

Village Financial Services Ltd – How we Work

Village Financial Services Ltd is an Appointed Representative of Personal Touch Financial Services Ltd, which is authorised and regulated by the Financial Services Authority. Village Financial Services was established in 1989. Since then we have helped thousands of customers to obtain mortgage and insurance facilities. We estimate that since we first set up in business we have arranged over 200 million pounds worth of mortgages. Our aim is to build long term relationships with customers to provide ongoing mortgage, protection and insurance advice.

We operate as an Appointed Representative of Personal Touch Financial Services Ltd. As such you can be sure that you are getting Independent Advice.

This document has been produced to give clarification of the mortgage process as a whole, including the types of mortgages available, relevant costs, mortgage related processes and the types of service we offer. It is not designed as a definitive house buying guide and you may well need to speak to your legal adviser (Solicitor), or Estate Agent for details on their services and charges.

We normally charge a fee for mortgage administration. The fee for mortgage administration is £49.

Treating Customers Fairly

Treating Customers Fairly (TCF) is a new initiative introduced by the regulator in 2006/2007. It is designed to ensure that advisers and companies review their processes to ensure they are fair as well as taking a more holistic approach to compliance and dealing with customers. More details can be found on the FSA website.

Village Financial Services Ltd have three key points to embed TCF

- Fairness
- Trust
- Service

What Are Our Objectives

We aim to build long term relationships with our customer to help them achieve their long term mortgage and protection goals.

- To treat customers as we would want to be treated ourselves
- To build trust
- To maintain our reputation with our customers

You should expect us to

- Introduce you to our IDD, Terms of Business
- Understand your circumstances
- Understand your aims and requirements
- Research the market place
- Present you with a key facts illustration
- Recommend the products applied for in writing with a suitability letter

As well as

- Help you understand the mortgage process
- Keep you informed of your application progress
- Ensure that you are aware that we are available to answer any questions you may have
- Ensure that you are aware that we are available, post completion to help you if you require

Who do we recommend

In recommending a lender we will firstly complete a mortgage questionnaire so that we have a detailed understanding of your mortgage situation and needs. When making a recommendation we provide independent advice.

The subsequent recommendation of a lender would depend upon the following: Product suitability, Product competitiveness, Product Features, Service (Quality and speed), Flexibility, Size, Reputation, After sales service, accessibility and Branch network.

It is difficult to know where to start. With our expertise we can help you understand which product is most suitable for you.

Which Mortgage is Suitable for You?

Navigating your way through the mortgage market may seem an overwhelming and intimidating process, especially given the abundance of available mortgages and mortgage providers.

However, finding the right mortgage means finding a mortgage tailored to meet your needs, taking into consideration your lifestyle, age and financial situation.

Nevertheless, even after taking these factors into account, you will almost certainly be faced with an enormous variety of mortgages and differing interest rates.

There are two major types of mortgage available on today's market:

1. Repayment
2. Interest only

Repayment

A Repayment Mortgage is structured so that the monthly mortgage payments, comprising partly of capital and interest, pay off the original amount borrowed as well as the interest that would be accrued over the mortgage term, by the end of the term.

Points to Note:

- A Repayment Mortgage is clear-cut and uncomplicated.
- It is a surefire way of repaying the loan provided that all payments are made and kept up with.
- Total amount owed decreases as time goes by.
- It is not compulsory to arrange life cover to repay the mortgage.
- Even though life cover is not always required, it is worthwhile to arrange at least term assurance to ensure the loan can be repaid in the event of your death and to avoid the house having to be sold in order to repay the mortgage.

Interest Only

So called due to the fact that you only pay interest to the lender each month. The original loan amount remains the same for the term of the loan. Therefore, suitable investments are planned in order to repay the loan at the end of the term. These investments are arranged at the beginning of the term and they include Pension Mortgages, Endowment Mortgages, PEP Mortgages, ISA Mortgages, and so on.

The amount originally borrowed on Interest Only mortgages does not change because you only pay off the capital at the end of the term. This is done by contributing towards the "Repayment Vehicle" (ie the investment(s)) chosen which should bestow a sufficiently large sum to repay the loan at the end of the term.

