Guide to **Mortgages**

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Most of us would like to own a property – which usually means having to take out a mortgage. Choosing the right mortgage can be confusing because there are so many lenders and so many different types of mortgages available.

Your mortgage is likely to be one of the largest financial commitments of your life, so it's important that you get the right mortgage for you.

Remember it's not all about the rate, it's a good idea to choose a lender which offers a personal service so that you know who to talk to when you need advice.

Building societies have a good reputation for this and help is at hand from the Melton Building Society with a range of mortgages for every home and every pocket. We use manual underwriting and no credit scoring as we know that one size does not necessarily fit all.

This guide will help you choose the right mortgage and understand the mortgage process and implications of your financial and legal commitments.

1. Different Types of Mortgages

There are many different types of mortgages available. As a leading building society, we will offer, from time to time, all or some of the mortgage types described in this booklet. All of our mortgages come with a number of additional benefits.

In general, there are the following main types of mortgages:

Fixed Rate Mortgages

With a fixed rate mortgage, the monthly interest rate (and therefore your monthly mortgage payment) will stay the same for a set period of time, typically this will be approximately two, three or five years. At the end of the fixed rate period your rate will usually change to a lender's standard variable rate.

Your rate will be exactly the same for the duration of the fixed rate period – even if other interest rates rise during this period.

You can confidently plan your budget for the whole period, because you'll know in advance exactly what your monthly outgoings for your mortgage will be.

If interest rates fall during the fixed period, the amount you pay during the fixed rate period will not change, so you may end up paying a higher rate of interest than if you were on a variable rate mortgage.

Discount Rate Mortgages

Your payments are based on a discounted rate set at a certain level below a lender's standard variable rate for a specific period of time, which means your payments may go up or down

For example, a 1% discount for 12 months off a lender's standard variable rate of 5% would mean a pay rate of 4% for 12 months.

As the lender's standard variable rate is variable this means that your rate and payments could go up and down during the discounted period.

Sometimes these discounts are stepped over a period of time, for example, a discount of 2% in the first year followed by a discount of 1% in the second year.

At the end of the discount period your rate will usually be changed to a lender's standard variable rate.

Tracker Mortgages

On a tracker mortgage, your interest rate is usually directly linked to an external rate, such as the Bank of England base rate (BoEBR) for a set period of time.

For example, your rate may be 1.5% above the BoEBR for a period of three years, from completion of your mortgage.

Your rate will reflect the external rate being tracked. This means when the external rate falls, you will benefit from the rate reduction during the tracker period, but if the external rate increases then so will your rate.

These changes also affect your monthly payment. Some products have floors, a level below which the interest rate cannot fall.

Offset Mortgages

An Offset mortgage means you can use your savings to reduce the interest charged on your mortgage, while still having access to the money in your savings account.

It has the effect of deducting the amount of your savings from your mortgage balance so you only pay the interest on the difference.

There are also tax benefits if you are a taxpayer as you usually pay a higher rate of interest on the amount you borrow for a mortgage than you receive on your savings.

2. Specialist Mortgages

For more specific purposes you will need a specialist mortgage, especially if you're looking for something a little more unconventional like self build and renovation, shared ownership, buy to let or credit repair mortgages.

Self Build Mortgages

The Melton has helped many people realise their vision to create their dream home.

Our range of award-winning self build products includes a Self Build Advance Mortgage which provides stage payments in advance of each build stage, an Eco Mortgage with a special discounted rate that recognises investment in energy efficient features and a Standard Self Build Mortgage which provides payments in arrears.

The Melton is one of just a few lenders who will lend to purchase the land (with outline planning permission). For further information take a look at our Guide to Self Build and Self Build Hub on our website **www.themelton.co.uk.**

Shared Ownership Mortgages

Shared ownership is a great way to get onto the property ladder. Simply put, you buy a share in a property and rent the rest.

As a guide, you can normally buy between 25% and 75% of the property. When you can afford it, you'll be able to buy more of the property – this is called 'staircasing' – and increase your investment to full ownership.

