INFORMATION FOR MORTGAGE CUSTOMERS.

HALIFAX

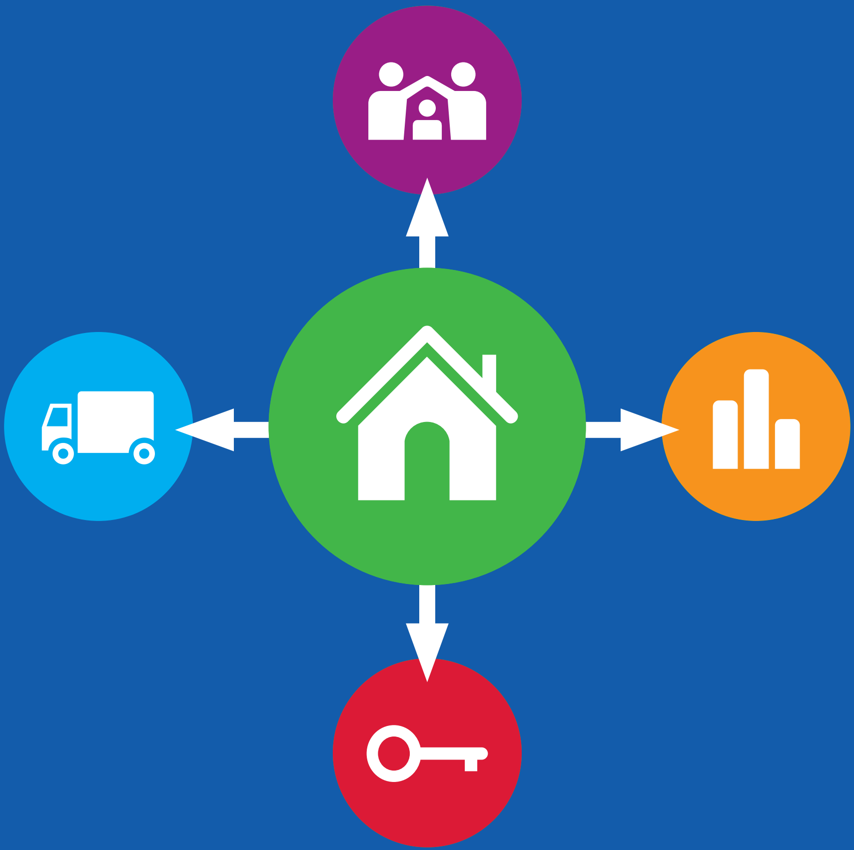
WELCOME TO YOUR GUIDE TO HALIFAX MORTGAGES.

Fold back this page for a brief summary of key mortgage features.

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

KEY MORTGAGE FEATURES AT A GLANCE.

	Key feature	Look this up
Mortgage product	• This is what we call the type of mortgage interest rate you have, which we also call the product rate. The product includes: – whether your rate is fixed or variable; – when the rate will end; – whether we make a charge for early repayment.	
Repayment methods	• Your mortgage could be a repayment mortgage, an interest-only mortgage, or a combination of the two. • You may want to change your repayment method in the future. If you do, you'll need to speak to a qualified mortgage adviser.	Repaying your mortgage, **page 18**
Repayment mortgage	• Every month, your payments pay off the interest charges as well as part of the amount you owe. • In the early years, the amount you owe won't go down as much because your monthly payments will be mainly interest.	Repaying your mortgage, **page 18**
Interest-only mortgage	• You pay only interest charges during the term of your mortgage. This means the amount you owe won't go down. • You must have a repayment plan in place to pay off everything you owe at the end of the mortgage term. • From time to time we may ask you to show us that your plans are on track to provide the lump-sum you need at the end of the mortgage term. • If we are concerned that your plans may not provide enough to repay the loan at the end of the term, we will try to discuss other solutions with you. These may include transferring part or all of your loan to a repayment mortgage.	Repaying your mortgage, **page 18**
Regular and lump-sum overpayment	• A regular overpayment is where you choose to pay more each month with your monthly payment. • A lump-sum overpayment is a one-off overpayment that is extra to your monthly payment. • The payments are subject to any early repayment charges set out in your offer letter. • Currently, as a concession, in each calendar year you can repay up to 10% of the amount owed at 1st January without having to pay an early repayment charge. • If the total of your regular and lump-sum overpayments exceeds the 10% allowance, you may have to pay an early repayment charge.	Regular and lump-sum overpayments, **page 29-30**
Underpayment	• Underpayments mean you pay less than your monthly payment. • You can underpay by up to the total amount of all your previous overpayments, unless we have already used them to reduce your mortgage term or your monthly payment.	Underpayments, **page 31**
Payment holiday	• You take an agreed break from paying part or all of your monthly payment. • We do not always approve requests for payment holidays. • Our payment holiday policy changes from time to time, so it's always worth checking our current policy rules.	Payment holidays, **page 31**
Early repayment charge	• A charge we make if you repay part or all of your mortgage early or if we agree you can change your product. • Details of early repayment charges you may have to pay are set out in your Mortgage Illustration and offer letter.	Early repayment charges, **page 26**
Taking your product rate to a new mortgage	• To avoid paying an early repayment charge when moving home, you may be able to take your product rate and the early repayment charge with you to your new mortgage. • You must meet all our latest lending policy rules at the time you apply.	Taking your product rate to a new mortgage, **page 28**
If you start your new mortgage before you repay your existing mortgage	• If you already have a mortgage with us but you can't repay it when you complete your new mortgage, you must get our permission before you can keep two mortgages with us. • You may be able to take your product rate with you to your new mortgage but if you do, you won't be able to keep it on your existing mortgage.	Taking your product rate to a new mortgage, **page 28**
If you repay your existing mortgage before you apply for a new mortgage	• You will have to pay the early repayment charge on your existing mortgage. • Currently, as a concession, if you apply for a new mortgage with us within three months of repaying your existing mortgage, you can take your old product rate with you. Once your new mortgage has started, you can apply for a refund of the early repayment charge.	Taking your product rate to a new mortgage, **page 28**



