

# after your mortgage commences



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



# Insurances

## Buildings insurance

It's important that buildings insurance is in place in case of fire or other damage and our mortgages are conditional on appropriate cover being in place. You can arrange your own insurance or, if you prefer, we can refer you to our broker to discuss your requirements.

## Contents insurance

Insuring the contents of your home is a sensible precaution and you can arrange a separate contents policy or a combined buildings and contents policy.

## Life insurance

Unlike some lenders, we don't insist on compulsory life insurance. It is highly recommended, however, that all borrowers with dependents should consider insuring their life to give greater security to their family.

## Payment protection insurance

Again, we don't insist this insurance is in place, nor can we arrange it for you.

For further information on this, we suggest that you seek the advice of your Independent Financial Advisor/Mortgage Advisor or that you review the website of the Money Advice Service [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk) which includes information along with details of providers and products available. You may also wish to visit the website of Ethical Information Research Services (EIRIS) [www.eiris.org](http://www.eiris.org) to consider the ethical credentials of the insurers or financial advisors.



# Your monthly repayments

## Calculating your interest

We charge interest using a daily interest method. Interest is calculated on the balance of your account at the end of each day and added to the account at the end of the month. Your monthly payment is then used to pay off this interest so it does not become part of your debt.

If your account balance changes during the month, the interest is calculated on the revised balance straightaway. For example, any additional payment you make over and above your normal monthly payment will have the effect of immediately reducing the balance on which interest is calculated, reducing the total amount of interest charged over the term of the mortgage. Equally, if a fee is debited to the account, interest will be calculated on the increased balance until the fee is paid.

Remember that if any part of your mortgage is on an interest-only basis, that portion of outstanding debt won't be reduced by your monthly payments and interest will continue to be charged on the full amount. Whenever the interest rate changes, we'll apply the new rate from the date of the change and recalculate your monthly payment. We'll normally ask you to start making the revised payments by the end of the following month.

## Making your monthly payments

In order to avoid late payment and the risk of a shortfall or arrears on your mortgage account, payments are collected by Direct Debit on the 25<sup>th</sup> of each month, or the earliest working day thereafter. If this date is inconvenient for you, we can arrange a different payment method and date for you.

We'll change your monthly payments and start to collect a revised Direct Debit from your bank once any of the following situations occur:

- There is an interest rate change
- You borrow more money from us by way of a further advance
- We agree to change the term (number of years) of your mortgage
- Upon renewal of your building insurance – where it's included in your monthly mortgage repayment
- You switch to a different type of mortgage (e.g. buy-to-let) or method of payment (e.g. interest-only)

- You make a capital repayment of at least £1,000 or the equivalent of three monthly payments (whichever is the lower). *You can always ask us not to reduce your monthly payments after you've made a capital repayment if you prefer.*
- We agree to accept revised payments because of a change in your circumstances.

We'll not alter your monthly repayment if the change to your account balance is small, for example, if fees are debited in accordance with our **Current residential mortgage rates and charges** leaflet or if you make small capital repayments. An adjustment to take account of these will be made on the next occasion that payments are changed for any of the reasons mentioned above, or if we give you notice (perhaps at a year end) that a change has become necessary because your payments have been out of line for some time.

### Payment of insurance premiums

Payment of buildings and contents premiums up front can amount to quite a large sum. However, if the insurance has been arranged through our broker, we can help you spread the cost, by paying the premium in full on your behalf and adding one-twelfth of the total cost to your monthly mortgage repayments. The premium will be added to your mortgage debt and will have interest charged on it until it is repaid as part of your normal monthly payments over the next 12 months.

### Retention releases

If we have retained a portion of your mortgage, this will normally be released in stages as the value of your property increases. When you require to draw down some or all of the retention, please contact the Mortgage Department for a **Release of retention** form or download a copy from our website. We may need to instruct the valuer to carry out a re-valuation of your property in order to calculate how much of the retention can be released. The monies can be sent to you or a third party, by cheque or bank transfer.

### Borrowing more money later

You may consider making further improvements at some point and we are always prepared to consider further advances to help with future work. You may even need additional funds to complete the original improvements if the costs of these have proven greater than anticipated.

### Monitoring works progress and condition compliance

We'll contact you approximately 12 months after mortgage completion to request an update on the progress of works. We want to ensure that your plans are progressing and the project will be completed on or near the scheduled time. Updates on your property are vital for the application of the C-Change discounts which can be applied immediately upon completion of the works or build.

### Early repayment charges and additional payments

You can repay up to 10% of your current mortgage debt each month at any time and we'll immediately credit this to your account, which means that interest will then be calculated on your reduced balance.

If the amount of the capital repayment is at least £1,000 or the equivalent of three monthly payments (whichever is the lower), we'll also reduce your monthly payment straightaway – unless you ask us not to do so. In respect of smaller capital repayments, we'll adjust your monthly payments on the next appropriate occasion (see *Making your monthly payments* in this leaflet).

If during the first two years of the mortgage, you repay your mortgage in full or you make capital repayments in any month totalling more than 10% of your current debt, we'll apply an early repayment charge equivalent to 2% of the amount repaid.

This charge will not normally be charged if you take out another mortgage with us where the new mortgage commences within six months of the repayment of the original loan. It will also not be charged if repayment takes place following the death of either the borrower or the borrower's partner.

### What happens if you move house?

In the future you may move. If the new property meets our environmental criteria, we'll be pleased to help.

# What happens if your circumstances change?

## Conditions for underpayments and payment holidays

### (for residential owner-occupiers)\*

This facility is subject to the following requirements:

- The period for which the payment holiday or underpayment applies must be by prior agreement of the Society. We would normally expect to be able to give consent provided that you have complied with the relevant conditions applicable to your mortgage
- The arrangement must not exceed six months
- The cumulative period of any such arrangements during the life of the mortgage must not exceed 12 months
- The mortgage has been in existence for a minimum of one year
- No incidence of arrears has occurred in the previous two years
- Each arrangement must be preceded by six full contractual monthly repayments
- The mortgage must be less than the agreed loan-to-value as referred to in your mortgage offer and reflected in our **Current residential mortgage rates and charges** leaflet
- All contractual repayments must be made by direct debit
- If underpayments have been agreed on an interestonly basis and there is a subsequent change in the interest rate during the period of underpayment, then we'll ask you to amend the monthly payments accordingly.

You should note that as a result of the payment holiday or underpayment period, the balance outstanding will be higher than it would have been if normal payments had been retained. You will have to repay the increased mortgage debt and any extra interest due on it over the remaining mortgage repayment period. This means you'll see your monthly payments rise to take account of this. The Society will advise you before the end of the agreed period of the expected monthly payment which will subsequently apply.

No charge will be made for use of these extended facilities.

\* This facility does not currently extend to our buy-to-let, housing co-operative or other commercial or corporate borrowers.

## Financial difficulties

During the life of a mortgage, you may experience a change in personal circumstances (death of a partner, divorce, long-term illness, loss of employment, etc.). If this happens to you and causes financial difficulties, it might affect your ability to keep up your mortgage payments. The sooner you tell us of any difficulties, the more chance we have of being able to work out an arrangement with you to avoid further problems.

Our leaflet **Information for borrowers with payment difficulties** may be requested from our Mortgage Department or you can download it from our website.

Information is also available from the website of the Money Advice Service at [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk).

You may be able to insure against risks such as sickness, accident and unemployment.



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