Although there appear to be many types of Interest Only mortgages, this is only due to the fact that the name is associated to the relevant investment. Even though the investments vary, the general nature of the Interest Only mortgages remains the same.

Points to Note:

- Investments are not guaranteed to appreciate so there is a certain amount of risk involved with the Interest Only.
- If the investment does not provide as good a return as was expected, it may not cover the loan. The onus is then on you to ensure that you can repay the loan at the end of the term.
- Investments associated with Interest Only mortgages are portable meaning that you can keep the investment, add to them and link them to a new mortgage if you move house.
- As a result of the original amount borrowed never going down, if you sell your house that amount will need to be repaid.

Flexible Mortgages

This is a relatively new type of mortgage, which, as the name suggests, is flexible. It is structured so that you can overpay, underpay and even take payment holidays without incurring any penalties. Most flexible mortgages have their interest calculated daily, bringing about the full benefits of overpaying. Regularly overpaying the Flexible Mortgages without later underpaying it could lead to the mortgage being paid off sooner and save you thousands of pounds in interest.

Although Flexible Mortgages fall into either Capital Repayment or Interest Only Mortgages, they have been included here due to all the options that come with them, eg overpaying/underpaying, payment holidays, pay loan off sooner, etc.

Points to Note:

- Permits overpayments and underpayments on mortgages and allows all overpayments to be drawn back.
- Gives you the option to repay your loan before the end of the term by overpaying.
- Usually interest is calculated daily giving the benefit of saving you money when overpayments are made, even if the money is drawn back at a later date.
- Allows you to vary the amount you pay, either overpaying it, underpaying it or taking payment holidays as long as you do not exceed your original mortgage threshold.
- Some enable you to use your mortgage account as a current account, giving you the ability to pool your money with the standard current account options of a cheque book and debit card.
- There are generally no penalties for redemption of the mortgage.

Main Benefits

- Vary your payments to adjust to your current financial situation and lifestyle.
- Has the potential to supply you with substantial interest payments savings.
- Permits you to repay the loan before the end of the term using regular overpayments, if you would like to.
- Provides an excellent place to house spare money, eg annual bonus. This is due to the fact that interest saved on your loan will normally outweigh the amount you would normally receive from a savings account, even prior to income tax, which usually affects savings account.

Advice

There are three groups of people who can advise you. These are Registered Mortgage Advisors (R.M.As), intermediaries (eg brokers) and the lenders themselves. However, the amount of advice each can give varies.

Registered Mortgage Advisors can advise on all the mortgage arrangements, they can offer you a range of products from the mortgage companies on the market.

Intermediaries such as brokers can generally advise and will generally have links to companies who can advise and arrange the investment and insurance aspects.

Most mortgage lenders can advise only on the loan but some are tied to a life company and can therefore only arrange the associated investment and insurances through the company.

Important Note

Interest rates can fluctuate with very little warning. Therefore this is another important area, which must be seriously thought about due to the different types of interest rates that are available and their implications.

Current mortgage interest rates depend on the financial markets. As these rates fluctuate, so too can the amount you pay each month. However, mortgage lenders put together "Special Offers" to entice you to buy from them. Some of these special offers include fixed, variable and discounted offers.

Each of these offers has its own advantages and disadvantages. For example, you may think that interest rates are going to decline so that you settle on a variable rate but if the rate goes up, you will have to pay more. Whereas a fixed rate remains static for a set period of time so that you have a set rate that you pay each month, irrespective of the actual rate at that time.

The Different Interest Rate Types

Variable

Usually known as the standard variable rate. This rate normally fluctuates in line with the Bank of England interest rate.

Discounted

This is a variable rate but set at a fixed percentage below the lender's standard variable rate. If you wish to pay back your loan before the end of the discounted rate, you may have to pay a charge known as a redemption penalty. In some cases these charges apply for a short time after the discount rate has ended.

Fixed

The rate is static for a set period of time, usually a number of years. Once this period has ended, the rate goes back to the lender's variable rate. Even though you can usually choose the length of the fixed period, the selection will be limited to current offers. There are often redemption penalties on these rates if you wish to repay the loan before the fixed rate is up and occasionally a short time after.

