

The **co-operative** bank
good with money

A guide to buying your first home

We are here to help



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A guide to buying your first home

Whether you're buying on your own, with your partner or a group of friends, stepping onto the property ladder for the first time can seem pretty daunting. The Co-operative Bank has prepared this first-time buyer's guide to simplify the whole process and equip you with some tools and tips for buying your first home.

We believe in simplifying things so that you can spend more time considering the finer points of the property you're looking to buy, and less time on the nuts and bolts of the purchasing process. We'll do all that for you, so you can relax and focus on making your first property your home.

Which mortgage is for me?

A range of first-time buyer mortgages

Fixed

With a fixed-rate mortgage you pay an agreed rate of interest for a set period of time, for example, three years. Knowing the exact amount of money you will pay each month makes it easier to budget and gives you the reassurance that your monthly payments will stay the same whatever happens to interest rates.

Tracker

A tracker mortgage gives you a rate of interest either above or below the Bank of England Base Rate for a set period or for the life of the mortgage. Any changes to the Base Rate will be reflected in your monthly repayments; if it goes up so will your repayments and if it goes down then you'll benefit from the rate going down too.

Capped

With a capped mortgage, you have all the benefits of a variable rate product at a rate that won't go above the level you agreed to. If interest rates fall, so will the rate you pay on your mortgage. However, the rate you pay will be higher than an equivalent discounted rate mortgage.

Guarantor

The Co-operative Bank offers a mortgage that can be guaranteed by a close relative who promises to be answerable to the debt of the mortgage holder. Guarantors will be subject to the same lending assessment as the mortgage holder.

How much deposit do I need?

The size of the deposit you can afford to put down will also influence your choice of mortgage lender and the type of mortgage available to you.

All lenders have rules on the maximum loan to value (LTV) they will offer – that is, the most they'll lend as a percentage of the property value. Many limit lending to 80% LTV, meaning you need to have at least 20% of the purchase price to put down as a deposit. The Co-operative Bank offers mortgages that require a 10% deposit at competitive rates of interest.

Deposit examples

Percentage	House Price	Deposit
10%	£150,000	£15,000
15%	£150,000	£22,500
20%	£150,000	£30,000

How much can I borrow?

This will depend on the size of your deposit, how much you earn and whether you can afford to make your monthly repayments. Many lenders will use some form of affordability calculation that weighs up incomings against outgoings.

However, as a general rule of thumb, many lenders use income multiples and will usually lend up to three times your annual income if you are buying alone. If you are buying as a couple, you can hope to get either three times the first income plus one year of the second income, or two-and-a-half times your joint income.

The Co-operative Bank can offer income multiples of up to **4.25 x sole income** and joint applicants could borrow **3.75 x joint income**.

If you're struggling to raise the money by yourself, you could consider some of the following options:

- ask for help from your parents or a close relative
- consider buying with a friend or friends
- look at entering a shared ownership scheme with a third party, such as your local authority, who will pay a percentage of the value to make it more affordable
- ask your parents or a family member to guarantee your mortgage so you can borrow more, but make sure they know what they are entering into.

Whichever option you go for, be careful not to overcommit yourself and bear in mind that there may be times when money suddenly becomes unexpectedly tight.

Additional costs

- **Application fee** – this is usually charged by the lender when you apply for the mortgage and is typically paid on completion. This can be added to your mortgage so you won't need to find the money upfront. A booking fee may also be required. This is payable on application and is usually non-refundable.
- **Valuation of property (basic valuation)** – a typical cost would be between £250–£350 for properties between £100,000–£250,000.
- **Legal and conveyancing fees** – are typically around £500.
- **Stamp duty** – first-time buyers do not have to pay stamp duty on properties up to £250,000[†].
- **Land Registry fees*** – can start from as little as £4. Visit landregistry.gov.uk for more information.
- **Local authority search fees***.
- **Other search fees and disbursements***.
- **House-hunting expenses** – for example, petrol and time off work.
- **Removal fees** – contact removal companies for guide quotations. See **Further information** on page 13 for the telephone number for The National Guild of Removers and Storers.
- **Higher lending charge (HLC)** – if you are looking to borrow more than the average mortgage. (This is not applicable at The Co-operative Bank.)

