance is arranged by yourself. The fee covers the administrative costs of arranging this, and is debited to your mortgage account.

Skipton Building Society Group can arrange Home Insurance. For further details please call **0845 8501755*** quoting Agency Number **7ONU233**, Campaign Code **999SBN**.

Accident, Sickness and Unemployment Cover

When you arrange a mortgage to buy your home, you naturally expect that you'll have a regular income throughout the period of the loan, so you'll be able to make all the repayments. But what happens if you're made redundant or have an accident or illness which prevents you from working? Who will pay the mortgage?

Amber Homeloans is not able to offer you advice about the type of policy you should take out and it is therefore recommended that you contact a financial adviser in order to discuss your options.

*To help maintain service and quality, some telephone calls may be recorded and monitored.

Understanding your mortgage costs

Below are some of the costs associated with a mortgage application that you need to be aware of:

Application Fees

An administration/arrangement charge payable upon application. This fee is non-refundable and may vary between products. Some Amber Homeloans administration/arrangement fees can be debited to the mortgage account on completion.

Valuation Fees

You will be required to pay for a report to establish the value of the property. Most lenders will require this report before making the loan available for the property's purchase.

If you are purchasing a property you may want to obtain a more detailed report which looks specifically at the condition of the building and vital systems like plumbing. The options available are Home Buyers Report or Building Survey. Amber Homeloans will be happy to make the necessary arrangements for you.

CHAPS

It is our practice to send the mortgage advance to your conveyancer by CHAPS, and the charge of £25 will be debited to your account, or to avoid incurring further interest charges, you can pay it on completion.

Deposit

You will need to find the difference between the amount you are borrowing and the price of the property. This is likely to be the biggest expense for first time buyers. Buyers already on the property ladder, who have a house to sell at the same time, are likely to use some of the equity built up in the house being sold.

Conveyancing Costs

You will need to employ a conveyancer (solicitor) to handle the legal aspects of buying your home or remortgaging if this is with the aid of a mortgage. The conveyancer usually acts for you and the lender.

The costs your conveyancer deals with on a purchase, which you will be required to pay, include:

Stamp Duty Land Tax - a tiered Government tax on the price you pay for your home on properties currently starting at a value of £125,000.

Search costs - the cost for carrying out searches on your behalf, such as Local Authority and Land Registry.

Your conveyancer will also charge you for the work they carry out such as:

dealing with enquiries

draft contract for sale/review contract on purchase

confirm legal boundaries

arranging completion/preparing the document which transfers legal ownership.

Full details of individual charges which apply to your loan will be included in your KFI. A Tariff of Charges which shows other charges which may apply, e.g. if you apply to let your property, is available on request and will be included in any Mortgage Offer made.

Other information to consider

Early Repayment Charges - what they are and how they work

An Early Repayment Charge (ERC) may be due if you pay back all, or sometimes part, of your loan (over and above your normal monthly payments) within a particular date of starting the mortgage. Most of our mortgages, however, allow you to repay up to 10% of the original loan each year, with no ERC. Any charge that is made is calculated as a percentage.

For example, if you borrow £100,000 and you have an ERC of 3% for four years but a 10% ERC allowance:

you could pay £10,000 per year over and above your normal monthly payments in each of the first four years without any charge

if you were to pay more than this, say £15,000 in year two, then you would pay a charge of 3% on the amount you have paid over your allowance. In this case 3% of £5,000, which is £150

if you pay your mortgage in full within the ERC period, there will be a charge of 3% of the balance of the mortgage at the date of redemption. Assuming in this case your balance was the same as your original loan when you repay your mortgage (£100,000), you would be charged £3,000

if the mortgage is repaid in full after the initial ERC period, only interest up to the end of the month of redemption will be payable.

Remember to check our 'Product Rates and Features Guide' for ERC details relating to the mortgage you choose.

If you move house

Amber Homeloans mortgage products are usually 'portable' - so you can transfer your product to the mortgage on your new home and you will not be charged an ERC for that product, as long as you complete your new mortgage and repay your old one at the same time. (If the balance of the loan on that product is reduced when you move, you may have to pay an ERC on the reduction.) Of course, both you and your new property must fulfil Amber Homeloans lending criteria at the time of your move in order for a new mortgage to be approved. Depending on the loan to value of your new property, you may have to pay a Higher Lending Charge at that time.

APRs

APR stands for Annual Percentage Rate which is the overall cost of your mortgage expressed in a standardised way. This helps you compare the cost of different loans over the whole term. It may seem obvious, but a loan with a lower APR is cheaper overall than a loan with a higher APR.

An APR is shown on the 'Product Rates and Features Guide' to help show the total cost for comparison purposes. Your KFI will show the APR specific to your own individual loan requirements, so this may differ slightly from the rate in the 'Product Rates and Features Guide'.

The APR takes account of:

the amount borrowed and the term

the interest rate you pay (including the rate you pay after any initial product period)

charges which you have to pay, such as application fees, valuation fees and discharge fees

when and how often you have to pay the interest and charges.

It is important to be aware that APRs are only a snapshot of the total cost of a loan at a particular time. All the known information is included in the calculation, such as the current levels of interest rates and charges, any planned changes such as the ending of incentive periods and then worked out over the term.

What APRs cannot predict are changes in the variable rate throughout the term and the effect of any other charges that might occur, such as overpayments.

Whilst using APRs to compare the cost of different loans, don't forget to consider how much you will have to pay each month and whether you can afford that amount.

Proving your identity

When you apply for a mortgage with Amber Homeloans, we will ask you for proof of your name and address. This is to comply with anti-money laundering and prevention of crime regulations, which apply to all banks and building societies regulated by the Financial Services Authority (FSA).

