



astra
mortgages

AN N&P COMPANY



Mortgages

to
know

about

All
you need

www.astramortgages.co.uk

Where to find the facts

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At Astra Mortgages, you can expect us to do more than help you find the right mortgage. You can also count on us to deliver a high level of service and a range of attractive financial products.

1. Reasons to choose Astra Mortgages

Moving is easy with us

Most of our mortgages are portable. This means that, if you move home during a period in which a special rate applies (for example, a fixed rate), you can have a mortgage to buy your new home on similar terms for the remainder of that period. Your new home must, of course, be satisfactory security for the loan – and your financial position must meet our criteria at the time.

Additional borrowing

Once you have a mortgage with us, additional borrowing could enable you to release some of the equity that may be tied up in your property.

Additional borrowing will also be secured on your home – and repayments can be spread over the rest of your existing mortgage term, or for longer if you like. It can be especially useful if you want to make improvements or repairs to increase the value of your home, or make energy saving alterations, but it can be used for many other things as well.

Finally, and most importantly, it's all about you – you'll find that everything we do is in response to your needs.

2. Ways you can repay

There are two main ways in which you can pay back your mortgage:

Repayment mortgages

Every month, you will pay off part of the money you borrow as well as interest.

During the early years, most of your monthly payment will be made up of interest (as the amount of the loan still outstanding will be larger and attract more interest). As the balance of the outstanding loan reduces, there will be less interest to pay and more of the monthly payment will go towards paying off the balance. At the end of the mortgage term, your loan should have been completely repaid. With this kind of mortgage, we normally lend up to 90% of the purchase price or value of the property (whichever is lower).

In some situations, it may be a good idea to take out a life assurance policy, so your home is secure if anything should happen to you.

Interest-only mortgages

All you pay each month is interest on the loan. The loan itself is paid off at the end of the term – usually from the proceeds of a savings or investment plan. (If there's a shortfall, you will be responsible for this).

With this kind of mortgage, we can lend you up to 75% of the purchase price or value of the property (whichever is the lower). Level term life assurance is also required, ensuring your home is secure if anything should happen to you.

Investment plans for Interest-only mortgages

If you choose an Interest-only mortgage, you will need to ensure that you have the money available to repay the loan at the end of the term. To do this, most people take out some form of savings or investment plan. The most common of these are:

- **Endowments**
- **Personal Pension Plans**
- **Individual Savings Accounts (ISAs)**

You should speak to your financial adviser to see if any existing plan or plans provide at least part of the return you will need.

The regular payments to the savings or investment plan will be separate from and in addition to your regular mortgage payments to us.

Please remember that the payments into any savings or investment plan are your responsibility. You should make sure that they are kept up-to-date and that the performance of the plan is reviewed from time to time to ensure that it remains on track. Also, if an investment plan is due to continue beyond your retirement date, it's important that you ensure you will be able to meet your regular payments.

3. For your peace of mind

Buying a property shouldn't cause sleepless nights – both before you make the final decision and in the future. So we offer you two ways to minimise the risk and worry:

Valuing and surveying your future home

Before you buy, you'll want to be sure that the property is fairly priced and structurally sound – so there are no nasty surprises or expenses later on. You are strongly advised to arrange your own professional survey and valuation. Whilst we obtain a mortgage valuation so that we can decide how much we can lend you on the security of the property, this is not a survey. Our valuer may not even need to visit the property.

Depending on the type of property you're buying, you can choose between:

- **A Royal Institute of Chartered Surveyors/Incorporated Society of Valuers and Auctioneers home buyers' survey and valuation** – for homes that are conventional in type and construction and in reasonable condition.
- **A more detailed survey** – if you are planning to do structural work on the property or if this has been done in the past or if the property is dilapidated or you want more details/information on it.

We can arrange for the survey to be carried out for you through our professional surveying subsidiary, Hockleys Professional Limited.

We will arrange our own valuation of the property before we lend any money on the security of it and you could save money by getting our valuer to conduct your survey at the same time.

Insuring your home

When you buy a new home, it's important that you have the right insurance cover. We can arrange the following for you:

- **Buildings and contents insurance** – You can insure your home for the full amount it would cost to rebuild – and its contents too. Your belongings are also covered in case they are stolen or damaged by events like fire or flood.
- **Life assurance** – We recommend that you take out life assurance in appropriate circumstances, so that if anything should happen to you the loan will be repaid.

