Switching your mortgage deal

We're with you every step of the way

The **co-operative** bank

Here for you for life

Why switch?

If you're thinking about switching your mortgage, you might not have to shop around.

You may actually be able to save money by staying with your existing lender and switching to a new deal. And, of course, staying with your existing lender could be a more straightforward process – so everything may be quicker to arrange.

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

Changing the amount of time you have left on your mortgage

As well as looking for a more competitive interest rate, or a deal that is a better fit to your personal and financial circumstances, you may also be looking at the option to review your mortgage term.

If you increase the length of your mortgage term, you could reduce the amount you have to pay every month. (Remember though, by extending the life of a loan you pay more interest overall.)

On the other hand, if you reduce your mortgage term, you will also reduce the amount of interest you pay overall. This could mean that you make a saving over the life of the loan by reducing the amount of interest you pay overall.

Reducing your term could be a good alternative to making overpayments on your mortgage if your lender would normally charge for you to do this. Although, reducing the length of your mortgage could mean your monthly payments will go up.

Different types of mortgages

The Co-operative Bank provides a fully advised mortgage service. Our expert advisers can guide you through the different types of mortgage we offer and help you choose which product best matches your needs from our range of Britannia mortgages from The Co-operative Bank.

You can find out more about our range of mortgages by visiting co-operativebank.co.uk/mortgages

Some of the types of mortgage you can choose from are:

Fixed Rate Mortgages

With a fixed rate mortgage your interest rate stays the same for a fixed deal period, for example, three years. This can make it easier to manage your budget because your monthly payment will stay the same. Once your deal period has ended, many lenders will transfer you to their standard variable rate (SVR). You should check what happens at the end of your fixed rate deal with your mortgage lender.

Variable Rate Mortgages

With a variable rate mortgage, the amount you pay each month may go up and down, depending on the interest rate.

There are a wide range of options to choose from, including:

Tracker	A variable rate mortgage where the rate of interest tracks the Bank of England's Base Rate or a rate indicated by your mortgage lender. Once your Tracker rate deal is over, many lenders will transfer you to their standard variable rate (SVR). You should check what happens at the end of your tracker rate deal with your mortgage lender.
Standard Variable Rate (SVR)	This rate is set by the lender and you will often be switched onto an SVR automatically at the end of your current deal if you haven't switched.

Although not available through The Co-operative Bank, other mortgage options include:

Capped	Even though the interest rate is variable, your lender caps the maximum level it could rise to and agrees it won't go above this for the duration of your deal.
Offset	You only pay interest on the difference between the balance of your mortgage and your savings. When 'offsetting' you don't earn interest on your savings, but you will reduce the amount of interest you pay on your mortgage instead. This may be a fixed or variable rate.
Discount	A discounted rate applied by the lender to their SVR for a set period of time. Make a note of your lender's SVR before you take out the mortgage though, as this is what you'll pay once your discount ends.

Repayment types

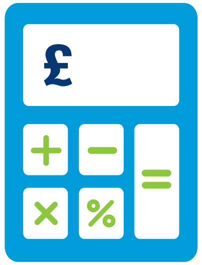
There are also two options on how you pay back your loan:

Capital and interest

Also known as a Repayment mortgage, this is where the monthly payments you make go towards paying off both the amount you borrowed, as well as the interest on the loan.

Interest only

With this option your monthly payments will be smaller as you're only paying the interest charged on your mortgage. If this is the repayment type you decide to go for, it is important to plan how you will repay the outstanding balance, as it is your responsibility to have enough funds available to pay your mortgage at the end of its term. The Co-operative Bank does not offer interest only mortgages.



Fees

As well as looking at the type of deal and repayment options that you have, you should also look into any fees that you might have to pay to switch your mortgage. These may include:

- Administration costs.
- Application fee – this is usually paid on application but it can sometimes be added to your mortgage so you won't need to find the money up front. If you're adding it to your mortgage remember that you'll pay interest on your fee over the full term of your mortgage. A booking fee may also be required. This is paid on application and is usually non-refundable.
- Re-valuation fees – you may want to check whether the value of your property has changed since you originally took out your mortgage.

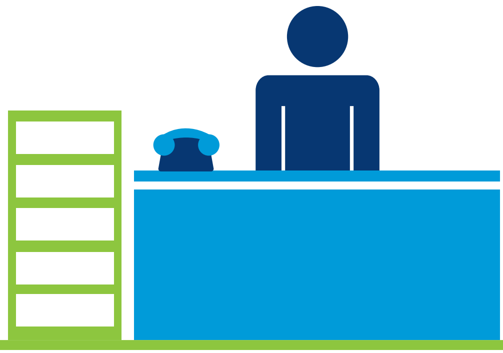
All mortgage applications are subject to an affordability assessment.

Find out your credit rating by clicking on the links below:

Experian: www.experian.co.uk

Equifax: www.equifax.co.uk

There may be a charge by the providers of these services.