You can buy a newly built house or one which is being sold by a housing association. You'll need to take out a mortgage from a lender, such as the Melton, who specialises in this type of loan to pay for your share of the property's purchase price.

Buy to Let Mortgages

When you buy property as an investment, you won't be able to fund your purchase with a normal residential mortgage. Instead, you'll need a specialist buy to let mortgage.

There are three types of buy to let mortgages – regulated buy to let this is when you or a member of your family will at some stage be a tenant; the consumer buy to let which is when you have lived in the property as your main residence or you inherit a property that was a main residence and then due to a change of circumstances you choose to let the property and will receive no other rental income; and business buy to let for purchasing property purely as a business transaction to generate income and yield. For further information take a look at our Buy to Let Hub on our website **www.themelton.co.uk**.

Credit Repair Mortgages

If you've missed a few credit card payments, are in a debt management plan, have any CCJs or a poor credit rating for any other reason, credit repair mortgages may be an option for you.

At the Melton we understand that life isn't always straightforward and thanks to our depth of experience, we may be able find a solution for you. Call one of our friendly mortgage advisers on **01664 414141** for further information.

3. Mortgage Costs

You need to be aware of the costs connected to a mortgage. The following costs relate to buying your home, switching your mortgage without moving home and the ongoing administration of your mortgage.

Legal fees

If you are buying your home, the fee paid to your solicitor covers all legal work involved in transferring the ownership of the property to you. This is called conveyancing. This fee will often be a percentage of the cost of the home being purchased.

A Local Search is undertaken to check for plans for building and/or development of the land near to the property that may affect its value. A bankruptcy search is carried out on you to ensure you are not bankrupt and therefore unable by law to borrow. A separate fee is charged for each search. Land Registry fees are paid in order to register you as the new owner of the property and to register your mortgage on the Land Registry's Charges Register.

For remortgages, a fee is paid to your solicitor to act in removing the existing lender's mortgage and adding your new mortgage to the Charges Register. Your solicitor will also carry out a local search and bankruptcy search (as above).

Your solicitor's fees are paid on completion of the mortgage and must be paid from your own funds (fees for searches are usually paid up front). Some mortgage products may offer assistance with legal fees.

Stamp Duty

You will pay a Government tax called Stamp Duty if the value of the property is over the Government's threshold. Stamp Duty is paid on completion of the mortgage and is normally paid as part of your solicitor's overall bill. You do not usually pay Stamp Duty when you remortgage your home.

Estate agency fees

If you are selling a property you will usually appoint an estate agent. An estate agent may charge around 2% or a fixed price of the selling price and it is normally agreed before you appoint them. This fee is usually paid when the purchase money has been received by your solicitors.

Mortgage application fee

Some lenders will charge a fee which is payable as part of the cost of the product. This fee is paid with the application and is generally non-refundable.

Mortgage completion fee

This is to cover the cost of the administration associated with assessing your application and setting up your mortgage account. This is payable at legal completion and can be added to your loan.

Valuation fee

A basic mortgage valuation is an inspection carried out by a valuer on behalf of the mortgage lender to make sure that the property is suitable security for the loan required. The amount of the fee is based on the purchase price or estimated value.

The mortgage valuation is carried out for the lender's purpose but we will give you a copy of the report. Some mortgage products may offer a free mortgage valuation, but if you would like a more detailed report there will be a supplement to pay.

Higher lending charge (HLC)

Some lenders charge a HLC if you are borrowing a high percentage of the valuation or purchase price of the property. This is to provide your lender with additional security if you cannot pay your mortgage and your property is taken into possession and sold for less than you owe.

This charge is normally made on borrowing that exceeds 75% of the valuation or purchase price, although some lenders, including the Melton on some products, will pay this on a customer's behalf.

The charge may be used by the lender to purchase an insurance policy designed to protect the lender against loss in the event of you defaulting or ceasing to repay your mortgage.

