THE FAMILY BUILDING SOCIETY

GETTING A MORTGAGE

WHAT YOU NEED TO KNOW

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FOR MOST OF US, BUYING A HOME IS THE LARGEST FINANCIAL COMMITMENT WE WILL MAKE AND THE MONTLHY MORTGAGE PAYMENT IS OUR BIGGEST OUTGOING

"I am not a number"

When it comes to applying for a mortgage you are, amongst other things, a result on a credit scorecard. Not everyone fits the scorecard driven mortgage criteria applied by many larger lenders.

With many different product terms, repayment options and special interest rates available it is important to make the right choice. We are here to help you through the mortgage minefield. This guide introduces us and our mortgage service, explains the different types of mortgage and various technical terms.

So you can concentrate on the fun part – getting that dream home!

FIRSTLY A BIT ABOUT US, THE FAMILY BUILDING SOCIETY

WE'D LIKE TO GIVE YOU AN OUTLINE OF HOW WE ARE DIFFERENT AND WHY WE MAY BE ABLE TO HELP YOU, IF WE'RE NOT HELPING YOU ALREADY.

WE TAKE A DIFFERENT APPROACH TO LENDING. WE BUILD MORTGAGES THAT FIT REAL PEOPLE, REAL FAMILIES AND SOMETIMES COMPLICATED BUT STILL VERY REAL SITUATIONS. WE TREAT YOU AS AN INDIVIDUAL AND GET TO UNDERSTAND YOU BETTER. BY DOING THAT WE CAN OFTEN FIND AN ANSWER FOR YOU WHERE OTHERS CAN'T.

DO YOU WANT TO OWN YOUR FIRST HOME?

It's a natural goal for most of us, but increasingly difficult to achieve as the gap between property prices and earnings continues to grow. Using a standard mortgage could mean a heftier deposit to find or higher monthly repayments.

There is an alternative. Our Family Mortgage allows you to use wider family wealth, held in a savings account or even in the value of a property, to help secure a mortgage for a family member buying their first home. And it can be without having to hand over money as a gift. You can even reduce the amount of the mortgage on which interest is paid by depositing money in an offset account with us.

A SELECTION OF MORTGAGES TO SUIT YOU

Here at the Family Building Society we also offer fixed, discounted and tracker rate mortgages, an Offset Mortgage and Retirement Lifestyle Booster Mortgage, as well as our Family Mortgage. We offer mortgages for most property types in England and Wales. You can find a full list of our acceptable properties and the minimum property value required in our mortgage criteria, available on request or from our website *familybuildingsociety.co.uk/mortgages*

A PERSONAL APPROACH

Our friendly mortgage team will aim to treat you as an individual and will take into account your personal circumstances when deciding if we're able to lend to you. This involves more than simply looking at your credit score. You'll deal with a named contact based here in the UK. We're often able to accommodate circumstances which other lenders may not, such as lending into retirement and interest only.

HOW DO I APPLY FOR A MORTGAGE WITH YOU?

We have a team of qualified Mortgage Advisers who are able to guide you through the mortgage application process. Just contact our friendly team on 03330 140140* to find out more. Alternatively, if you already have a financial adviser, they may be able to help you.

If you want to find out more about us and our products you can visit our website *familybuildingsociety.co.uk/mortgages*

*Calls from a BT landline are charged at the national rate and other call charges will vary. Calls may be recorded for training and monitoring purposes.

SECTION 1 – WHAT IS A MORTGAGE?

WHEN YOU BUY YOUR HOME, YOU WILL MOST PROBABLY NEED TO TAKE OUT A LOAN TO PAY FOR IT. A CONDITION OF THE LOAN WILL BE THAT IT IS SECURED AGAINST YOUR HOME, WHICH IS DONE BY YOU GIVING THE LENDER A FIRST LEGAL CHARGE OVER IT BY SIGNING A DEED. THIS ARRANGEMENT IS COMMONLY REFERRED TO AS A MORTGAGE.

IF YOU DON'T KEEP UP YOUR MORTGAGE PAYMENTS, YOUR MORTGAGE LENDER MAY HAVE TO SELL YOUR HOME TO RECOVER THE MONEY YOU OWE. AS THE LENDER HAS A 'FIRST CHARGE', WHENEVER THE PROPERTY IS SOLD, THE MORTGAGE MUST BE PAID BACK FIRST. WITH YOUR HOME AS SECURITY, THE LENDER IS GENERALLY ABLE TO OFFER YOU A LOWER INTEREST RATE THAN YOU'D FIND ON OTHER TYPES OF LOAN.

HOW MUCH CAN I BORROW?

How much you can borrow depends on:

– your income, outgoings and any expected changes to these;
– your credit history;
– whether you're able or prepared to make changes to your lifestyle that may reduce your other outgoings.

You'll need to find out how much you can borrow before making an offer on a property. Some lenders will work out how much they'll lend to you before you find a property – for example we have an eligibility checker which will check how much we would be able to lend to you. This will help you know the maximum offer you can make on a property and may also speed up the mortgage process with us.

Lenders usually base their calculations on your guaranteed earnings such as basic pay, but most will also consider some or all of any regular overtime or bonuses. They'll want to see proof of your income.

