MORTGAGES MADE EASY

WESLEYAN

we are all about you

Let us help

With so many options to choose from, it can be confusing knowing which mortgage is right for you. Through our no obligation service, we can do the hard work for you.

Your local Financial Consultant is trained to understand your specific career path and circumstances including your pay, career progression, sick pay entitlements and pension contributions. Through searching across the market, they can fully assess your needs and recommend the mortgage which is the best match for you. We'll then manage the whole process through to completion. There is no fee for this service, as we get paid by the lender once your mortgage completes.

Key considerations

Clearing your debts

When assessing your mortgage application, lenders will take into account other debts (such as credit cards and loans) and how much you are paying for these. The ideal position is to clear as much of this debt prior to taking out a mortgage, which may mean you'll able to take advantage of better mortgage deals.

Buying your first property

Buying a home will be one of the biggest financial commitments you'll ever make. There are many considerations, such as the type of the property, its size, and how suitable it will be long term, especially if your family is going to grow. Travel expenses may increase, as first time buyers often have to settle for less central locations in order to keep costs down.

Sole or joint ownership

You may be looking to buy on your own or in joint names. If buying jointly, both sets of finances will need to be in a good place. If buying with friends, you may need to consider what will happen if someone wishes to sell their share of the property.

Evidence of affordability

You'll need to ensure you can demonstrate the monthly mortgage payments can be paid back, showing the lender your earnings and income history.

Cash deposit

A deposit will need to be in place, based on your lender's requirements and the purchase price of the property. Ideally this should be as much as you can save or afford, typically 5% or 10%. Some of the best mortgage deals are available to those who have more substantial deposits.

Mortgage term

The length of time your mortgage is in place will depend on the size of your deposit and the amount you can afford to pay back every month. In most cases there will be the option to overpay without incurring a penalty, which may reduce the length of your mortgage term significantly.

Surveys and Reports

As part of the mortgage application process, your lender will arrange for a surveyor to provide a valuation figure for the property. A mortgage valuation is not the same as an actual property survey and you can choose from three options depending upon the level of detail required. The HomeBuyer Report is the most popular type of survey and is based on a more detailed survey of the property, typically including notes on timber assessment (for example, if there are signs of rot or woodworm), damp testing, insulation and drainage.

Portability

Many mortgages are 'portable' which means you may be able to transfer your current mortgage to a new property. This could be a key consideration if you are planning to move again in the near future.

Additional costs

Other costs include a possible arrangement fee for setting up your mortgage, payable to the lender. You'll also need to employ a solicitor to cover the legal requirements of buying the property. Plus, when you own the property, you'll need to ensure you have home insurance in place. You may wish to consider having financial protection in place should you be unable to make the repayments, due to accident, illness or redundancy.

Stamp Duty will also be payable on properties over £125,000. In Scotland, Land and Building Transaction Tax is payable on properties over £145,000. For buy to let properties, there are higher rates of Stamp Duty Land Tax and Building Transaction Tax payable.

Types of mortgages

Repayment

The capital and interest is paid back monthly. In the early years, the repayments cover loan interest and a small amount of capital, which switch over as the years progress. The loan will be guaranteed to be paid off at the end of the mortgage term.

Interest only

Only interest is repaid to the lender. The capital or debt remains outstanding on the loan, so you are likely to need a long term investment to be in place, to provide the funds to repay the loan. The lender will require evidence of a credible repayment strategy.

Discounted

Repayments are reduced for an agreed period (for example, two or five years) at the start of the mortgage, usually against the lender's standard variable rate (SVR). It will then revert to a higher rate. Early repayment charges will apply during the discounted period.

Fixed rate

Monthly repayments are fixed for an agreed period (for example, two or five years), reverting to a higher rate afterwards. During this period, you'll not benefit from any reduction in rates. Early repayment charges will apply during the fixed period.

Variable rate

The rate will vary in line with the lender's SVR, which may go up or down. The SVR is usually higher than with discounted or fixed rate mortgages, but early repayment charges do not apply. When a mortgage is subject to an SVR it should be reviewed to determine if other more attractive mortgage products are available.

Tracker

A type of variable rate mortgage, which could go up or down. It is tracked against the movement of another rate, generally the Bank of England base rate.

Offset

Cash is placed into a deposit account with the provider (usually a minimum of 10% of the mortgage amount). The lender offsets the cash deposit against the loan amount and charges interest on the difference, which may be slightly higher than other mortgages. This reduces the interest that would normally be applicable. No interest is paid on the cash deposit and therefore the arrangement is tax efficient. This option can be particularly useful if you are self employed and need to set aside cash funds to cover a future income tax liability.

Buy to let

This is designed for those who intend to rent out the property they purchase. Deposits required are generally higher than a standard mortgage. The lending criteria will be based on the potential rental income and your ability to repay the loan.

A number of additional costs need to be taken into consideration when looking at buy to let properties. These include landlords insurance, letting agent's fees and maintenance costs. There will also be tax implications such as Stamp Duty Land Tax, Land and Building Transaction Tax and Capital Gains Tax, plus rental income will be subject to tax also.

Your mortgage is secured on your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

Contact us today, quoting 80762

- wesleyan.co.uk/appointment
- financialreview@wesleyan.co.uk
- 0800 980 6360

Most buy to let mortgages are not regulated by the Financial Conduct Authority and this information is based on our current understanding of legislation. Legislation and tax treatment can change in the future.

Being a mutual is the bedrock of what Wesleyan does.

It is integral to how we think about our business and the way we look after our members, customers and our communities.

We believe mutuality has many advantages. It allows us to put our members and customers at the heart of all we do – rather than shareholders and the need to maximise short term profit – meaning we are able to focus on what's right for those who invest in our business. Not just for today, but for the long term.

For over 175 years our mutual status has served us well, and we have no doubt it will continue to do so for many years to come.

The Wesleyan Group of Companies provides advice and solutions on a wide range of products and services to meet both the personal and business needs of our customers.

For you

- Savings
- Mortgages
- Investments
- Insurance
- Retirement Planning
- Personal Loans
- Life & Income Protection

For your business

- Finance & Funding
- Personal Protection
- Equipment Insurance
- Staff Protection
- Premises Insurance

For more information about the Wesleyan Group of Companies, visit **wesleyan.co.uk/legal-disclaimer**

If you would like this document in Braille, large print or audio format, please contact **0345 351 2352**.

0800 980 6360 **wesleyan.co.uk/appointment** social

WFS-NBB-1 06/17