The HLC is designed to protect the building society, of which you will be a borrowing member, but it does not protect you individually. You will remain liable to pay all the money owing, including arrears, interest and any legal fees. The insurers will normally have the right to recover the amount from you.

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

How is the interest on my mortgage calculated?

All our mortgages are charged interest on a daily basis on the total amount outstanding on the mortgage. As monthly repayments (and any overpayments) are made to the mortgage, they reduce the balance immediately and therefore the interest charged.

What is an Annual Percentage Rate of Charge (APRC)

The Annual Percentage Rate of Charge (APRC) is an industry wide method of comparing interest rates and charges for credit between lenders, so that you can make an informed decision on the price implications of your mortgage.

It is important to look at the APRC because it reflects the true cost of a mortgage over the long term. For example, some lenders may offer a good introductory rate but charge a higher than average standard variable mortgage interest rate at the end of it, which will increase the overall cost and therefore the APRC.

The APRC takes into account the costs of setting up the mortgage, the interest rate applied over the mortgage term and how that interest rate is charged (annually, monthly or daily).

A second APRC is included in the European Standardised Information Sheet (ESIS) as an illustrative example of the cost of the loan using a 20 year high interest rate to give borrowers an indication of the impact of a significant rise in interest rates.

“What other costs may I incur during the life of my mortgage?”

Administration fees

We have a general tariff of charges for services that are outside the basic administration of your mortgage account together with a tariff of charges for mortgage customers in arrears. As a mutual society, we believe it is unfair to existing members to absorb the cost of these ‘extra’ services into our mortgage and savings rates.

We will give you a tariff of charges leaflet before you take out your mortgage with us and provide you with a further copy if any of these fees change during the lifetime of your mortgage. This booklet is also available on our website.

Early Repayment Charge (ERC)

You can repay your mortgage at any time during the term. We will charge interest up to the date you repay your mortgage. Sometimes, if you repay your mortgage early, in full or in part, an additional charge may be made as the mortgage has not run its full term.

This charge is called an Early Repayment Charge. Early Repayment Charges are usually attached to preferential interest rates. If you have an Early Repayment Charge, it will be detailed in mortgage product literature, your European Standardised Information Sheet (ESIS) and your mortgage offer.

4. Mortgage Process

The buying process can be broken down into a number of key steps:

Decision in principle

When you decide to buy a property, you may want to know how much you can borrow and whether or not you qualify for a mortgage. We will look at your income and commitments and tell you an amount we would be prepared to lend you based on that information.

This decision in principle means the details you give us will need to be verified when you apply for your mortgage and we may require further information. We will issue a European Standardised Information Sheet (ESIS), which will give you detailed information of the mortgage product selected. All mortgage advisors have to supply an ESIS before you make your mortgage application.

Mortgage application

When you have found a suitable property and agreed a purchase price with the seller, a mortgage application is made to us. The application form is used by us to assess your suitability for the mortgage you have requested. We will request a number of documents from you and we will verify any details you have given us by writing for confirmation from an independent source e.g. your employer.

Valuation

A mortgage valuation is an inspection carried out by a valuer to make sure that the property is suitable security for the loan required. The mortgage valuation is carried out for our purpose but we will give you a copy of the report. A valuation is carried out on every mortgage application and is usually instructed at the same time as the status enquiries are made.

A Homebuyer’s Report is a more detailed alternative to a mortgage valuation that will give you a more comprehensive survey to the condition of your property.

A full building or structural survey is a thorough and complete inspection of the property and tends to be carried out on older properties.

Mortgage offer

Once we have approved your mortgage, a mortgage offer will be made to you. This document will explain the exact terms and conditions of the mortgage contract between you and the Melton Building Society. This offer is binding (on us) and you will then have a reflection period of seven days to consider the mortgage offer. The reflection period does not affect how long your offer is valid for and you can accept the offer at anytime. You will also be provided with a European Standardised Information Sheet (ESIS). At the same time as sending you your offer, we will send a copy to your solicitor. The solicitor should have already started the legal process.