[†]Subject to change.

*Your solicitor will usually take care of these for you and roll them into the final payment.



Applying for a mortgage

Once you're ready to buy, it's time to make a mortgage application by completing and returning an application form. (You can sometimes do this over the phone and The Co-operative Bank offers this service).

You will initially receive a **Key Facts Illustration** which will detail all the costs and features of your mortgage and will enable you to compare your mortgage with other lenders' offers. In addition, your lender will usually also want to see evidence that you will be able to keep up repayments.

For this you will need to show:

- **your last three months' payslips and your P60**
- **two or three years of audited accounts if you are self-employed**
- **proof of identity such as your passport**
- **proof of your address, for example, a recent bank statement**
- **a Direct Debit mandate so they can take repayments from your bank.**

Make sure that you send originals if you are asked to do so – don't send in photocopies! For a joint mortgage, your lender will need documents from you and your partner or associate. You might also have to pay a non-refundable fee to cover their administration costs and a valuation.

Don't try to second-guess the kinds of evidence required for the first mortgage application – just ask. That way things will move quicker for you.

Be sure to take advantage of the range of services that most lenders offer such as applying over the telephone or via a network of mortgage advisers.

Finding a property

Property checklist

How do you find an estate agent? Drive around the local area in which you are looking to buy, and place your name on mailing lists so that you're advised when new properties are coming onto the market.

Once you have an idea of the property you'd like, you will need to contact and visit a number of estate agents.

Bear in mind that the estate agent is working for the seller and not you. However, they do have to comply with the Trade Descriptions Act, which means that all property details must be clear, accurate and not misleading.

Here are some useful contact numbers:

The Property Ombudsman.....**01722 333306**
The National Association of Estate Agents (NAEA)**01926 496800**

The Office of Fair Trading (OFT) produces a free booklet called *Using an Estate Agent*, which is available from the OFT website. Visit **oft.gov.uk**. The guidance covers England, Wales and Northern Ireland.

You can also search for estate agents on the NAEA website. Visit **naea.org.uk** or **rightmove.co.uk**

What should I look out for when viewing a property?

What are my priorities?

Whatever your priorities try and get them clear in your mind before you start looking for a property. Here are some immediate things you may like to consider, but you'll probably have plenty more of your own.

- Location** Urban, suburban or rural?
- Size** How big does the house and/or garden need to be?
- Local amenities** How close are the public transport networks/local schools/shopping centres/bars?
- Commuting** How far away is your job? And how good is the local transport?
- Neighbourhood** Are you after a bustling neighbourhood or a peaceful one?
- Surrounding area** Are there, or could there be, developments nearby?
- Council tax band** Check which one your property will be in.

Location

- What are the local amenities like (for example, shops, hospitals and leisure facilities)?
- How good, or near, is the public transport?
- Are the local schools good?
- Are there any known plans for development in the area?
- Is the surrounding area run down?
- In what condition are the neighbouring properties?

Crime

- What is the crime level like in the area?
- Has the property ever been burgled or vandalised?

Neighbours

- What are the neighbours like? Are they noisy?
- Has there ever been a dispute with the neighbours or nearby residents?

Noise

- Are there any schools or businesses nearby that would cause noise at different times of the day, or even in the early hours of the morning?
- Is the house on a route to or from a pub or club?

Bills

What is the cost of Council Tax?
(You can find out at **upmystreet.com**)

£ _____

What are the average costs for bills?

(Copies of the bills may be available from the vendor.)

Gas £ _____
Water £ _____
Electricity £ _____

Inside the property?

Heating

- Does the house have full central heating? If so, how old is it?
- How is the water heated? Combination boiler or tank?
- Have there been any problems with the boiler?
- When was it last serviced by a Gas Safe registered engineer?
- Has the loft been insulated? If so, how long ago?
- Does the property have cavity wall insulation?

- Are there any signs of water damage to the floor?
- Is there any obvious mould? If so, where?
- Is there an extractor fan?
- How old is the bathroom?
- Is the floor tiled or carpeted?
- Does the plumbing run underneath the floor?