Be realistic about what you can afford

You must never overestimate your earnings to help you buy a property. If you don't have enough income to meet the repayments, you could risk losing your home and having a bad credit record. It is a criminal offence to deliberately give false information to your mortgage adviser or lender to obtain a mortgage.

HOW LONG WILL MY MORTGAGE LAST? (TERM OF MORTGAGE)

Mortgages usually have a term of between five and 40 years and should normally be for the shortest term you can afford as this keeps the overall cost down. A longer than necessary term means you'll pay more interest to your lender.

It's advisable for your mortgage term to end before you retire, as your mortgage may not be affordable using your retirement income. However where necessary and where it can be proved that it is affordable we are able to lend into retirement, although the mortgage term may be limited.

REMORTGAGING

Remortgaging occurs when the existing amount on a mortgage is transferred to another mortgage deal, and this is sometimes with a different lender. By remortgaging you may be able to benefit from a better mortgage rate than you currently have. It shouldn't be confused with a *further advance* which is where you are borrowing more money (see page 5).

Some lenders may offer to pay the legal costs and valuation fees associated with remortgaging. The process for remortgaging your home can take about eight to 12 weeks, as the new lender will want to make similar checks to those of your existing lender. You may have to pay an Early Repayment Charge to your lender if you remortgage and they may charge you a Mortgage Exit Fee when you leave your current mortgage.

CONSOLIDATING DEBTS

If you have existing debts, it may be possible for you to add these to your mortgage rather than continue with your existing repayment arrangements. This isn't suitable for everyone and you'll need to carefully consider doing this. When you add loans to your mortgage, it's important you understand the risks:

- Adding short-term loans to your mortgage means you'll repay them over a longer term. This is because unsecured loans are usually paid back over a shorter term compared with a mortgage. So, while the interest rate on your mortgage may be lower than you currently pay on your loans, by adding them to your mortgage you're likely to pay more overall. Therefore it may not be appropriate to consolidate small or short-term debts;
- Your existing debts might not be secured on your property. By adding them to your mortgage they become secured on your property.

Think carefully before securing other debts against your home.

If you're having difficulty paying your loans, it's a good idea to speak to your creditors to see if you can negotiate better terms before considering adding them to your mortgage.

FURTHER ADVANCES

If you need to borrow more money in the future it may be possible to do this using a further advance. You may need to borrow more money for home improvements, or perhaps to buy a new car.

A list of reasons we will and won't accept for additional borrowing is in our lending criteria, available on request or from our website *familybuildingsociety.co.uk/mortgages*

WAYS TO REPAY YOUR MORTGAGE

REPAYMENT MORTGAGE

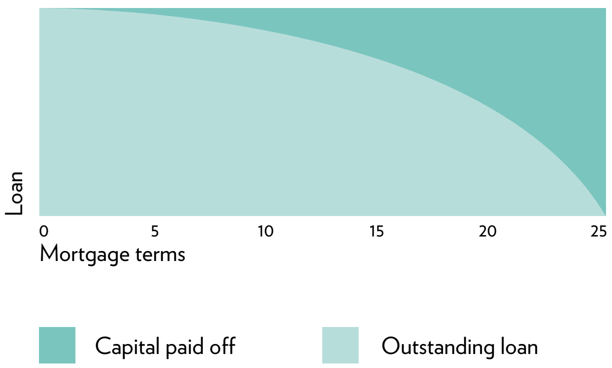
With a repayment mortgage, your monthly payments to the lender go towards reducing the amount you owe as well as repaying the interest they charge. This means each month you're paying off a small part of the money loaned.

Advantages:

– It's a clear approach; you can see your mortgage reducing and provided you maintain the required payments on their due dates, you also have the certainty that your mortgage will be repaid at the end of the term.

Disadvantages:

– Initially, the majority of your payments go towards interest on your mortgage, which means in the early years the amount you owe won't reduce by very much.



INTEREST ONLY MORTGAGES

With an interest only mortgage you only pay the interest charged on your loan, so you're not actually reducing the loan itself. You'll need to have some other arrangement or plan in place to repay your loan at the end of the term. For example – investments, a savings plan or downsizing (where you sell your property and buy a cheaper one using the equity to repay your loan).

Downsizing is not a guaranteed method of repaying your loan as, even if you have enough equity now, house prices could fall and may leave insufficient equity to repay the loan. You should not rely on house prices increasing as this might not happen.

You may have heard from media reports that it's a lot harder to obtain an interest only mortgage nowadays, though we do offer these in certain circumstances.

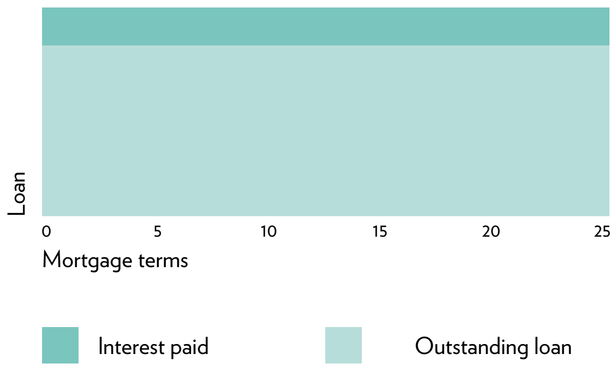
Advantages:

– If the savings or investment plan you choose performs well, then you could pay off your mortgage earlier compared with a repayment mortgage. At the full mortgage term there may be a lump sum available after the mortgage has been repaid.