Legal process

Once you have received the mortgage offer the legal documentation can be completed. Your solicitor will draw up a legal contract for you and the seller to sign. The signing of the contracts is called exchange of contracts.

A deposit (difference between mortgage and purchase price) is payable at this time. Once exchange of contracts has taken place, you are legally committed to buy and the seller is legally committed to sell. You should ensure your property is insured, as it is your responsibility. At this stage the completion date is agreed.

Completion

Completion is the point at which the mortgage deed is signed and executed and all its conditions come into effect.

At this stage your solicitor sends a report to us requesting the monies to be released for the purchase. This report is called a Certificate of Title and includes the date the solicitor requires the monies to be sent.

This confirmation provides us with the knowledge that the property can safely be accepted as security for the loan.

We then arrange for the monies to be sent to the solicitor in time for completion and confirm to you the monthly payments required on the mortgage.

The Mortgage Process

Research

Work out how much you can afford to borrow, where you'd like to live including local amenities, schools and your commute to work.

Speak to us

Speak to your local mortgage adviser to discuss your personal financial requirements and find out how much you can borrow and the best mortgage deal for you.

Decision in principle

We'll give you a decision in principle (DIP) to help with your negotiations when buying your new home.

Speak to us again

You've found a house and your offer's been accepted. You'll need to re-visit your mortgage adviser to go through the final part of applying for your mortgage.

The legal bit

We can help you find a solicitor to deal with the legal work involved in buying a property. Or, if you prefer, you can find your own solicitor to do this bit.

The valuation

We'll then arrange the valuation for your property.

The offer

We're now ready to give you a mortgage offer.

Exchanging contracts

You're nearly there - it's time to exchange contracts.
This means you're now legally bound to buy your new home.

5. Approving your mortgage

There are various factors to consider when approving your mortgage application.

Affordability

We take a responsible approach to lending to ensure that you are not overstretching yourself, so we will take into account your income as well as loans and other outgoings when considering how much we can lend to you. All credit commitments, such as school fees and car loans, will be included in the calculation.

Amount of deposit

We will consider the loan amount you have applied for as a percentage of the purchase price or valuation figure (whichever is lower). This is known as the Loan to Value (LTV). The lower the LTV, the larger the deposit and the greater stake you will have in your home.

For example, a £75,000 mortgage on a house valued at £100,000 would mean an LTV of 75%. There is a maximum loan amount we will lend depending on the LTV, repayment method (e.g capital and interest or interest only) and type of property. These limits can vary depending on market conditions, check with us for current limits.

Credit history

It is important to us that you have conducted any current or previous credit agreements satisfactorily. We need to look at a number of things such as: your previous mortgage payment record; payment of other credit cards, loans etc. We do this by carrying out a credit search using a credit reference agency.

The credit search will highlight any county court judgements, property repossessions and defaults as well as credit agreements. The credit reference agency will keep details of the search we make.

If you apply for a mortgage jointly with another person, a financial association will be created at the credit reference agency and will continue to be taken into account in future credit searches for either or both of you.

Employment status

We need to ensure that you are in stable employment and are able to keep employment. We will look at your type of work; your length of employment; type of contract e.g. permanent, fixed term, temporary and whether you have any employment gaps. We may undertake an employment reference when assessing your mortgage application.

6. Repaying your mortgage

What repayment options are available?

Your mortgage can be arranged over a period of 5 to 40 years, depending on your personal circumstances and the type of mortgage you choose.

There are two standard ways to repay a mortgage:

Capital & interest repayment

The monthly mortgage payment is made up partly of a sum to repay a proportion of the amount borrowed (capital) and partly of a sum to repay the interest.

Given that a higher proportion of capital will be ‘owed’ in the early years of the mortgage, the interest element of the monthly payment is higher than it is in later years.