Living room and dining room

- Is there a fireplace or open chimney? Is it in use or sealed?
- Can you re-open it if you want to?
- Are any carpets or curtains/blinds included in the sale?
- Is there a telephone point?
- Is there a connection for a TV aerial socket?
- Are you able to have hard flooring if you want? (Be mindful of your new neighbours if you're looking at a flat.)

Bedroom(s)

- Are any of the wardrobes included in the sale?
- Are there any other fixtures or other fittings included in the sale (for example, curtains or light shades)?

Outside the property?

Parking

- Is there off-road parking?
- If not, are you able to park outside the house?
- Do you need a permit to park?
- Is there a shared driveway? Is there access to and from it?

Security

- Is there a burglar alarm fitted?
- Does the property have good door and window locks?

Roof

- Are there any slates missing?
- What state is the chimney in?
- Does the roof sag? (This could be a sign of subsidence.)
- When was the roof last tiled?

Guttering

- Is there any guttering missing? Are the fixtures secure?
- Does the guttering have any mould growing on it?

Walls

- Are there any cracks in the walls?
- Can you see the damp above soil level?

Garden

- What garden features are included in the sale (for example, the shed)?
- Does the garden get sun? (The best is a south-facing garden.)
- Are there any trees nearby that could harm the property's foundations?
- Which boundary perimeter is your responsibility?
- Is it a shared garden with other occupiers? If so, have you access rights?
- Have there been any recent disputes with neighbours over boundaries? ..
- If you've got fencing, is it sound and solid or does it need replacing?
- What is access like to the garden? Can you secure the access?

Windows

- Is the house double-glazed? (This can be a substantial cost.)
- What state are the window frames in? Are they rotten or mouldy?

The value of a second viewing

Once you've decided this is the property for you, it's advisable to visit the property a second time to pay more attention to the specific details. You may find it handy to take a camera and tape measure with you, to take pictures for reference, check key measurements and finalise where furniture would go and check that it will all fit.

If you've had an offer accepted on the property and have received the surveyor's report, a second visit is an ideal opportunity to check any areas of concern that the report may have identified.

If possible, it's a good idea to vary the time of your second viewing to give you a chance to see if there is any difference in noise levels from either traffic, neighbours or local businesses since you first viewed.

An evening visit is always worthwhile so you can see what the local street lighting is like, and if it's intrusive.

I've found the property I've been looking for...

...and I'd like to make an offer!

Every seller has an asking price, but that doesn't mean you can't put in an offer that shaves a bit off if you feel it's a buyers' market. Being a first-time buyer may give you that extra advantage.

Before you make an offer you need to judge how much you can comfortably afford and you might want to consider the following:

- how far can you let the seller tempt your offer upward?
- is this kind of property at this price selling fast or slow?
- is it a fair price – is the seller being greedy or even realistic?
- are you being realistic with your offer?

What is the estate agent's role?

The estate agent should provide you with all the relevant information on making an offer including:

- complete legal description of the property
- down payment and financing details
- proposed move-in date
- price you are offering
- length of time the offer is valid for.

To get a price you're happy with you may need to exercise some negotiation skills!

Can I insist that the estate agent or seller takes the property off the market?

You can't actually make the estate agent or the vendor stop advertising once your offer has been accepted. But while it isn't general practice, some agents may do so as a goodwill gesture. Think of it this way: the agent is working to get the best price for the seller and is employed by them, not you.

What is gazumping?

In some cases, a seller can decide to go back on an agreement with the buyer by accepting a higher offer from someone else. In home-buying terms, you have been gazumped.

This is perfectly legal in England, Wales and Northern Ireland, even after your offer has been accepted. This is because the estate agent has a duty to pass on any other offers they receive to the seller, until they are told not to. In contrast, an offer in Scotland is considered legally binding from the moment of acceptance. See the **Buying in Scotland** section for the key differences between systems.

What is gazundering?

Gazundering happens when the buyer forces the seller into accepting a lower offer just before contracts are about to be exchanged, by threatening to pull out unless the seller accepts the lower price.

What kind of survey do I need?

When it comes to having a survey done, you're bound to feel a little resentful of spending the money – after all, the fee you pay the surveyor may result in a report that gives you good reasons not to buy the property. But this is a far better outcome than moving into a property only to discover that you have to spend thousands of pounds on rectifying 'hidden' defects. The more you know about any defects, the more commanding your position when making an offer.