Capped

These rates limit your payments to variations between a minimum and maximum rate for a set period of time.

Cashback Incentive

Costs You May Incur

The following can be completed using our "Trigold" Mortgage quotation, a quote from your solicitor and if relevant your estate agent.

	Cost (£)
Survey/Valuation fee An assessment of the condition or value (or both) of the property offered as security by a surveyor. Details of the different surveys available are listed further on in this brochure.	
Fixed Rate/ Arrangement Fee A fee charged by the lender to arrange your mortgage.	
Local Search A check carried out by the solicitor/ licensed conveyancer to ensure the property is not affected by any plans registered at the Local Authority planning Department.	
Stamp Duty A Government tax on your purchase price. Rates are as follows Purchase Price £0 to £175,000 0% £175,001 to £250,000 1% £250,001 to £500,000 3% £500,001 plus 4%	
Land Registry fee A fee to register the property in your name and the name of any relevant lender.	
Home Information Pack HIP A compulsory set of documents that provide key information about the home being sold.	
Conveyancing fee A charge made by the solicitor or licensed conveyancer for their time involved in the legal process of buying or selling a property. VAT is chargeable	
Brokers fee A charge by your broker for their professional services. In most cases commission earned from the life assurance policies will mean that a fee would not be charged.	
Estate Agency Fee (Sale only) A charge made by your agent to find a buyer for your home. Generally a percentage of the sale price is charged. VAT is chargeable.	
Miscellaneous Includes Telegraphic Transfers (Electronic transmission of completion funds), Drain/ mine searches, bankruptcy searches, land searches. Beware your solicitor could charge extra if they have been involved in a lot of work in connection with your transaction.	
Higher Lending Charge Some lenders will wish to insure their risk when you wish to borrow over certain percentage levels. The fee charged is a one off premium, payable by you via the lender to a third party insurer to cover any potential risk the borrower may pose. (see notes on High Percentage Lending Fee & Glossary of Terms). In most cases the lender will provide the facility to add this fee to the loan.	
TOTAL	
LESS ITEMS ADDED TO LOAN	
NET TOTAL REQUIRED	

Standard Valuation

A report commissioned by the lender to assess the value and merchantability of the security address. The report is limited and is for the lenders benefit only. The borrower has no legal reliance on its content.

Homebuyers Report

A more involved report for the borrowers benefit as well as the lender. The report not only assesses the value and merchantability of the security property, it will also address specific areas such as: Roof, Structure, Electric's, Damp, Timber Infestation, Plumbing, Joinery, Floors etc. In this respect it is more thorough than the Standard Valuation. However it will generally not make a specific recommendations, but more likely will raise areas of concern for further investigation. The surveyor will make allowances where he is not able to gain access to areas such as under fitted carpets and inaccessible areas. In this respect it will not provide a guarantee and any purchaser only has limited rights of compensation if the surveyor is found to be negligent.

Full Structural Survey

A Full Structural Survey on the structure offered as security. Very thorough and for the buyers benefit. This is the most expensive and comprehensive of the three options.

We recommend you obtain the most comprehensive report you can afford.

Due to the fact that property prices vary according to market condition, the value to your property may depreciate as well as appreciate. In future, this could mean that your mortgage loan exceeds the property's current market value. This is known as a "negative equity" situation.

Budgeting in your new home

Use the planner below to assess how much your monthly outlay will be in your new home. If you need help with any areas then please speak to any of our advisors who will be happy to help.

	£		£
Mortgage/Rent		Private Medical Insurance	
Utilities (gas, electric, phone, fuel		Maintenance	
Water rates & Council Tax		Education fees	
Regular Household (including food)		Childcare	
Car Tax, Maintenance & Insurance		Clothes	
Travelling Expenses		Holidays & Leisure	
General Household Insurance		Drink & Tobacco	
Life Assurance & Pensions		Hobbies	
Accident & Sickness & Redundancy Ins		Charitable Donations	
TV Cost		Other Expenses	
Credit & Store Cards			
HP & Personal Loans		TOTAL REGULAR OUTGOINGS	

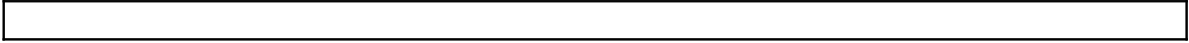
Did you know

You can insure your mortgage and or its payments from death, critical illness, Total Permanent Disability, Accident, Sickness, Redundancy and involuntary bankruptcy.