As the mortgage term progresses and the amount of capital owed begins to decrease, the proportion of the monthly mortgage payment representing interest decreases. This means that as the term progresses on a capital and interest repayment mortgage, the sum paid each month towards the capital becomes greater and the amount towards interest reduces.

Providing all repayments are made, the loan will be repaid at the end of the term. We recommend that you take out appropriate insurance to ensure your mortgage is repaid if you should die during the mortgage term.

Interest only mortgage

The monthly mortgage payment consists of an amount sufficient to pay just the interest due on the full amount of the loan (for the full term). You pay none of the outstanding capital and at the end of the mortgage you will still owe the amount you originally borrowed.

The capital element of the loan will normally be repaid at the end of the term using some form of repayment strategy. It is your responsibility to ensure that a repayment strategy is in place to repay the mortgage at the end of the mortgage term. You also need to ensure any repayment strategy is reviewed regularly to ensure it is on target to repay your mortgage at the end of the term.

You can also repay your mortgage using a combination of capital and interest and interest only payments. This is called part and part.

Can I reduce or repay my mortgage early?

Yes, you can always reduce or repay your mortgage at any time. However, early repayment of all or part of a mortgage may have financial consequences depending on the mortgage product you take (see mortgage offer for details).

To enable a lender to offer a favourable interest rate deal (e.g. fixed/discounted), a charge is sometimes applied if the mortgage is settled early. The charge will be a set amount or on a reducing scale depending on the terms of the product.

This charge is called an Early Repayment Charge (ERC). If you do not have an early repayment charge on your mortgage, you can make overpayments and capital repayments without charge. An overpayment is an amount made in addition to your normal monthly repayment.

A capital repayment is usually a larger amount, in our case a payment of £500 or more. If you make overpayments to your mortgage, you will find that, with interest rate changes, your registered monthly repyament may change more than expected, as overpayments are taken into account.

Your mortgage term will remain the same. If you want to reduce your mortgage term, we ask that you make a capital repayment and advise us that you want to reduce your mortgage term. We will make the necessary adjustments to your mortgage account.

As all our mortgages are charged on a daily interest basis, any repayments, overpayments or capital repayments will immediately reduce the interest charged on your mortgage.

7. Other Considerations

Home Insurance

Buying a home is one of the biggest financial commitments you will make, so protecting that investment is a must. We think this is so important that we make it a condition of your mortgage that you have buildings insurance in place and maintain at a sufficient level throughout the mortgage term. If you are buying a leasehold property, the buildings insurance is normally covered in the lease.

Buildings insurance covers the bricks and mortar of the property and the fittings, for example, sanitary ware. Buildings insurance should commence at exchange of contracts for house purchases because that is when you are legally committed to buying the property.

We also recommend you take out contents insurance. Although not compulsory, your home is characterised by the items you put in it, so you should want to protect these too.

We ask you to complete an insurance declaration form when you apply for your mortgage. We are able to give you a property insurance quote for insurance through our household insurance provider or you can arrange your own insurance if you prefer.

Life assurance and income protection

Life assurance is not an automatic feature of your mortgage, unless you have an endowment policy in place. If you have any other kind of mortgage, you should consider taking out a life assurance policy to ensure your family is protected in the event of your death.

Income protection is a longer term insurance, which is tied to your salary rather than your mortgage (for example critical illness cover, permanent health insurance). It does not cover unemployment but does cover inability to work due to ill health. Many people consider what may happen to their family should they die but do not consider what may happen if they could not work due to ill health.

Can I take my mortgage with me when I move home?

All our loans are portable, which means that the terms and conditions of your current mortgage can be transferred to the mortgage on your new home.
If there is an early repayment charge on your existing mortgage, your new mortgage needs to be for at least the same amount as the old one to avoid payment of a charge.

If you do borrow less, you only need to pay a proportion of the early repayment charge. You still need to complete an application form because the mortgage is based on a new property and is subject to your current status and valuation.

See pages 26-28 for more information about portability.