What kind of survey do I go for?

Essentially there are four kinds of survey you can opt for:

- a full building survey
- a Royal Institution of Chartered Surveyors (RICS) HomeBuyer Report
- a basic valuation report (often just required by the mortgage lender)
- a specific defect report.

Each one serves a different purpose and costs will vary accordingly.

Full building survey

A full building survey (often called a structural survey) will give you a comprehensive and detailed report on the current condition of the property. All the visible elements of the property are inspected and any necessary repairs are identified and given a cost estimate.

RICS HomeBuyer Report

The RICS HomeBuyer Report is a pre-printed form prepared by the Royal Institution of Chartered Surveyors. The level of detail of the inspection is slightly less than a full building survey, but it is slightly cheaper. You might opt for this route if you're looking at a newer property.

Basic valuation report

Carried out for the lender, this survey will also help you to find out independently whether the price is reasonable and whether you're in fact looking at a good investment. Although it is often referred to as a survey, it is nowhere near as detailed as a HomeBuyer Report or full survey.

Specific defect report

This report will focus on a defect that you're concerned about – a common concern for would-be buyers is evidence of damp or unsafe electrics, for instance. The report should explain the cause of the defect and describe the steps required to put it right. This is often required if the survey you've had identifies a potential problem.

Ultimately, it is your decision which type of survey you choose, but a HomeBuyer Report will give you, as a minimum, full details of any issues that require further investigation. It is better to know all the potential issues before you commit to buying a property, especially if you're buying an older property.

Who's qualified to do my survey?

Look for the letters MRICS (Member of the Royal Institution of Chartered Surveyors) or FRICS (Fellow of the Royal Institution of Chartered Surveyors) after a person's name to be sure you are getting a properly qualified surveyor. To find a surveyor visit [rics.org](https://www.rics.org). Your mortgage provider should be able to recommend a surveyor and if they're lending you the money, you can be sure that they're not going to hide anything from you.

How much can I expect to pay?

The price of your survey will depend on the size and value of the property, its location and condition. As a rough guide, an inspection of a three bedroom semi-detached house valued at £150,000 costs around £475 + VAT.

The lender makes a valuation too

It's normal for the lender to also arrange a valuation on the property. You may instruct a valuer who is not on the lender's panel but remember, if you do, you will have to pay another valuation fee in the event that the lender subsequently instructs their own valuer (which is likely to be the case).

Home Information Packs

All residential properties marketed for sale in England and Wales now need a Home Information Pack (HIP), which includes an Energy Performance Certificate and other compulsory documents such as a sale statement, searches and evidence of title. HIPs are intended to speed up the house-buying process by enabling buyers to make more informed decisions about the property they want to purchase.

Appointing a solicitor

Who, when and why?

The best place to start looking for a good solicitor specialising in conveyancing is to ask family and friends for recommendations: a name you feel you can trust from the outset. Get quotes from several solicitors and make sure the quotes are 'like for like' for easy comparison.

If friends and family can't recommend someone, you can ask your mortgage lender, or contact the Law Society at [lawsoc.org.uk](https://www.lawsoc.org.uk) or the Council for Licensed Conveyancers at [conveyancer.org.uk](https://www.conveyancer.org.uk)

Your solicitor should carry out a range of tasks

Phase one: pre-contract

- Agree with you the basis of the work to be carried out and the costs – this is called a Rule 15 letter.
- Satisfy all requirements under Money Laundering Regulations.
- May ask you for money on account in order to carry out searches.
- Receive contract documents from the seller's solicitor and raise enquiries.
- Submit local authority and water authority searches and (if applicable) coal mining search and environmental report.

Phase two: exchange contracts

- Liaise with seller's solicitor to agree completion date.
- Effect exchange of contracts and forward contract and deposit to the seller's solicitor.
- Prepare transfer and mortgage deed and arrange for you to sign them.
- Submit a Land Registry search to ensure nothing has changed on the title and a Land Charges search to ensure neither you nor the seller is subject to bankruptcy proceedings.
- Prepare final accounts and request any outstanding monies from you.