Hints and Tips

Listed below are a few points to help you in your house purchase or remortgage.

- Always seek independent mortgage advice, never approach a lender direct. A Mortgage Broker will be able to analyse the market place to obtain the most appropriate product for your circumstances. A lender is limited to the mortgages available from their own product range and you will have no way of gauging whether this is competitive or not without doing your own research. Let a Mortgage Broker do all the hard work for you.
- When choosing a mortgage always ensure that any benefit you receive by way of discount or fixed rate for example is not followed by a further penalty period. This “overhang” is designed to lock you in and limit your choices when your initial benefit period has finished. When your discount or fixed/capped rate finishes so should the penalty, allowing you to change your product if you so wish.
- Try to get a mortgage that allows you to over pay. If you pay more into your loan than the normal monthly payments, this can result in a significant reduction in the mortgage term and the level of interest charged.
- Look for a product that charges daily interest, not annual. Daily interest is more efficient and you will be charged less interest over the mortgage term. In addition daily interest is more appropriate if you wish to over pay.
- Always consider the overall cost of the mortgage product over the initial period. Don't be fooled into applying for a product with a free survey or a small amount of cashback, it may work out more expensive overall. Ask your mortgage broker to do an actual cost comparison.
- Consider a Homebuyers Report or Full Structural Survey rather than a valuation report for the lender. These may be more expensive but can stop you buying a whole load of trouble.
- When Instructing a solicitor don't just go for the cheapest quote, make a decision based on service. Remember “Buy cheap, get cheap” and if you end up with poor service it could be the worst saving you ever made. Speak to your friends, or ask your Mortgage Adviser or Estate Agent, any recommendations from them are likely to be to reputable, professional companies.
- When choosing an Estate Agent, again don't go for the cheapest quote. Consider their presence and activity in your area, look for a referral from friends and relatives. Try to look for independently owned Agents, preferably with staff that own the business, they have a greater incentive to sell your home and get you moved.
- Always get a full list of all the fees you will incur in your move. This can be supplied by your agent, broker or solicitor, or a combination of all three.
- Beware of the stamp duty thresholds. The amount charged between purchase price of £175,001 and £250,000 is 1%. However this increases dramatically to 3% between £250,001 and £500,000 and 4%! for purchase prices in excess of £500,001.
- Complete a detailed budget planner for your new loan. It will help avoid any miscalculations when it is too late.
- Insure yourself properly. Many borrowers make inadequate provision against death, critical illness, sickness, accident, redundancy and in some cases buildings and contents. Consider all the risks before it's too late.



Glossary of Terms

This section deals with all those statements that can confuse homebuyers, and remortgagers. Confused with all the jargon, read on!

ASU Accident, Sickness and Unemployment insurance.

Advance The total amount of loan provided by the lender.

Annual Interest A method of interest calculation where the level of interest is set by the lender at the start of the year, for the whole year. Less efficient than Daily interest.

Annual Percentage Rate (APR) A figure that states the total yearly cost of a mortgage as expressed by the actual rate of interest paid.

Application Fee The fee charged by the lender to the borrower for applying for a loan.

Arrangement fee This fee is charged to cover administration and primarily the reserving of funds for fixed rate and/or discounted rate mortgages.

Arrears When mortgage payments have not been paid on time and/or are not made at the correct amount, borrowers are said to be in arrears.

Base Rate The base rate, sometimes referred to as the repo rate is the minimum rate at which banks are prepared to lend money – it acts as the benchmark for other interest rates, including personal loans and mortgages.

Booking Fee A charge by a lender to reserve mortgage funds on a particular type of product.

Broker An individual in the business of assisting in arranging funding or negotiating contracts for a client but who does not loan the money himself.