Disadvantages:

– Very few investments or savings plans are guaranteed to repay your mortgage in full, but at the end of the mortgage term you will still be responsible for repaying the full outstanding balance. If your savings or investment plan doesn't cover the full amount, you will be responsible for paying the difference. Your mortgage lender can demand repayment, and they will continue to charge you interest on any outstanding balance until it's repaid.

Please note: the diagram below is for illustration purposes only and assumes a fixed rate of interest over the term of the mortgage. In reality, rates fluctuate.



PART REPAYMENT / PART INTEREST ONLY MORTGAGE

It may be suitable for you to pay your mortgage by a combination of repayment and interest only.

MORTGAGE REPAYMENTS

Your monthly mortgage payment will consist of repaying the capital amount borrowed (assuming you go for a repayment mortgage) as well as the accrued interest, so that the amount borrowed decreases throughout the term and by the end of the loan term has been fully repaid. Your lender will be responsible for ensuring your repayments are affordable based on your monthly incomings and outgoings at the time you apply for the mortgage. They will also 'stress test' this repayment, which basically means they'll check that you should still be able to afford the mortgage if interest rates were to increase to a certain level.

HOW INTEREST IS CHARGED AND PAID

There are lots of different interest rate options offered by lenders to suit many different purposes. Over the page is our guide to the most popular ones. The initial lump sum that you put into buying your home (not including the money you're borrowing) is known as the 'deposit'. The bigger your deposit, the more likely you are to get a better interest rate.

Having said that, here at the Family Building Society we can offer innovative solutions to help you access a lower interest rate, even if you have a relatively small deposit, through using family assets as security. Find out more about our products in Section 4.

STANDARD VARIABLE RATE (SVR)

This is a standard interest rate, which a lender will set and which can also go up or down in line with market rates. Our SVR here at the Family Building Society is actually called a Managed Mortgage Rate. Please note we don't offer this as a stand-alone product – instead you will revert to this rate once your mortgage 'deal' with us ends.

Advantages:

– You have more flexibility and can usually repay your mortgage without any Early Repayment Charges (ERCs).

Disadvantages:

– Your monthly payments can go up and down and this can make budgeting difficult. SVR mortgages aren't usually the lowest interest rates lenders offer.

DISCOUNTED RATE

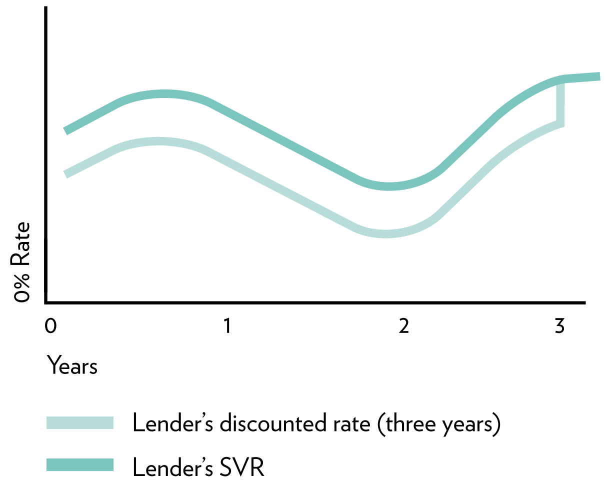
Some lenders offer mortgages where the initial interest rate is set at an amount below their SVR for a set period of time. At the end of your discounted rate period, your lender will usually change your interest rate to their SVR. It's a good idea to review your mortgage at this stage because the lender's SVR probably won't be the best deal around.

Advantages:

– Your payments should cost you less in the early years during you mortgage 'deal', when money may be tight. But you must be confident you can afford the payments when the discount ends. Your lender will ensure your mortgage is affordable based on your current earnings and outgoings, and taking into account what is known as a 'stress test' should interest rates rise to a certain level.

Disadvantages:

– Your monthly payments can go up or down which can make budgeting difficult. If you want to repay the loan early, there could be Early Repayment Charges.



FIXED RATE

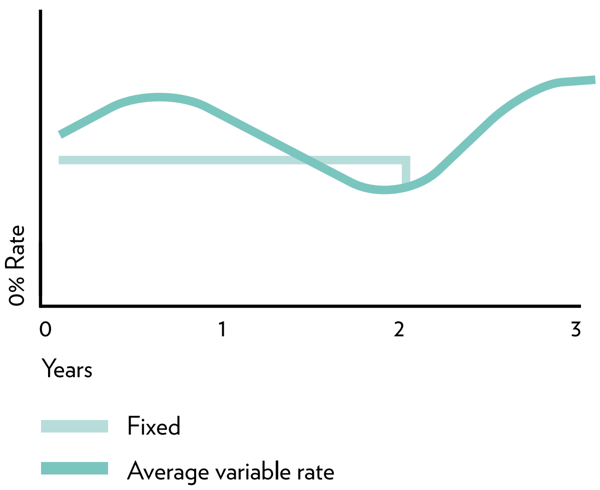
With a fixed rate mortgage, your monthly payment won't change for a set period. At the end of your fixed rate, your lender will usually change your interest rate to their Standard Variable Rate (SVR). It's a good idea to review your mortgage at this stage because the lender's SVR probably won't be the best deal around.