Borrowing extra on your mortgage

You may be able to borrow more money by taking out a further advance with us at a later date, subject to status and affordability. This is a further advance loan, which usually does not require a solicitor. Most people borrow extra money to do home improvements but we can lend for other purposes.

Financial difficulties and changes in circumstances

Before buying a property or raising money on your home, it is important to consider your income and outgoings to ensure you can afford your mortgage repayments now and in the future.

It is difficult to predict what may happen in the future but you should look at mortgage repayments based on our standard variable mortgage interest rate and above to see what the impact would be. We will give you an illustration of mortgage costs based on our standard variable mortgage interest rate when you apply for your mortgage.

You should also consider how you would pay your mortgage if you are ill or made redundant. You can protect yourself and your family by taking out cover to pay your mortgage in the event of death, accident, illness and unemployment.

If your circumstances change during the term of your mortgage it may affect your ability to repay. If you do experience difficulties, please contact our Customer Service department as soon as possible on **01664 414141** and we will deal with you sympathetically and positively.

For more information on what to do when you can't pay your mortgage please visit the Money Advice Service at **www.moneyadviceservice.org.uk** or call them on **0300 500 5000.**

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

Financial Services Compensation Scheme (FSCS)

The FSCS provides protection if an authorised mortgage firm is unable to pay claims against them. The FSCS will only pay for financial loss incurred. The maximum level of compensation for claims against firms declared in default on or after 1 January 2010 is 100% of the first £50,000 loss, per person, per firm.

The cost of the Scheme and compensation payments are funded by contributions from the businesses covered by the Scheme. Information about the Scheme is available on the FSCS website **www.fscs.org.uk** or telephone **0800 678 1100.**

Complaints policy

We want to satisfy our customers every time but we realise that sometimes things go wrong. If you are not satisfied with any aspect of our service, then let us know and we will do our best to put things right. We have an internal complaints procedure, which tells you how we deal with complaints. A copy of our complaints procedure is available on our website **www.themelton.co.uk** or from any of our branches.

It is our intention to settle all complaints promptly and fairly. Most complaints we are unable to settle may be referred to the Financial Ombudsman Service. Before your complaint can be referred to the Financial Ombudsman, it must have been through our internal complaints procedure.

Portability

Q: What does portable mean?

A: Portable means you can transfer your current mortgage product to a new property when you move home on a 'like for like' basis. 'Like for like' means where your mortgage balance, mortgage term, mortgage repayment basis, loan to value ratio and mortgage type remain the same.

Q: How much of my mortgage balance is portable?

A: The portable amount is the lower of your original mortgage loan amount or current outstanding mortgage balance.

Q: What if I want to borrow less than my current mortgage balance?

A: You can port an amount less than your current balance. However, any early repayment charges will apply to the difference between your current and your new mortgage amount.

Q: What if I want to borrow more than my current mortgage balance?

A: You can only port up to the lower of your original mortgage amount or current mortgage balance. The difference between this amount and the total mortgage amount required must be taken on a new product based on the loan to value ratio of the total mortgage balance. (The loan to value ratio can be calculated using the total mortgage lending as a percentage of the property value). A fee of £199 will be payable on completion of the new mortgage replacing any product specific fees otherwise payable.

NB All borrowing is subject to status and valuation and fees may apply, check terms and conditions of new product for details.

Q: What fees will I have to pay?

A: Fees will be determined by the amount borrowed and loan to value ratio. A valuation fee for the new property will be payable in all instances. Other fees, such as solicitors fees, will be payable.

Q: What if my loan to value ratio increases?

A: If the loan to value ratio required for your new mortgage is more than that permitted under the terms of your existing mortgage product, you will, subject to product availability, be able to take a new mortgage product for your new mortgage. This can be done without having to pay any early repayment charges on your existing mortgage providing the redemption of your existing mortgage and completion of your new mortgage take place simultaneously. Where the loan to value ratio exceeds 75%, a Higher Lending Charge (HLC) will be payable on completion of the new mortgage.

Q: What if I want my new mortgage over a different term to my current mortgage?