Bridging Loan Bridging loans are short-term loans. Bridging loans are often used by purchasers of a property who need funds for a limited period of time. eg until they sell their existing home.

Buildings Insurance – Rebuilding Cost It is common sense to take out “building insurance” when you purchase a property. In any event, if you’re taking out a mortgage, your lender will insist on it. You will need to know the rebuilding cost of your property so that you may insure for the correct amount.

Capital The amount of loan.

Capital Repayment Mortgage The monthly repayment made by the borrower includes a repayment of capital borrowed and an amount for the interest charged. At the beginning of the mortgage most of the payment is used to cover the interest and only a small amount is paid towards reducing the mortgage. Over the term of the mortgage more and more of the monthly payment is comprised of paying back the capital borrowed. As long as the monthly payments of repayments are always made on time the mortgage is guaranteed to be paid off at the end of term.

Capped Rate Mortgage This refers to a capped rate mortgage which is cross between a fixed rate and a variable rate mortgage. The interest rate will never rise above a certain rate within what is known as the capped rate period. If the usual variable mortgage rate is less than the capped rate then the borrower is charged that variable rate.

Capped and Collared Along with the term-capped rate, the phrase cap and collar mortgages are often encountered. The ‘collar’ is the minimum interest rate, whilst the maximum interest rate payable is known as the ‘cap’. As these mortgages involve the lender having to source funds it is usual for early redemption penalties to be imposed if the mortgage is redeemed within a capped rate period.

Cashback Mortgages On completion of the mortgage, your lender will pay a percentage of the amount borrowed ‘back’ to you as a lump sum. The higher the cash back sum paid, the greater and more complex the number of strings to be attached to the mortgage. You may be faced with high redemption penalties over several years should you wish to consider redeeming the mortgage early. You may also be offered a less competitive interest rate than is available elsewhere.

Completion Date This is the last stage in the purchase of property. The legal documentation is finalised and the lender has sent the mortgage funds to the purchaser’s solicitor. Once the purchaser’s solicitor forwards the funds to the seller’s solicitor the property is now owned by the Purchaser.

Contract Written legal agreement drawn up by the vendors solicitor between both purchaser and vendor, setting the price terms and date for the property to complete.

Covenant A condition on the property deeds. Covenants can be positive (example, you must keep a shared access clear), or a negative covenant (example, you are not permitted to allow

hedges to grow above a certain height).

Credit Rating Borrowers are rated by lenders according to the borrower's credit-worthiness or risk profile. Credit ratings are expressed as letter grades such as A-, B, or C+. These ratings are based on various factors such as a borrower's payment history, foreclosures, bankruptcies and charge-offs

Credit Score A computer based underwriting system used by lenders to assess a borrower's credit worthiness, potential ability to pay and overall risk of the borrower to the lender. Credit Scoring systems use historic information as well as a borrower's status to provide an assessment.

Credit Reference Agencies Organisations licensed under the Consumer Credit Act 1974, which hold information about individuals regarding their residential movements, status and financial credit transactions. Lenders may give information to as well as seek information from these organisations.

Daily Interest A method of interest calculation where the lender calculates the level of interest charged daily, based on the amount owed on that day.

Deed A legal document which affects the transfer or ownership of real estate from the seller to the buyer

Default The failure to make payments on a loan, or credit agreement.

Deposit A lump sum given in advance as security.

Discount Difference between the face amount of a note or mortgage and the price at which the instrument is sold in the secondary market.

Draw Down Facility This tends to be an option made available with so-called flexible mortgages. The lender will allow you to "draw" funds out of your mortgage account at any time during the mortgage term providing you do not increase the size of your borrowing over the previous mortgage advance.

Early Repayment Charge This is a charge made by your mortgage lender which is payable on certain types of loan – usually discounted of fixed rate loans. The charge is only applied if the loan is redeemed or part redeemed within the specified early repayment charge period.

Energy Performance Certificate (EPC) is required whenever a property (residential & commercial) is constructed, sold or let. The EPC gives a standard energy and carbon emission efficiency grading for the property displayed as graphs, along with explanations & recommendations for improvement. Prospective buyers or tenants can therefore compare the energy efficiency of different properties. The EPC is included in the HIP of a property being sold and the graphs are also displayed on estate agency property particulars.