Advantages:

- You know the exact amount you'll need to pay each month, which makes budgeting easier. Your monthly payment will stay the same during the fixed period, even if other interest rates increase.

Disadvantages:

- Your monthly payment will stay the same during the fixed period, even if other interest rates decrease. If you want to repay your loan early, there could be Early Repayment Charges.



TRACKER MORTGAGE

With a tracker mortgage, the interest rate charged by your lender is linked to a rate such as the Bank of England Bank Rate. This means your payments can go up or down.

Advantages:

- The rate you pay tracks another headline rate (such as the Bank of England Bank Rate). If the headline rate changes, your tracker rate will change by the same amount. Normally your interest rate will be following trends in the marketplace.

Disadvantages:

- Some lenders impose a 'floor' or 'collar' which means the interest rate won't fall below a certain level, even if the rate it's tracking continues to reduce. Your monthly payments can go up or down which can make budgeting difficult. If you want to repay the loan early, there could be Early Repayment Charges.

OFFSET MORTGAGE

With an offset mortgage, your main current and / or savings accounts are linked to your mortgage and are usually held with the mortgage lender. Each month, the amount you owe on your mortgage is reduced by the amount in these accounts before working out the interest due on the loan. This means that, as your current account and saving balances go up, you'll pay less mortgage interest. As they go down, you will pay more. Linked accounts that are used to reduce the mortgage interest payments don't attract any interest.

Advantages:

- These products allow flexibility and can encourage you to save. Mortgage payments can be reduced as the level of savings increase, or you may be able to continue paying the same and pay off your mortgage early. You usually pay tax on your savings. However, if your savings are automatically used to offset your mortgage, you won't pay income tax on these savings – this is particularly useful if you're a higher rate taxpayer.

Disadvantages:

- These types of mortgages are normally only suitable if you have savings over a certain level.

CAPPED RATE OR CAPPED AND COLLARED RATE

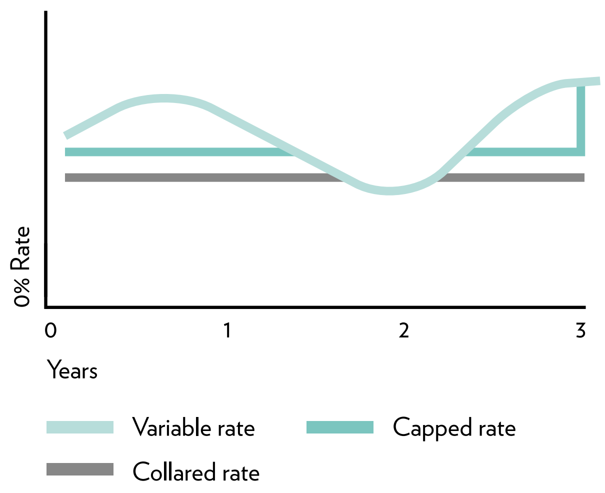
With this type of mortgage, the interest rate is linked to your lender's SVR but with a guarantee that it won't go above a set level (called the 'cap' or 'ceiling') for a set period, but equally won't go below a set level (called the 'collar' or 'floor') for an agreed period of time. It's possible to have a capped rate without a 'collar'.

Advantages:

- You know the maximum and minimum you'll pay for a set period of time, making budgeting easier. These products are useful if you want the security of knowing your payments can't rise above the set level, but could still benefit if rates fall during the set period (depending on whether there is a 'collar' or 'floor').

Disadvantages:

- Even if other rates fall, your interest rate for the set period will not go down below the level of the 'collar' or 'floor'. If you want to repay the loan early, there could be Early Repayment Charges (ERCs).



SECTION 2 – COSTS OF BUYING YOUR HOME

Lender fees

Most mortgage lenders will charge you an *application fee* to cover their administration costs when setting up the mortgage. Our application fee includes these costs, and the cost of a valuation of your property, which we will arrange. These fees are not refunded if the mortgage does not proceed to completion.

We also charge a *product fee* on completion of your mortgage application. This is normally deducted from your mortgage amount, although you can choose to pay the fee separately if you wish to do so. If you choose to have the product fee deducted from the mortgage amount, it will be included in the total amount you borrow, and included in the amount you are charged interest on, throughout the term.

Solicitor fees

As well as paying a solicitor or licensed conveyancer for the work they do, you'll have to pay the cost of Land Registry charges and local search fees. If your lender has their own solicitor acting for them, you may have to pay their fees too.

At the Family Building Society, in common with other lenders, we will instruct a solicitor / licensed conveyancer to act on our behalf on all purchase and remortgage loans. Unless special 'fees assisted' product terms apply, you'll be responsible for all of their fees and disbursements. We may be prepared to instruct your legal representative to also act for us but if we're unable to, we'll tell you when the application is acknowledged.