Phase three: completion

- Send balance purchase monies (cost of property) to seller's solicitor and receive transfer and any relevant pre-registration deeds.
- Prepare and submit Stamp Duty Land Tax Return.
- Submit application to the Land Registry to register your title.
- Receive completed application from Land Registry and send title confirmation to lender and any pre-registration deeds to you.

Make sure you keep in touch with your solicitor throughout the process and get them to check contracts and mortgage offer documentation, and explain any legal jargon to you, so you are happy with what's happening. In short, keep the communication going.

Exchanging and completion

Keeping everything running smoothly

Exchanging

Before you exchange contracts, check with your solicitor that:

- you have a valid mortgage offer
- you are happy with the survey
- there are no unresolved issues in the contract.

When your offer has been accepted and all the conveyancing is done, your solicitor will send you the contract. This is called exchanging contracts and is when you also agree to a completion date – the date the property becomes yours and you pay your deposit through your solicitor. (Remember, if you pull out after exchanging contracts, you will lose your deposit.)

Make sure, too, that the building's insurance and any other insurance is in place for the exchange date (and not the later completion date). Ask your solicitor for advice on this. This can be arranged by your lender or independently. It must be in place and is not optional.

The day of completion

It's customary for the buyer to get the keys to the property after lunchtime on the day of completion so that the previous owners have enough time to move out and clean before they leave. That same morning, your solicitor will transfer the rest of the money from your mortgage adviser to the vendor. Your solicitor will also pay your stamp duty (if applicable) if you haven't paid it already, or bill you for the amount.

Do I need to consider any other financial products?

Any property is a major asset, and is legally yours only by way of having promised to pay back a substantial loan over a number of years. You'll need to consider buying various other financial products to protect all the concerned parties.

- Buildings insurance helps protect you and the lender against damage to the property in the event anything happens to it. Storm or flood damage and the repairs involved could cost you thousands of pounds without the appropriate insurance – something worth bearing in mind.
- Life assurance helps protect your dependants from having to meet the responsibility of your mortgage if you die.
- Protection products give you some protection in the event that you become unable to meet your mortgage repayments if you become ill and/or unable to work.

How long from start to finish?

When researchers tracked the experience of home buyers in 2000 (money.guardian.co.uk, August 2001), it was found that the average time from the start of the house-hunt to the date of completion was 22 weeks. That makes an average of 10 weeks from having an offer accepted to collecting the keys.

Typical time taken for house sales in England and Wales

From first look at properties to offer accepted	12 weeks
From offer acceptance to mortgage offer.....	4 weeks
From mortgage offer to exchange of contracts	4 weeks
From exchange of contracts to completion	2 weeks

It's worth noting that these are averages and there's a strong chance that the process could take longer (or less time if you're lucky). If you've experienced poor valuation and solicitor-revealing issues in your searches or you've been gazumped once or twice this may have an impact on how long the process takes.

Around 28% of accepted offers don't even reach completion and many sales can drag on for months, so don't be too downhearted if you're not walking across the threshold on week 22!

Buying in Scotland

The property buying process is different in Scotland and works in the following way.