We can provide all these options.

4. Fees and costs

As well as the cost of the property you want to buy, you need to make sure that you also budget for the following expenses:

Application fee

You will normally have to pay an upfront application fee. This will be based on the purchase price of your new home and includes the cost of our mortgage valuation.

In some cases, you may have to pay a reservation fee at the same time to reserve the loan and cover other costs. This fee can be added to your mortgage – which will increase the outstanding balance and the amount of interest you pay.

Legal costs

You will need to pay a solicitor or licensed conveyancer to handle the technical side of buying the property. Their charges can vary, so get a few quotes. You will either be charged a fixed percentage of the purchase price or a flat fee.

The solicitor or licensed conveyancer must be on our panel, or you will need to pay the charges of the solicitor or licensed conveyancer who we need to act for us as well.

If you don't know a solicitor or licensed conveyancer, our mortgage adviser can give you the names of practices in your area.

Stamp Duty Land Tax and Land Registry Fees

Once you have bought your new home, your solicitor or licensed conveyancer will have to pay Land Registry Fees and possibly also Stamp Duty Land Tax on your behalf. Both of these are worked out according to the purchase price.

If you are remortgaging, you will not have to pay Stamp Duty Land Tax – but you will still be liable for Land Registry Fees.

What is Stamp Duty Land Tax?

This is a government tax that is charged when you buy a property over a certain value. It is usually worked out according to the whole purchase price, at the following rates:

Purchase price	Rate
From £125,001 to £250,000	1%
From £250,001 to £500,000	3%
£500,001 and over	4%

5. Paying your mortgage

When you take out a mortgage with us, we will tell you what your initial monthly payment will be. Your payments will be collected from your building society or bank account by direct debit, usually no later than the 25th day of each month. We reserve the right to change the payment date. Your interest will be calculated on a daily basis and will be charged to your account at the end of each month.

Paying more

We calculate interest on your mortgage daily which means that if you make an additional payment or an overpayment, this will reduce the amount on which interest is subsequently charged.

You can make capital repayments (lump sum payments) to reduce the outstanding balance of your loan at any time – although the minimum amount we will currently accept is £250. On receipt, we will recalculate your monthly payments, which will be changed with effect from the following month.

If you have a repayment mortgage and make a lump sum capital repayment, you can choose whether you want to reduce your monthly repayments or keep them at the same level and shorten the term of your mortgage. Simply tell us which option you would like when you make your repayment.

If you have a special type of mortgage – like a fixed rate mortgage – you may have to pay an early repayment charge if you make a large lump sum payment in the early years of the mortgage. Your Mortgage Offer will include details of any early repayment charge.

Underpaying or missing payments

If you miss a repayment or make an underpayment, this will increase the balance of your loan on which interest is calculated.

Your annual payment review

Your monthly payment will normally only be reviewed once a year. This is regardless of how many times our standard variable mortgage rate or Bank Base Rate (whichever is appropriate to your mortgage) changes during the year. We will let you know if there will be a change to your monthly payment in your Annual Mortgage Statement. If there is a change, it will become effective in March.

Don't forget that there are other times that your monthly payment might change – if, for example, you come to the end of a fixed or discounted rate period. It will also change if you switch from a repayment to an interest-only basis (or vice versa) or you ask us to change the way we calculate your interest.

The monthly payments for Base Rate Tracker Mortgages change after each rate change.

Payment difficulties

If you don't keep up with the payments on your mortgage, you could lose your home. That's why we recommend that you take out insurance to cover your payments if you are unable to work due to accident, illness or redundancy. Remember, if you miss a monthly payment or pay late, this will increase the balance on which interest is charged.

If you experience any difficulties paying your mortgage, please contact us immediately. We will do all we can to help you overcome these. You can also get help and advice from your Local Citizens Advice Bureau or Housing Advice Centre.

Early repayment charges

If you want to pay off your mortgage or change to another mortgage product in the early years of the mortgage term, you may have to pay an early repayment charge. Your Mortgage Offer will include details of any early repayment charge.

Contact us

0845 127 2728

Lines are open Monday to Friday.

Calls are recorded.

www.astramortgages.co.uk

Information is available in large print, audio and Braille on request; call for details.

You may also contact us using a textphone; call 0845 121 9921.



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Registered Office:

Peterborough Business Park, Lynch Wood, Peterborough PE2 6WZ.

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