Please note, for the Family Mortgage we instruct our own solicitors and cover our solicitor costs, although you will still be responsible for your own legal and conveyancing costs.

Stamp Duty

This is a tax paid by you when you buy a property worth over £125,000. The amount you'll pay will depend on the value of the property you're buying.

Please note this information is correct at the time of printing (October 2017). For up to date Stamp Duty bands please visit *gov.uk/stamp-duty-land-tax/overview*

Residential land or property Stamp Duty Land Tax rates and thresholds

PURCHASE PRICE	RATE OF STAMP DUTY
Up to £125,000	Zero
The next £125,000 (the portion from £125,001 to £250,000)	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

Valuation and survey fees

You'll probably need to pay for a valuation and / or survey. You should consider a more detailed inspection of the property because the lender's valuation report may not reveal things you'd want to know – also neither the lender nor the valuer will accept any liability for the contents or accuracy of the valuation report.

The amount you pay will depend on the type of valuation or survey you choose. See Section 3 for more information on types of survey.

Mortgage advice fees

If you decide to speak to a mortgage adviser, some may charge a fee for the advice they give you. In some instances an adviser fee may be charged even if your mortgage doesn't go ahead. If you decide to use our Mortgage Advisers to get a mortgage with us, no mortgage advice fee is charged. However, we can only offer mortgages from the Family Building Society.

We recommend you complete the table below to help you work out what you may have to pay when you buy your home – although it should only be used as a rough guide. For example, if you're also selling a home, there'll be other costs such as estate agent's fees and the cost of an Energy Performance Certificate (EPC). If you have an existing mortgage, your lender may charge you a deed discharge fee when you leave or move your mortgage.

If you add any fees to your loan, interest will be charged on these amounts during your mortgage term. Some fees won't be refunded even if your mortgage doesn't go ahead.

COST	ESTIMATE FOR YOUR PROPERTY
Stamp Duty:	
Solicitor / conveyancer fees:	
Land Registry:	
Mortgage adviser fees (if applicable):	
Lender's application fee (if applicable):	
Lender's valuation (if not already included):	
HomeBuyer's Report:	
Product fee:	
Survey fee:	
Buildings and contents insurance:	
Removal firm:	
Other:	
TOTAL:	

Please note: This table is only for an indication of your 'upfront' costs. In addition to these, you'll need to take into account the regular cost of the mortgage and insurance payments.

SECTION 3 – COMMON FEATURES OF A MORTGAGE AND USEFUL FACTS WHEN BUYING A HOME

Arrears and repossessions

If at any time you're unable to meet your mortgage payments, you should speak to your lender straight away. Repossessing a property is generally a last resort – your lender will try to reach an arrangement with you to enable you to keep your home. If they sell your property after repossessing it, you'll be responsible for any shortfall including fees associated with the sale.

Binding offers

Once your lender has assessed your mortgage application to check you meet their criteria, they will hopefully issue you with a mortgage offer. The offer is described as 'binding', which means that although the lender may have some conditions you need to fulfill, unless they discover that there has been false information supplied about your mortgage application or there has been another material change, they cannot retract their offer to you.

Building survey (or full structural survey)

This survey is normally for older properties and those of a non-standard construction (e.g. timber). It usually takes a day to complete, depending on the size of the property.

A building survey gives a detailed report on the condition of the property and highlights issues that should be investigated further before going ahead with the purchase. It does not include a valuation.

You can find a surveyor through the Royal Institution of Chartered Surveyors.

Cashback

With a cashback mortgage, your lender pays you a lump sum when you complete your mortgage. The cashback can be a fixed amount or will be worked out as a percentage of your mortgage. You should be aware if you move to another lender within the Early Repayment Charge period, then you'll have to repay some or all of the cashback received.

Credit scoring

When you apply for a mortgage (or any sort of credit), the lender will usually 'credit score' your application. This helps them decide whether to accept your application, the amount of money they're prepared to lend to you and what rate of interest you'll pay. Credit scoring works by awarding points based on your circumstances. Each lender has their own scoring system. You'll generally score more points if you've been in your job longer, own your own home and have paid all of your loans on time in the past. Having a good credit history will improve your chances of getting the best rate mortgage. You can get your individual credit report by contacting Experian (*experian.co.uk*) or Equifax (*equifax.co.uk*). This will help you understand your credit file and what aspects lenders use to make a credit decision.

We're different because rather than solely using a credit scoring system, we individually underwrite each mortgage case. This means we promise to treat you as an individual and we'll look at circumstances where other lenders will often refuse to lend. For example, we are able to lend into retirement and also provide interest only mortgages, for customers who meet our requirements. Credit scoring can sometimes be frustrating as it can be a bit like a "computer says no" scenario.

Energy Performance Certificate (EPC)

Property owners must have an EPC for potential buyers and tenants before they market a property to sell or rent.

An EPC contains:

- information about a property's energy use and typical energy costs;
- recommendations about how to reduce energy use and save money.