Equity The difference between the current market value of a property and the outstanding balance of all outstanding loans, secured against the property.

Exchange of Contracts (England and Wales only) At this stage of property purchase legally binding contracts are exchanged between the buyer and the seller. After contracts have been exchanged the vendor must sell and the purchase must buy on the terms agreed.

FSA The Financial Services Authority. The Government body put in place to monitor and Regulate the Financial Services Industry.

Fixed Rate Mortgage A fixed interest rate mortgage offers the borrower certain knowledge of just how much their mortgage payments will be each month for a set period of time.

Flexible Mortgage – generally speaking you have the option of overpaying, underpaying, or even taking payment holiday.

Freehold The legal right to hold land/property as the absolute outright owner, free of payment or any other duty owned to another party.

Further Advance This is an additional loan by a lender to the borrower. A further advance to release more money on your home, is sometimes referred to as a second mortgage. It will usually be secured by the existing mortgage deed.

Ground Rent This is a sum of money paid to the landlord by a leaseholder in respect of a leasehold property. The ground rent is set when the lease is first granted. The lease usually provides for increases in the amount payable as the years tick by.

Guarantor A guarantor is a third party who stands liable to cover any shortfall or default on the borrower's debt.

Gazumping Where a seller accepts a buyer's bid and subsequently accepts a higher bid from an alternative buyer before exchange of contracts.

Higher Lending Charge The higher lending charge, formerly known as a mortgage indemnity guarantee (MIG), is a fee charged by a mortgage lender where the amount borrowed exceeds a given percentage of the value of the property. This fee may be used by the lender to purchase an insurance policy designed to protect it (the mortgage) against loss in the event of you defaulting

and ceasing to repay your mortgage.

Home Buyers Report This is a property survey report which has more information than a mortgage valuation but is not as detailed as a full structural survey report. This report is used by the lender in place of the mortgage valuation report and gives more information that will enable a borrower to reach a decision on whether or not to purchase.

Home Information Pack (HIP) is a compulsory set of documents that provides key information about the home being sold. The pack is usually commissioned for the seller by their estate agent and must be available before marketing of a property can begin. The cost to the seller is usually around £350 and the HIP must include: Index, Property Information Questionnaire (PIQ), Energy Performance Certificate (EPC), Sale statement (summary of the terms of sale), Evidence of legal title (from HM Land Registry), Standard searches (local authority and drainage and water), Sustainability information (required for newly built homes only), Tenure details (including for leasehold properties; copies of leases, details of service charges and insurances, etc)

ISA Mortgages ISAs are investments in the stock market in a tax efficient way. In effect, you are taking out an interest only mortgage and saving into an ISA to build up funds to repay the capital sum you have borrowed. The traditional alternatives to an ISA mortgage are repayment and endowment.

Interest Only An interest only mortgage is a loan in which you pay no more than the interest charged. In effect, you are merely servicing the debt, not reducing it. The amount you owe remains constant. If you have an interest only mortgage, the onus is on you to arrange how to repay the capital at the end of the mortgage term.

Interest Rate The percentage of an amount of money that's paid for its use over a specified time period.

Joint Tenants This is the owning of land or property by two or more people who are co-owners or "joint tenants". Each has rights in the whole of the property and is entitled to a share of any money raised from selling it.

Land Registry The government organisation that controls registration of ownership, boundaries, rights of way etc for all property in England and Wales.

Leasehold An estate for a fixed length of time, established when a landlord gives up possession or real estate to a tenant, giving the tenant an equitable interest in the property, as defined by lease terms.

Lender The bank, building society or mortgage company, offering the loan.

LIBOR The London Interbank Offered Rate Index (LIBOR) is an average of the interest rates that major international banks charge each other to borrow US dollars in the London money market.

Loan Amount The amount of money that you intend on borrowing from a financial institution for the purchase of your home.

Loan to Value The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

Mortgagee The lender.

Mortgagor The borrower.

Mortgage Deed The formal agreement signed between mortgagee and mortgagor.