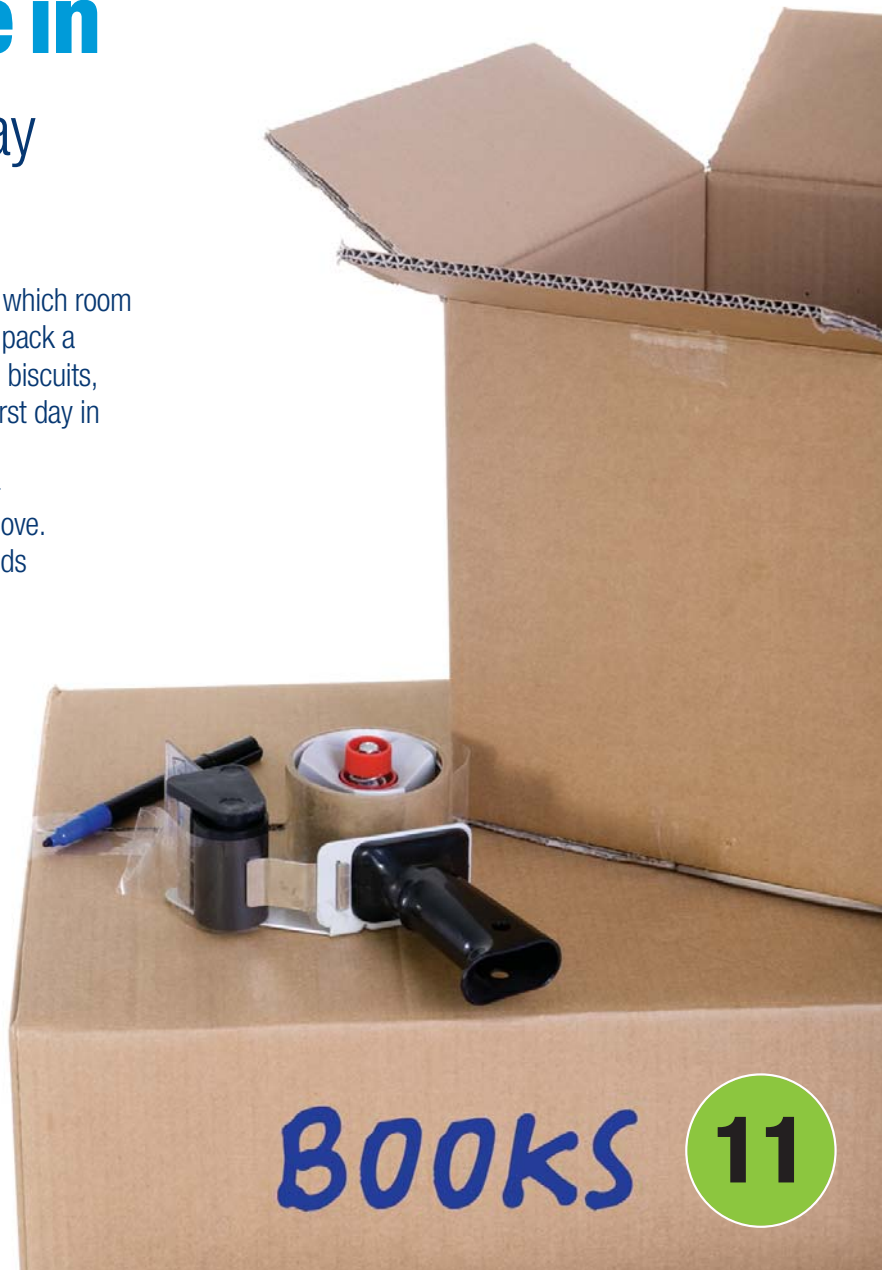
- Appoint a solicitor before you start looking for a property as the process can move quickly. Once you find a property you like, tell your solicitor to 'note interest' – this means informing the seller's solicitor that you're potentially interested in buying it.
- You'll be told the asking price and invited to make a secret bid in writing above this amount – a verbal offer isn't enough. This is called the 'offers over' system. The highest bidder will be legally obliged to buy the property.
- You must apply for a mortgage before making a bid so that you know exactly how much you can afford. You should also have a survey of the property carried out before you make a bid as the result may affect the amount you offer.
- A closing date for bids will be announced once the selling agent has been notified of all interested parties. Your solicitor will formally submit your offer and a proposed date of entry (the date by which the money will be transferred and the keys received).
- If your bid is successful, you 'conclude the missives'. This is when both parties' solicitors exchange letters agreeing the date of entry and so on. Once the seller's solicitor sends you a letter of acceptance, you should insure the property.
- You then sign the title deed and receive the 'disposition document' and keys, once your funds have been transferred to the seller's solicitor.

It's time to move in

Getting ready for the big day

Things to remember

- Label your boxes or bin liners with what's inside and which room you want to put them in. The night before you move, pack a survival kit – containing items like tea, coffee, crisps, biscuits, toilet paper, soap, towels – to help you through the first day in your new home.
- Shortly before you move, fill up your car's fuel tank – it's one less thing to worry about on the day of the move.
- If you're not going to use email to inform family, friends and associates of your change of address, get some postcards and stamps.
- Try to avoid booking yourself up with weekends away just before or after the move. Packing and unpacking always takes longer than you think!
- Maintain a file of all correspondence relevant to your house purchase.
- If you're leaving a property you'll need to remember to arrange final readings for gas, electricity, telephone and council tax. See our useful contacts list on page 12.
- Pack valuable items and important paperwork separately and take them with you in the car and keep them safe.