An EPC gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and it's valid for 10 years. You'll need to find an accredited assessor if you're selling or renting out your home. They'll assess your property and produce the certificate. You can be fined if you don't get an EPC when you need one.

The person selling the house, the landlord or the letting agent must show you the EPC if you're buying or renting. Certain types of property don't need an EPC – to find out more please visit *gov.uk/buy-sell-your-home/energy-performance-certificates*

Early Repayment Charges (ERC)

This is a charge that you may have to pay if you want to pay off your mortgage before the end of a set period related to the specific mortgage 'deal' you are on. Some charges may apply only for as long as the set period lasts.

Foreign currency mortgages

If your income is in a different currency to the currency of the country you are applying for a mortgage in, for example if your income is in Euros but you want to get a mortgage in the United Kingdom where the currency is Sterling, the Family Building Society may still be able to assist you. Please contact us to discuss what we can offer and your requirements.

Free legals

Some lenders offer arrangements that include the cost of completing the legal work involved in arranging a mortgage and buying a home. These free legal arrangements vary according to the lender but they reduce the amount you'll need to pay at the outset.

Further advances

If your home has increased in value since you bought it, you may be able to borrow a further advance from your mortgage lender. A further advance is effectively taking on more borrowing from your current mortgage lender, typically at a different rate to your main mortgage.

If you don't want to remortgage or switch lenders, and your lender's further advance is competitive, this route can make sense. You can spread your payment over a long term and your interest rate should be lower than a personal loan – however always check the market to see if you can get a better deal before committing.

Higher lending charge

Lenders sometimes charge a fee if your mortgage is a high percentage of the property's value. This fee is used by your lender to buy insurance that protects them should they be forced to repossess your property and sell your home for less than the amount outstanding on your mortgage. This insurance does not protect you. You would still be responsible for any shortfall after the sale of your property.

HomeBuyer's Report

This covers structural safety and highlights problems, including damp, as well as anything that doesn't meet current building regulations. It takes two to four hours to complete, giving an independent and expert view on the property's value.

Home insurance

This is a form of property insurance designed to protect an individual's home against damage to the house itself, and / or to possessions in the home. Home insurance can also provide liability coverage against accidents in the home or on the property.

It will be a condition of your mortgage that you obtain buildings insurance for the structure of the building and your lender will want to see proof that an acceptable policy is in force for your home before they'll agree to lend to you. If you own a leasehold flat, you may only need to purchase contents insurance as the building may already be insured via the owner of the freehold.

Loan to value (LTV)

This means the value of the loan versus the value of the property. The LTV is worked out on a percentage basis – the higher the LTV percentage, the higher the interest rate will be as the risk to the lender will be greater.

Mortgage Exit Fees

Different mortgage lenders may have different terms and conditions when you pay back your mortgage or move to another mortgage provider which may include a fee. It is important to consider these fees when you're thinking about switching your mortgage.

Mortgage repayments

The repayments will be based on the amount, number and frequency of payments. The amount refers to the amount of money you will be required to pay the lender for your mortgage, including any interest and capital repayment. The number refers to how many payments in total you will need to pay the lender. This is normally broken down into the number in any specific period with a chosen mortgage product, followed by the number required to complete your chosen mortgage term, usually on a different rate. The frequency is how often you will need to pay your mortgage. This is usually monthly.

Negative equity

If the value of your property falls below the amount you owe on your mortgage, this is called 'negative equity'. If this happens, and you need to sell your property, you will still be responsible for repaying the full amount of mortgage outstanding.

New-build snagging survey

This is a specialist survey for new homes that will pick up mistakes such as plumbing the hot to the cold tap or poorly finished paintwork. Your independent inspector will also be able to arrange for the developer to sort out any defects found.

Portability

Some lenders let you move your product to a new property when you move home.

Please note, you should allow time if you want to port your product as you will need to submit a new application. The lender will also need to carry out a valuation of your potential new property.

Overpayments

Most mortgages now offer you the option of increasing your monthly payments. When you do this, you'll be paying an additional amount off your mortgage each month. Making overpayments can help you repay your mortgage before the end of the term, therefore saving you money on interest. At the Family Building Society we'll let you pay off up to an extra 10% of the original loan amount in a year. If you wanted to pay a greater amount than this, then in common with most lenders there may be an Early Repayment Charge (ERC) applied. When your mortgage 'deal' expires then there'll be no more ERC applied after this time, should you wish to make additional overpayments or even pay your mortgage off in full.

Reflection period

Once you receive your offer you will have a 'reflection period', where you can check that the mortgage meets your needs and query anything with your solicitor. The reflection period will be at least seven days from the date of your offer. If you decide to accept the offer before then, you will waive your rights to a full reflection period. We will require signed confirmation from you to proceed with your application earlier than the end of the reflection period.

Representative example

On our website and in some of our guides you will see that we give a representative example. This is usually given where we mention a specific mortgage product or range of products that includes a rate or fee. Where we give a representative example, we have based this on customers who have taken out a similar or the same product as the one you are looking at, and taken into account their circumstances. For example, if you are looking at fixed rate mortgages, our representative example will be based on other customers who have a fixed rate mortgage with us.