Mortgage Offer This is the document issued by a mortgage lender to a prospective borrower following approval of the mortgage application.

Mortgage Term The "term" of a mortgage is simply the length of time over the lender is willing to advance you the money before it must be repaid

Multiple Agency Where an owner instructs various estate agents to market their property.

Negative Equity When the value of an asset (eg your home) falls below the amount of the loan taken out to purchase it, you are said to be in a position of negative equity.

Net Advance The gross amount of mortgage less any fees, charges or retentions.

Overpayment You make an overpayment when you pay more each month to your mortgage lender than the stipulated required monthly repayment.

Pension Mortgage The self-employed or those with a personal pension can link their mortgage loan to a pension plan. At the end of the mortgage term, the tax-free proceeds (the tax free lump sum) of the pension fund is used to repay the capital outstanding.

Property Information Questionnaire (PIQ) in the HIP is a form completed by the seller about their home. It details general information such as Council Tax Bands, parking arrangements, any storm/flood damage and insurance claims, utilities and services at the property, any extension and home improvements, rights of way and if applicable, leasehold charges and restrictions.

Portable Mortgage This is an important area for borrowers to be aware of. It describes the facility to move a particular type of mortgage from one property to another if a property move is

required.

Procuration Fee This is commission paid by Lenders to intermediaries for introducing business to them.

Redemption Full repayment of a loan.

Redemption Penalty A charge made by the lender for repaying your loan early.

Remortgage This is simply the replacement of an existing mortgage with a new one.

Retention An amount of money withheld from the mortgage advance until certain work has been carried out to the property. Generally this has been identified as a result of the survey.

Alternatively a lender could impose a retention pending other requirements contained as conditions within the mortgage offer.

Right to Buy This is when a tenant living in a council-owned property purchases it at a discount, the size of which depends on the length of their tenancy.

Self-Certification Mortgage

This is a mortgage where a borrower states their income and signs a confirmation of their ability to repay a loan, without having to provide evidence such as accounts, payslips or bank statements. This type of mortgage is typically used by self-employed people.

Settlement (Scotland only) The final legal transfer of ownership of property.

Share Ownership The scheme works by allowing the borrower to purchase part of the property and rent the other part from the housing association. This subsidises home ownership for people who would otherwise not be able to become homeowners.

Sole Agency Where the owner of a property gives exclusive selling/ marketing rights to an Estate Agent for a given period. The fee charged by an Agent for Sole Agency is generally significantly less than for Multiple agency agreements.

Split Loan This is mortgage that is taken partly on a Capital and Interest bases and partly on an Interest Only basis (see definitions above).

Stamp Duty A Government tax on your purchase based on the purchase price. Charges are as follows:

Purchase price 0-£175,000	0%
£175,001 to £250,000	1% of the whole purchase price
£250,001 to £500,000	3% of the whole purchase price
£500,001 plus	4% of the whole purchase price

Standard Variable Rate (SVR) This is a variable rate determined entirely at each Lender's discretion. Unless linked to Libor or the Bank of England base rate, the SVR is the reverting rate at the end of any special offer period, such as Capped, Discounted or Fixed rate.

Subject to Contract The agreement of a buyer to purchase a property, subject to certain conditions and satisfactory title being provided by the seller.

Tenants in Common An agreement between purchaser where in the event of either death the value of that person's share in the property is paid to their estate, not the surviving person. This is generally considered where couples are not married or where a purchase is made jointly to take advantage of both parties income where otherwise there is no relationship.

Telegraphic Transfer. An electronic transfer of funds, generally made by your solicitor on completion of your loan. There is normally a small charge for this.

Term The period over which the loan is repaid.

Term Assurance This insurance repays the mortgage in the event of the insured person's death.

Title Deeds Documents showing ownership of a property.

Tracker Mortgage This is variable mortgage that is either above below the Bank of England's Base Rate by a set percentage within a set period.

Transfer Deed Document which formally transfers ownership from the seller to the buyer.

Valuation This is a quick survey of a property by a surveyor – the purpose is to assess the value of the property for the benefit of the lender.

Vendor The seller of the property.

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