When should I switch?

End of current deal

If your current deal has ended and you are paying your lender's standard variable rate (SVR), or your deal is approaching the end of a fixed or discounted period, it may be the right time to look at what other deals your provider can offer.

During current deal

Of course, you don't have to wait until your deal has ended to switch – and if you think you can save money by switching before your deal has ended it could be worth looking into.

If you're switching before your current deal has ended, you should find out if you will have to pay a fee – an early repayment charge may be applicable – and take this into account when you weigh up how much you are going to save.

Application process

If you are thinking about switching your mortgage, speaking to a mortgage adviser could be a good idea. A mortgage adviser will talk to you about your financial and personal circumstances, looking at things like your income and what you spend. They will then be able to offer you advice about the type of mortgage that is suitable for you. They will also be able to explain the steps involved in making an application.

The Co-operative Bank offers an advised mortgage service. Our expert advisers will be able to recommend which product best meets your needs from our range of Britannia mortgages from The Co-operative Bank.

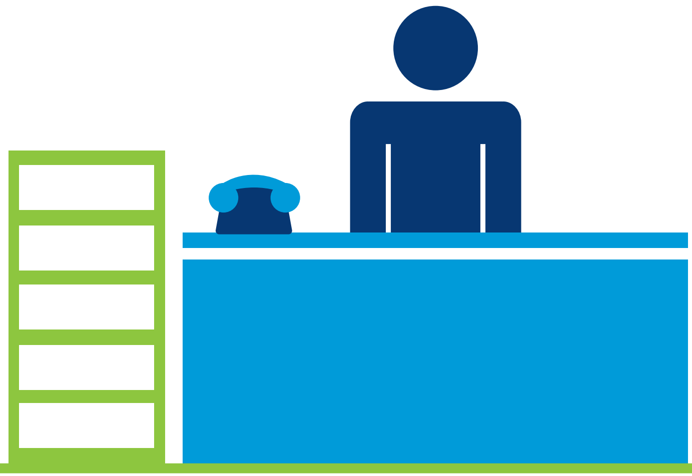
Alternatively, if you prefer to select your own deal, you can visit our website, view our current deals and choose a product yourself. For this 'execution only' service we won't provide any advice or make any comment on the suitability of the product.

What if I have difficulty making my payments?

As a responsible lender, The Co-operative Bank is committed to helping our customers through any difficulties they might have making their mortgage payments. If you have any concerns about your general financial position, we'd encourage you to speak to us.

We also recommend you check any life assurance and accident or sickness cover that support your mortgage commitments to make sure you have the right level of protection. If we can help you with your protection needs, please call 08000 288 288 or visit your local branch and we'll be happy to help.

For more information about Friends Life protection visit: co-operativebank.co.uk/mortgages/protection



Glossary

In case you're not sure what some of the words here mean, we've included some simple definitions.

Advance

This is sometimes used as another term for your mortgage loan. It refers to the amount your lender agrees to lend you.

Annual Percentage Rate (APR)

Shows the rate of interest you will pay on your mortgage over a year assuming you keep the mortgage for the whole of its term and that the interest rate doesn't change during this time. APR allows you to compare how much it will cost you to borrow from different mortgage providers.

Arrears

Arrears is a term to describe payments which are late or overdue.

Asking Price

The price that a person selling a property wants to get for its sale. This is negotiable.

Assets

Anything that you own that could be converted into a cash value.

Bank of England

This is the central bank of the UK and is responsible for maintaining a stable economy. As one of their functions, they set the interest base rate.

Base Rate

This is the interest rate set by the Bank of England that lenders use to set their own interest rates.

Broken interest

A charge for the amount of interest owed for the period between the day you complete your mortgage and the day that the first payment is taken. The broken interest will be collected at the same time as your first repayment

Broker

A broker – or mortgage broker – is someone who can offer you advice on taking out a mortgage. Independent mortgage brokers will be able to help you compare products from different lenders to see which is the best deal. You don't have to use a broker, but if you do you should make sure that they are registered.

Buildings Insurance

Insurance that protects you in case your home is damaged through circumstances like fire, flooding, subsidence etc. Many mortgage offers are dependent on you having buildings insurance on property.

Chain

If you're buying a property from someone who is in the process of buying another property from someone else, this is known as being in a chain.

Completion

Your completion date is the final stage of you purchasing your property. On the day you complete your solicitor will pay the balance owed on the property to the seller's solicitor and your new home legally becomes yours. You'll be able to move in from this date.

Contract

A contract is a legally binding, documented agreement between two or more parties.

Conveyancing

Conveyancing is the name of the process involved in transferring the ownership of a property from one person to another. This process is completed by your solicitor or a qualified conveyancer.

Conveyancer

See above.

Council Tax Band

Your council tax band is decided by your local authority and will affect how much your council tax bill is when you live in that property.