Our representative example is designed to show an overall rate that at least 51% of our customers are paying for their mortgage, and what that mortgage would look like in a real life example. The representative example is there to help you compare different mortgages, so you can decide which is the best for your needs.

Tax and Wills

In some circumstances you may need to think about the tax implications of buying your property. If you are at all unsure about this, you should get advice from a tax specialist. When you buy a property, we strongly recommend you ensure your Will is up to date. This means that your assets, including your property, are given out in line with your wishes. The Family Building Society is able to help you with Will writing through our partnership with Kings Court Trust.

Unsecured borrowing

Some lenders will give you a mortgage that allows you to borrow extra amounts on an unsecured basis. This means it isn't secured against your property. An unsecured loan generally costs more as the lender has no security that they can use to repay some or all of the loan if you're unable to pay it back. The Consumer Credit Act covers unsecured borrowings.

Valuations and surveys

It's essential to get a survey carried out when you have an offer accepted, to find out about the condition of the building and ensure it's worth the price you've offered. It can help you negotiate money off if there's costly work that needs to be done and also help you to budget for any future repairs that might be needed.

You will have to pay for a mortgage valuation to secure a mortgage offer but this shouldn't be confused with a survey. The mortgage valuation merely confirms to the lender that the property is worth at least what it's lending you – it is not its responsibility to point out any repairs that need doing.

You should take the cost of the valuation into account when choosing a mortgage. The mortgage lender can carry out an independent survey for you when it does the valuation, but you'll have to pay extra for this.

SECTION 4 – WAYS ONTO THE PROPERTY LADDER

HERE AT THE FAMILY BUILDING SOCIETY WE'VE WORKED HARD TO PROVIDE SOME INNOVATIVE SOLUTIONS TO HELP PEOPLE BUY A HOME / GET A MORTGAGE.

Family Mortgage

This offers a way to combine your family's financial strength and share the load.

The principle behind the Family Mortgage is simple. Most young adults don't have a lot of money. That means they will only have a small deposit to put down on a property and they miss out on most of the better mortgage rates. At the same time, families may have savings and property that could be used as security for a buyer. The Family Mortgage brings these wider family assets into the mortgage calculation, helping to reduce the cost for the buyer but not asking family members to hand it over as a gift. Please note that any savings and property used as security will be required for up to 10 years. To find out more please visit our website *familybuildingsociety.co.uk/mortgages*

Retirement Lifestyle Booster

Every month the Retirement Lifestyle Booster pays you a fixed sum. Same amount every month for up to 10 years. In return you pay us a set amount each month to cover the 'average' interest due. At the end of 10 years, assuming you've made all the payments, what you owe is what you have borrowed – no more and no less. No sting in the tail. You then repay the loan by selling your house and moving somewhere less expensive, mortgage free, just like you planned to do anyway. That's the Retirement Lifestyle Booster in a nutshell.

Offset Mortgage

Our Offset Mortgage works in a similar way to a standard mortgage except for the inclusion of an extra feature, a savings account is attached to the mortgage arrangement. Any money placed in the savings account is automatically deducted from the amount of the mortgage on which interest is charged. This means you can enjoy one of two distinct benefits. You can either choose to reduce your monthly payments, or you can maintain your monthly payments at the same level, but you'll repay the mortgage quicker.

Offset mortgages may be suitable for those who have to put aside money for specific purposes but do not need to use it right at the present time, for example savings put aside for a wedding or special birthday or the self-employed who need to regularly save in order to pay tax twice a year.

THE MORTGAGE WILL BE SECURED ON YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Buying with friends or family

Buying with friends or other members of your family is one way of getting on the property ladder sooner. It also means that you'll be living with people you know and trust. That said it's still a sensible idea to get legal advice before choosing this option.

JOINT MORTGAGE SOLE OWNER (JMSO)

Our joint mortgage sole owner (JMSO) facility is designed to enable family members to help each other realise their housing goals, in some cases earlier than otherwise would be possible. Whether it's taking that first step on the housing ladder, making a step up, carrying out renovations or even helping older members of the family to stay in their home if their circumstances change. By pooling family resources in the short term, it can enable a family member to do what they need to much sooner than if they were to try and do it alone.

Like a guarantor mortgage, for the younger occupying borrower this arrangement is intended to be a short-term solution where they expect to increase their income within a few years.

All non-occupying borrowers should have their own independent legal advice.

Most of our products offer this facility with the exception of the Family Mortgage and Retirement Lifestyle Booster.

GUARANTOR MORTGAGES

If your lender doesn't think you can afford a mortgage on your own, you could consider asking your parents or other close family to be 'guarantors'. A guarantor legally agrees to be responsible for the mortgage payments if you're unable to make them. This is usually a short-term option and, if your lender agrees, you can get a guarantor removed at a later date if your circumstances change. Guarantors should get their own independent legal advice.

Most of our products offer a guarantor facility with the exception of the Family Mortgage. However the Family Mortgage could offer you another way of getting on the ladder through family assistance.