A: This may be acceptable providing your existing mortgage product is not for the term of the mortgage. For 'term' mortgage products, the term must be the same or less as the remaining current mortgage term on your existing mortgage.

Q: Does my new mortgage have to be on the same repayment basis as my current mortgage?

A: Yes although any additional borrowing can be considered on a different repayment basis subject to meeting our lending criteria

Q: Does my new mortgage have to commence simultaneously to the redemption of my existing mortgage?

A: No, however if the current mortgage redeems prior to completion of the new mortgage an Early Repayment Charge will be payable but will be refunded if completion of the new mortgage takes place within 6 months of the redemption.

The new mortgage amount must be the same or more than the original mortgage amount or mortgage balance at redemption to obtain a refund of the Early Repayment Charge.

Where the new mortgage amount is lower, a partial refund of Early Repayment Charges will be made. No refund of Early Repayment Charges will be payable on the difference between the original mortgage amount or balance at redemption and your new mortgage amount.

Q: Does the new mortgage have to be in the same name(s) as the current mortgage?

A: At least one party must continue to be named on the new mortgage. Any change to mortgage account holders will be subject to status and may incur additional fees.

Q: What if my new mortgage type is different to my current mortgage?

A: Mortgages can only be ported on a ‘like for like’ basis, for example a standard residential mortgage cannot be transferred to a buy to let, shared ownership property or self build property.

Q: Does the location of my new property affect my ability to port my mortgage?

A: We lend across the whole of England and Wales so as long as the property is based here portability of your mortgage is not affected. Unfortunately we are unable to port your mortgage where your new property will be outside of England and Wales. You should also check that the property type and construction are acceptable. Any lending is subject to receipt of a satisfactory valuation report.

Q: Does having a portable product guarantee a new mortgage?

A: Having a portable product does not guarantee we will be able to provide a new mortgage; all mortgages are subject to status, valuation and payment of any applicable fees.

Q: How do I apply to port my mortgage?

A: You will need to speak to a Mortgage Advisor who will review your requirements and guide you through the process.

Q: What if I don’t want to port my mortgage?

A: If you choose not to port your mortgage to your new property you can repay the mortgage on the sale of your current property. Where Early Repayment Charges apply, these will be notified in a redemption statement to your solicitor or licenced conveyancer and must be paid as part of the mortgage redemption balance.

Jargon buster

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

Additional secured borrowing Sometimes called second charge borrowing. This is where a lender offers a loan secured on the property which, if your property is sold, will be paid off after a First legal mortgage. The Melton does consider additional borrowing but only where we hold First legal mortgage.

Annual Percentage Rate of Charge (APRC) The APRC is a single rate that takes into account the costs of setting up the mortgage, the interest rate applied over the mortgage term and how that interest rate is charged (annually, monthly or daily).

Bank of England Base Rate (BoEBR) This is the rate which is set on a monthly basis by the Monetary Policy Committee (MPC) of the Bank of England and is the rate that it charges for its borrowing.

Binding offer The Society will issue a binding offer once the underwriting is complete.

Completion The point at which the mortgage money is released to remortgage your home or to buy your new home. Your solicitor or conveyancer will ensure that ownership is transferred to you.

Consumer Buy-to-let (CBTL) This is when you have lived in the property as your main residence or you inherit a property that was a main residence and then due to a change in circumstances you choose to let the property and you receive no other rental income.

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

Electronic Transfer This is the method by which your mortgage advance is paid to your conveyancer, solicitor or existing lender.

Equity The positive difference between the value of your property and the amount of any outstanding loans secured against it.

European Standardised Information Sheet (ESIS) This document must be provided to you by law and shows you all the key information you need when choosing a mortgage. You can use it to compare different mortgages with different lenders.

First legal mortgage Also known as a first charge mortgage. This means that the loan takes priority over any other borrowing secured on your property. If your property is sold the first charge will be paid off first.