Please remember, whoever you apply for your mortgage with - whether it is a building society, bank or other financial organisation - they are all, by law, obliged to carry out checks on your identity and address.

What to do if in payment difficulties

If you can see a situation arising where you are likely to be unable to make your monthly mortgage payments, or are unable to make the payments on the agreed monthly date, or you suddenly find yourself in a position where you are unable to make any payments, such as through redundancy, then it is most important that you talk to us as soon as possible.

Call us on **0845 602 0750***

We will then work with you to see what can be done for the best. The earlier you get in touch the better.

*To help maintain service and quality, some telephone calls may be recorded and monitored.

Complaints procedure

We aim to provide you with the highest standards of service. However, there may be occasions when our service falls short of your expectations. In such cases, you need to follow our Internal Complaints Procedure.

In the first instance, please send your concerns to:

**Customer Service Department
Amber Homeloans Limited
1 Providence Place
Skipton
North Yorkshire
BD23 2HL**

If you prefer, you may telephone our Customer Service Department on **0845 602 0750**.*

We will then:

send you a written acknowledgement within 5 working days

fully investigate your concerns and send a detailed response within four weeks of receiving your complaint.

If after receiving our response you feel your complaint has not been fully addressed, please let us know and we will pass your comments on to our Divisional Executive.

We will then:

send you a written acknowledgement within 5 working days

send you a final response within eight weeks of the initial receipt of your complaint or we will explain why we are not in a position to make a final response.

*To help maintain service and quality, some telephone calls may be recorded and monitored.

Should you remain dissatisfied following the completion of our review, you have the option to refer the matter to the Financial Ombudsman Service at:

**The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR**

You must refer your complaint to the Ombudsman within six months of the date of our final response. You will need to complete our Internal Complaints Procedure before you raise your concerns with the Ombudsman.

Jargon buster

Buying a property and moving home can be difficult enough even if you have done it before, so you don't want to be confused by the terminology and abbreviations used during the process. Here's our simple guide to beating the jargon:

Base Rate

Some interest rates are linked to the Bank of England base rate, which is the rate reviewed and set by the Bank of England's Monetary Policy Committee every month. The base rate influences the rate at which banks and building societies borrow from the Bank of England, and in turn, the rates at which banks and building societies offer their products to customers.

Bridging Loan

A temporary loan which enables you to complete the purchase of a new home if you have to do this before completing the sale of your existing property.

CHAPS

Stands for Clearing House Automated Payment System. A telegraphic transfer through which the mortgage advance is sent to the conveyancer.

Completion

The point at which the money is released to remortgage your home or to buy your new home. Ownership is transferred to you enabling you to move.

Conclusion of Missives

The point at which both buyer and seller are legally bound to the transaction (Scotland only).

Conveyance

The legal document which transfers ownership of unregistered freehold land (see freehold).

Dematerialisation

Until October 2003, the main title deed for registered land (the land on Charge Certificate) was held in traditional paper form. The Land Registry have now 'dematerialised' the paper deeds and the evidence of title to the property is held electronically at the Land Registry. Some lenders have opted for 'full' dematerialisation and hold little or no title documentation of any kind in paper form any more, with most original documents being returned to the borrowers.

Disbursements

The fees your solicitor has to pay to others on your behalf (e.g. Stamp Duty Land Tax, Land Registry fees, search fees).

Equity

The positive difference between the value of your property and the amount of any outstanding loans secured against it (i.e. the amount you own outright).

Freehold

The term used to indicate ownership of a property and the land on which it stands where both belong to the owner indefinitely.

KFI - Key Facts Illustration

The KFI summarises all the important features of the mortgage presented in a standard way, so you can easily check the cost and terms of the mortgage and compare it with other similar mortgages.

Lease

A document which grants possession of a property for a fixed period of time and sets out the obligations of both parties, landlord and tenant, such as payment of rent, repairs and insurance.

Leasehold

The term used to describe the arrangement by which property is let by lease by a landlord to a tenant for a fixed period of time.

LIBOR

London Inter Bank Offered Rate, the lending rate offered by banks to other banks and is fixed by the British Bankers Association.

Loan

Same as an advance. This is the actual amount of money that we agree to lend you.

Missives

The formal written offer to purchase and the acceptance (Scotland only).

Mortgagee

A building society or bank which lends money against the security of a charge over the property purchased (i.e. us as the lender).

Mortgagor

The person who borrows money, usually to buy a property (i.e. you as the borrower).

Redemption Administration Fee

A fee charged by the lender for administering the redemption process; from issuing the redemption statement, dealing with queries, releasing the title deeds, receiving the redemption monies, and ultimately registering the discharge with the Land Registry.

Registered Land

Land for which title is registered and recorded at HM Land Registry, a central registry of the title to property in England and Wales. Scotland and Northern Ireland also have their own Land Registries.

Sasines Register

A Register in Scotland to register ownership of property which is not registered land.

Searches

Enquiries made at the Land Registry, the Land Charges Registry and local authorities to ensure there is nothing to cause concern about the property.

Stamp Duty Land Tax

A Government tax on the price you pay for your home on properties currently above £125,000.

This is generally payable by you the purchaser.

Subject to Contract

A provisional agreement made between buyer and seller, before exchange of contracts, which allows either side to back out without penalty (England and Wales only).

SVR

Standard Variable Rate.

Term

The length of time over which your mortgage loan is to be repaid.

Title

The legal right to ownership of a property.

Title Deeds

The documents showing the ownership of unregistered property.

Transfer Deed

The legal document which transfers ownership of registered land.

Unregistered Land

Land, the ownership of which is established by a bundle of deeds but is not registered on the registered land system.