BOOKS

11

Who to contact when you move

- Solicitor**
- Estate agent (buying)**
- Estate agent (selling)**
- Bank**
- Building Society**
- ISA provider**
- PEP provider**
- Pension provider**
- Unit Trust provider**
- Credit card companies**
- Store loyalty cards**
- Insurance companies:**
 - Car
 - House
- HP companies**
- Family and friends**
- Employer**
- Inland Revenue**
- Local authority (council tax)**
- Gas supplier**
- Electricity supplier**
- Water supplier**
- Telephone provider**
- Internet service provider**
- Mobile phone company**
- Royal Mail (to redirect mail)**
- Cable/satellite provider**
- TV Licensing**
- TV and video rental companies**
- Doctor**
- Dentist**
- Optician**
- School**
- Driver and Vehicle Licensing Agency**
- Magazine subscriptions**
- Sports and social clubs**
- Trade unions or professional bodies**



Further information

Professional and trade organisations

Organisation

Association of British Insurers
Citizens Advice Bureau
Northern Ireland
Scotland
Council for Mortgage Lenders
Law Society of England and Wales
Law Society of Northern Ireland
Law Society of Scotland
National Association of Estate Agents
National Guild of Removers and Storers
Royal Institution of Chartered Surveyors

Website

abi.org.uk
citizensadvice.org.uk
citizensadvice.co.uk
cas.org.uk
cml.org.uk
lawsociety.org.uk
lawsoc-ni.org
lawscot.org.uk
naea.org.uk
ngrs.co.uk
rics.org

The Co-operative Bank is not responsible for the content and opinions of external websites given here.



Glossary

Listed below are a few terms that you may come across on your home-buying journey.

Annual Percentage Rate (APR)

This is the percentage interest rate that your mortgage incurs per year.

Arrears

The amount a borrower is behind in their mortgage payments.

Base Rate tracker

A rate of interest set above or below the Bank of England Base Rate for an agreed term.

Buildings insurance

Protects the property against the financial effects of hazards such as fire, flood and subsidence. It is a condition of taking a mortgage with The Co-operative Bank that you have adequate buildings insurance.

Contact our sister company The Co-operative Insurance, which can help handle all your insurance needs.

Capped rate mortgage

As with all variable rate mortgages the rate follows the lender's standard variable rate (SVR) up and down. The difference with this type of mortgage is that the rate is guaranteed not to go above the level at which it is capped.

Cashback mortgages

As an incentive, some lenders offer a lump sum with the mortgage. For example, borrowing £70,000 with 6% cashback on completion gives you £4,200.

Early repayment charges are usually attached to this type of product and you may be locked in for up to seven years.

CAM – Current account mortgage

A current account that brings all your finances, including your mortgage, loans and credit cards into a single account.

Chain

While selling your home, you may be buying a property from a vendor who's buying from someone else, and everyone has to wait for everyone else's deals to go through. First-time buyers are chain free as they don't have to sell anything.

Completion

The term used when the seller and buyer finally exchange money via their respective solicitors. The buyer becomes the legal owner of the property, and can move in.

Conveyancing

The process performed by a solicitor, or qualified conveyancer, who deals with the details of home ownership transfer.

Daily interest

The interest on your mortgage is calculated on a daily basis, which means that as soon as you make a capital payment your interest is reduced.

Early repayment charges

If you want to sell your home or change to another lender, you'll end up paying back your loan early. Many mortgage lenders charge a penalty fee, particularly during any period of fixed, capped or discounted rate.

Check it out in advance, so you know what you're letting yourself in for.

Equity

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

Negative equity is when the mortgage value is greater than the property value.

Exchanging contracts

The contract is the written agreement that sets out the terms between the buyer and the seller.

When both parties exchange contracts – usually several weeks before completion – the deal becomes legally binding.

Fixed rate mortgage

The amount repaid to the lender each month is fixed, regardless of the interest rates in the market place. It is common for lenders to offer rates fixed for a period of time.