GOVERNMENT HOME OWNERSHIP SCHEMES

You may be able to get financial help through a Government home ownership scheme if you live in England and Wales and can't afford to buy a home. To find out more about all the current Government Affordable Home Ownership Schemes please visit *gov.uk/affordable-home-ownership-schemes/overview*

Government schemes can be subject to change – this information is correct at the time of printing (October 2017).

Currently, the Family Building Society doesn't offer Help to Buy and Shared Ownership mortgages.

1. Help to Buy: equity loans

These are open to both first time buyers and home movers on new-build homes in England with a purchase price up to £600,000. You won't be able to sub-let your home if you use this scheme and it must also be your only property. You'll need to contribute at least 5% of the property price as a deposit, the Government will lend you up to 20% of the price and you'll need a mortgage of up to 75% to cover the rest. If you're buying a house in London, the Government will lend you up to 40% of the price, and you'll need a mortgage of up to 55%.

2. Shared Ownership schemes

Shared Ownership schemes are provided through Housing Associations. You buy a share of your home (between 25% and 75% of the home's value) and pay rent on the remaining share. You'll need to take out a mortgage to pay for your share of the home's purchase price. Shared Ownership properties are always leasehold.

PROTECT YOUR FUTURE

Once you've had your mortgage approved you should think about protecting your home and family. The mortgage isn't usually the only payment each month. What about covering everyday bills and expenses? Utility bills, food shopping, travel costs, childcare... the list could go on. We're able to offer you life insurance and life and critical illness cover through a third party, which could help cover those essential bills should the worst happen.

As we explained earlier, as a condition of your mortgage you will need buildings insurance.

SECTION 5 – STEP-BY-STEP

HOME BUYING PLANNER

1	Speak to an adviser to discuss your mortgage needs. They can apply for an 'approval in principle' early in the process so you'll have an idea of the amount you can borrow.
2	Register with estate agents, and check property websites, smart phone apps and local papers to find a property you want. Make an offer via your estate agent. When your offer's accepted, complete a mortgage application with your adviser and submit to the lender. The lender will undertake credit searches and will instruct a valuation. It's also a good idea to have a survey done so you'll need to decide which type you want.
3	Instruct a solicitor or licensed conveyancer who will undertake all the legal work required throughout the process of you buying your home. (Your lender may be able to put you in touch with one otherwise it's a good idea to go through a recommendation.) The lender will issue a binding offer detailing any conditions that apply.
4	Your solicitor will draw up contracts and arrange a date for them to be exchanged. At this point you're legally committed to the contract. If any deposit is due, it will need to be paid at this point. At the same time the date of exchange is agreed, the date for completion will also be decided.
5	Buildings insurance will need to be in place (on risk) from exchange of contracts. It may be appropriate for some of your other protection needs to be in place at exchange.
6	You can arrange to collect the keys to your new home on your completion date.

REMORTGAGING PLANNER

1. Speak to an adviser to discuss your remortgage needs.

2. Complete a mortgage application form with your adviser and submit to the lender:
   - The lender will instruct a valuation.
   - The lender will undertake credit searches.

3. Unless your lender offers free legal services, instruct a solicitor or licensed conveyancer who will do all the legal work required throughout the remortgaging process.

4. Your lender will issue a binding offer letter detailing any conditions that apply.

5. Your solicitor will give you a completion date and ensure funds are transferred appropriately so your existing mortgage is repaid and any surplus funds passed to you.

6. Your new lender will correspond with you on your new loan.

HOW ARE WE REGULATED?

WE'RE REGULATED BY THE **FINANCIAL CONDUCT AUTHORITY (FCA)** WHICH IS RESPONSIBLE FOR MORTGAGE REGULATION, THE RULES OF WHICH COVER THE WAY MORTGAGES ARE ADVERTISED, SOLD AND ADMINISTERED. WE HAVE PERMISSION TO ADVISE ON AND ARRANGE REGULATED MORTGAGE CONTRACTS AND HAVE A TEAM OF QUALIFIED MORTGAGE ADVISERS TO PROVIDE ADVICE AND RECOMMEND A MORTGAGE PRODUCT FOR YOU.

WE'RE ALSO REGULATED BY THE **PRUDENTIAL REGULATION AUTHORITY (PRA)** WHICH IS PART OF THE BANK OF ENGLAND AND IS RESPONSIBLE FOR THE PRUDENTIAL REGULATION AND SUPERVISION OF BANKS, BUILDING SOCIETIES, CREDIT UNIONS, INSURERS AND MAJOR INVESTMENT FIRMS. IN TOTAL THE PRA REGULATES AROUND 1,500 FINANCIAL FIRMS IN THE UK.

USEFUL WEBSITES

moneyadviceservice.org.uk

A website from the Government providing impartial financial information. It includes tools and calculators, a news page and sections explaining financial products.

ukfinance.org.uk

UK Finance represents nearly 300 of the leading firms providing finance, banking, markets and payments-related services in or from the UK.

naea.co.uk

The National Association of Estate Agents provides help and advice on buying and selling property.

gov.uk

Public services website provided by the Government.

This booklet can be provided in alternative formats on request.

THE FAMILY BUILDING SOCIETY

EBBISHAM HOUSE
30 CHURCH STREET
EPSOM, SURREY
KT17 4NL
familybuildingsociety.co.uk

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