Credit Rating

This is an assessment of how much risk you pose to a lender and is used to assess credit and loan applications.

Decision in Principle

This is your lender saying that in principle, based on their initial checks, they will agree to give you a mortgage. This is not the same as receiving a formal mortgage offer.

Deposit

The money you will have to pay up-front towards buying a property. This is normally expressed as a percentage of the total value of the property you're looking to buy.

Early Repayment Charge

A charge by a mortgage lender if all or part of the loan is paid before a date specified in the mortgage. It may be shorter or longer than the deal period.

Equity

The difference between the value of a property and the value of a mortgage.

Exchanging Contracts

The swapping of contracts between the buyer and the seller. From this point the sale is a legally binding contract.

Exit Fees

If you pay off your mortgage early you may be charged an early exit fee by your mortgage lender.

Financial Conduct Authority

Often abbreviated to FCA this is an independent regulatory body for financial services.

Freehold

If your property is freehold it means that you own both the property and the land that it sits on for an unlimited period of time.

Ground-rent

If you own your property on a leasehold basis you will have to pay this fee to the person who holds the freehold on the property. This is normally a yearly payment.

Guarantor

A person who guarantees that you will make the monthly repayments on your mortgage loan and agrees to be liable for the debt if you don't keep up with your monthly repayments.

Inflation

A rise in general price levels.

Insurance

Insurance is a contractual agreement between you and the insurer to pay compensation for a loss caused by a specified event. You will pay a monthly or annual premium for this agreement.

Joint Application

When you and another person apply for a mortgage together and are jointly and individually responsible for making your monthly repayments.

Joint Mortgage

When you and another person buy a property together and are jointly and individually responsible for making your monthly mortgage repayments.

Key Facts Illustration

This shows you the details of a mortgage deal so that you can compare it against other deals.

Land Registry Fees

The money that you pay to the Land Registry when ownership of land is transferred.

Lease

A contract renting land for an agreed amount of time.

Leasehold

Means you have a right to occupy the property but rent the land it sits on from the person who owns the freehold.

Lender

The Bank, Building Society or financial services provider that agrees to lend you the money for a mortgage loan.

Loan-to-value

Commonly abbreviated to LTV, this stands for loan to value. LTV shows the ratio of the mortgage amount to the value of the property expressed as a percentage.

Mortgage

A mortgage is a loan to help you buy a property. You'll need to contribute towards the cost with a deposit and will be charged a rate of interest on what you owe. Your home will be at risk if you don't keep up repayments on your mortgage loan.

Mortgage Adviser

A mortgage adviser is someone who's qualified to offer you advice. They'll assess your needs and eligibility before recommending the most suitable product for you. Using a mortgage adviser offers the best protection for you as a customer.

Over Payments

You will be told by your lender the amount you must re-pay on your mortgage loan each month. If you want to pay over this amount or make a lump-sum payment this is known as an over-payment and, depending on your lender and mortgage agreement, you may be charged an early repayment charge for doing this.

Portable/porting

This is a feature of a mortgage deal that means if you move house before your current deal has expired, you can transfer your existing mortgage deal to your new property. Not all mortgages are portable and you should check the terms and conditions of your mortgage if you are interested in porting. Lending criteria applies.

Product Fee

Depending on your lender or deal you may be asked to pay a fee to secure your preferred mortgage product.

Prudential Regulation Authority

Commonly abbreviated to PRA, responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.

Purchase Price

This is the amount you buy the property for and it may differ from the amount that the house was originally advertised at.

Repayment Mortgage

Your monthly payment covers the interest payment and an extra amount that goes towards paying off the amount you owe.

Remortgage

When you move your mortgage from one lender to another but you're not moving house.

Repossessed

If you don't keep up with your monthly repayments your lender has a legal right to take possession of your property and sell it to repay the mortgage debt.

Seller

The person selling the property.

Standard Variable Rate

Set by lenders this is a rate which you may move to at the end of a deal period. Not all lenders have an SVR.

Stamp Duty

This is a government tax you have to pay on the purchase of your property. The amount will vary depending on the value of your property and you should check before you buy how much, if any, stamp duty will cost you.

Subject to Contract

If you agree subject to contract you are agreeing that you are going to buy / sell a property but it has not yet become legally binding through the exchange of contracts.

Survey

This is an inspection into the condition of the property that is carried out by a qualified surveyor. There are a number of types of survey which vary in cost and how comprehensive the investigation is.

Title Deeds

These are held at the Land Registry to show that you legally own the property.

Term

The number of years over which you agree to pay back your mortgage.

Under Payment

When you pay less than the agreed minimum monthly repayment amount.

Valuation

An assessment to see how much a property is worth. This is normally used by a lender to check if a property is suitable for them to loan you the money to buy it.

Valuer

A person who conducts the inspection with a view to making a valuation.

Vendor

This is another way that people refer to the seller of a property.

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