At the end of the fixed term or benefit period, the rate will normally convert to the SVR – standard variable rate.

Flexible

There are five main features to a Co-operative Bank mortgage:

- interest is calculated daily
- building an overpayment fund
- underpayment and withdrawals
- payment holidays
- further advances.

Guarantor mortgages

The Co-operative Bank offers a mortgage that can be guaranteed by a close relative who promises to be answerable to the debt of the mortgage holder. Guarantors will be subject to same lending assessment as the mortgage holder.

Ground rent

An annual fee paid for by the leasehold owner of a property to the freehold owner.

Holidays (from payments)

Even if you haven't built up an overpayment fund, you could still stop paying your mortgage for up to six months on the condition that you have been making payments for at least six months. Interest continues to accumulate so you will have to make higher payments in the future to cover the payment holiday if you want your end of term date to remain the same.

HomeBuyer Report

A survey carried out by a professional surveyor from which you receive a report stating the condition of a property and whether or not any repairs need to be carried out. This service is less thorough than a full structural survey (which might be more useful for older properties), but provides reasonably detailed information at a slightly higher outlay than a basic valuation.

Interest-only mortgage

You only pay the bank interest on the money you have borrowed. The capital itself is paid through a separate repayment vehicle such as an endowment or ISA.

Insurance

Insurance products include payment protection, life assurance and buildings and contents insurance. Recommended to protect you and your property.

Glossary

Continued

Joint & sole income multipliers

These are used to calculate how much you can borrow based on your annual earnings.

For example, for a joint mortgage, up to 3.75 x joint income (or 4.25 primary income and 1 x secondary) or for a sole mortgage, 4.25 x sole income.

Loan to value

The ratio of the mortgage amount to the value of the property. For example, for a loan of £100,000 on a property valued at £200,000, the LTV is 50%.

Life assurance

– see **Term assurance**.

Lump sum repayment

The one-off payment of an amount of money into your overpayment pot, on top of a normal monthly payment.

Mortgage calculator

An online tool that can be used to offer you a quick quote and to demonstrate the flexible features of mortgages.

Overpayment fund

This is created when you increase your mortgage payments or pay a lump sum. You can withdraw from the fund or pay off your mortgage earlier.

Payment Protection Insurance

Insurance that gives you cover for your monthly mortgage repayments if you are unable to pay due to unemployment or sickness.

Portability

If you move home you will be able to transfer your existing mortgage product onto a new mortgage for your new property if you stay with your lender. All of The Co-operative Bank's mortgages are portable. Portability is always subject to the bank's standard lending terms and conditions.

Repayment mortgage

You make one monthly payment that covers both an amount towards repaying the money borrowed and the interest being charged. See also **Interest-only mortgage**.

Standard variable rate (SVR)

A rate of interest set by the lender that is charged for the money lent on all mortgages, it's usually after an introductory period on a fixed, discounted, tracker or capped basis. Repayments on the SVR go up and down as the SVR changes.

Stamp duty

A government tax you have to pay on the conveyance of your property. The amount due depends on the value of the property. Current arrangements for stamp duty are subject to government policy and may change in the future.

Term

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

Term assurance

A range of insurance products that can help repay a mortgage should the person paying the mortgage die.

Decreasing term insurance

The amount of life cover reduces as the mortgage is repaid.

Level term assurance

Covers the full amount of the mortgage throughout the term.

Underpayment

Once you have built up an overpayment fund (if available), you can apply to reduce your monthly payments (underpayment) or withdraw some of the money at any time.

Variable rate (SVR)

Many major lenders offer a variable rate mortgage based on a standard variable rate (SVR).

Valuation

A valuation is carried out to check if a property is suitable for the lender to provide a loan on.

For more information or to apply

08000 288 288

co-operativebank.co.uk/mortgages

We are here

9am to 8pm

Mon to Fri and

9am to 2pm Sat

Please call 08457 212 212 if you would like to receive this information in an alternative format such as large print, audio or Braille.

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

The Co-operative Bank is authorised and regulated by the Financial Services Authority (No. 121885), subscribes to the Lending Code, is a member of the Financial Ombudsman Service and is licensed by the Office of Fair Trading (No. 006110).

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