Foreign currency lending Lending where, at the start of a new contract, a customer is not a UK resident or relies on income or assets which are not in sterling to repay the mortgage. We do not offer foreign currency lending.

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

Loan Sometimes called the advance. This is the actual amount of money that we agree to lend you.

Loan to Value (LTV) This is the value of your loan as a proportion of your property's value. For example, if you were purchasing a home for £100,000, and had a deposit of £15,000 then you would need to borrow £85,000. This would mean that you would require a mortgage product that offered an LTV of at least 85%.

Mortgage Discharge Fee (sometimes called a Mortgage Exit Fee) A fee charged by the lender for releasing the legal charge over your property following repayment of a mortgage.

Mortgagee The lender or institution which provides the funds for the mortgage.

Mortgagor The borrower taking out the mortgage.

Portable The process of transferring your current mortgage product to a new property when you move home on a 'like for like' basis. 'Like for like' means where your mortgage balance, mortgage term, mortgage repayment basis, loan to value ratio and mortgage type remain the same.

Redemption Administration The process of removing the charge on your home on repayment of the mortgage with us.

Reflection period This is a formal period of time which allows you to consider a mortgage offer. The reflection period does not affect how long your offer is valid for.

Repayment Strategy This is the means by which you choose to pay off the capital on an Interest Only mortgage when the mortgage term comes to an end. You need to check with us to make sure that your chosen repayment strategy is acceptable to us.

Retention If there are essential repairs required to be carried out on a property the lender may hold back some mortgage funds until the work has been completed. The retained funds will be released upon completion of the work.

Searches For example, enquiries made at the Land Registry, the Land Charges Register and local authorities to ensure there is nothing to cause concern about the property.

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

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

Title The legal right to ownership of a property.

Title Deeds The documents showing the ownership of property.

Transfer Deed The legal document which transfers ownership of registered land.

Vendor/Seller The person(s) selling the property.

The Melton Mortgage Service Commitment

At the Melton we are committed to providing the highest level of service at all times, always putting you first.

What you can expect from us…

We recognise that your mortgage is one of the most important financial decisions you will ever make. We have a team of experienced and fully qualified mortgage advisors who will provide you with professional and reliable help and support throughout the mortgage process.

We will fully explore your needs and circumstances to enable us to provide advice and recommend a mortgage that suits your needs and circumstances. We understand that mortgages can be complicated and we want you to have all the facts so we will explain everything clearly, without jargon, to help you make your decision.

We are committed to being a responsible lender who acts in the best interests of its customers. We can introduce you to our financial services partners who can help you to protect your home or investment property.

Member benefits

As a mutual building society we're owned by our customers – our savers and borrowers. To us you're more than a customer, you're a member and the Society is owned by our members.

Unlike banks, being a mutual Society means we don't have shareholders to pay dividends to so we can share the results of our success with our members through higher interest rates for savers, lower rates for borrowers and providing better services. This also means contributing to the communities we serve, including supporting local charities not only financially, but also voluntarily with our time, experience and knowledge.

What this means for you

At the Melton we believe loyalty should be rewarded and our existing members have access to our full range of mortgage and savings products.

Loyalty mortgage benefits

As an existing mortgage customer you may also be eligible to:

- Switch to a new product up to 3 months before the end of your current mortgage deal without paying any product fees or incurring an early repayment charge
- Apply for additional borrowing
- Take your mortgage with you to a new home
- Have a savings account to reduce the amount of interest you pay on your mortgage – this is called Offset.

Loyalty savings benefits

As a Melton savings customer you could:

- Get a mortgage with the Melton with no application fee if you have had a savings account with us for 5 years or more
- Take out a local and loyal ISA – only for local customers or members of the Society for 5 years or more
- Open a Wild Ones Young Savers account – only for local customers or members of the Society for 5 years or more – and get a free Wild Ones Pack provided through our unique partnership with our local Wildlife Trusts.

Guide to **Mortgages**

Your mortgage advisor today was: ....

Contact telephone: ....

Contact email: ....

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