INTRODUCTION.

This guide explains our mortgages. Some of it is relevant to everyone but other parts are more relevant if you are a first-time buyer or moving home. Of course if you own the property already, some of the information will not apply to you now.

To help you find the parts that are most relevant to you, we've used a simple key.

Choose the coloured house from the key that fits your mortgage needs – for example, house, if you are buying a property for the first time – and then use the contents table, on the next page, to see where to find the information you'll need.

As you go through the booklet, the coloured houses on each page will act as a handy guide.

THE KEY.

First-time buyer

Moving home

Remortgaging

Additional borrowing

Making changes

Buy to Let

For simplicity, whenever the booklet refers to 'conveyancer', we mean a 'licensed conveyancer' or a 'solicitor'.

CONTENTS.

STEPS TO BUYING A PROPERTY.

The guide below shows the step-by-step process of buying a property, which is the same whether you are a first-time buyer or moving home. To follow the guide, read down the columns.

Thinking of moving	Applying for your loan	From your application to our offer of a loan – what we'll do. This usually takes up to two weeks but can take longer
If you are selling your home and have a mortgage on it, find out how much you still owe. This will give you an idea of how much money of your own you will have to put into buying your next property.	Prepare for your appointment by gathering useful documents you may need on the day, for example pay slips, recent bank statements and proof of your identity.	Make enquiries about you at a credit reference agency (see page 10).
Obtain our Agreement in Principle to find out how much you could borrow (see page 11).	Allow a couple of hours for your appointment. If you are applying with someone else, make sure you can all attend the appointment because it will save time.	Check that you are who you say you are and live where you say you live.
Now you have an idea of how much you can borrow, you will know what properties you can afford to buy.	Give your mortgage adviser your personal details, and details of the property you want to buy. They will ask about your needs and circumstances and then recommend our most suitable mortgage for you.	Arrange for the property to be valued. We may decide to appoint a valuation surveyor. In Scotland the seller of a property has to get a Home Report, which contains a property valuation. We may accept the valuation if the surveyor is on our panel of valuers.
Search local estate agencies for properties you like.	We'll ask you to choose which type of valuation scheme you want. (See Valuation schemes, page 16.)	Check your employment and income details and write for any other references we may need.
Book appointments to view properties.	We'll give you a Mortgage Illustration, which sets out the terms of the mortgage product and the total cost of the loan. Please read this carefully as it contains important information.	Check the valuation to make sure the property is worth enough to offer the loan you have asked for.
When you have found the property you want, make an offer to the seller.		Check the valuation report to see if the valuer has mentioned any major defects in the property. These may mean we can't lend you the money or that we keep some back until important repairs are complete.
Once the seller has accepted your offer, book your appointment to apply for your mortgage. If you're an experienced property buyer, you may prefer to simply call us and apply over the phone.		When all this is done and if everything is ok, we'll write to make you a mortgage offer.

STEPS TO REMORTGAGING.

What is a remortgage?

A remortgage is where you already have a loan on your property with another lender but you decide to move your loan to a new lender. This enables you to get a new mortgage product. Also, if we think you can afford it and the value of your property is high enough, you may be able to borrow more.

If you already have a mortgage with us and want to add or remove a name on your mortgage account, we will deal with this by asking you to apply for a remortgage. If approved, the new mortgage you take out will then be in the name(s) requested.

How do I apply for a remortgage?

Applying to remortgage is similar to applying for a loan when buying a property. However, the process is much simpler and usually cheaper because you already own the property.

You can apply over the phone or in branch. You will need to speak to a qualified mortgage adviser, who will discuss your needs and circumstances and check whether you can afford the repayments on the new rate. They will recommend the most suitable mortgage for you.

You may be able to apply online. If you do this, you will have to choose your own product, repayment method and term and you will not benefit from advice from a qualified mortgage adviser.

The guide below shows the step-by-step process of remortgaging. To follow the guide, read down the columns.

Applying for your remortgage	From your application to our offer of a loan – what we'll do. This usually takes two weeks but can take longer
You will need to choose the way you want to apply. If you want advice from a mortgage adviser, you can book an appointment in branch or apply over the phone. You may also be able to apply online but if you do, you cannot get our advice. So you will have to make your own choices.	Make enquiries about you at a credit reference agency (see page 10).
Prepare for your appointment by gathering useful documents you may need on the day, for example pay slips, recent bank statements and proof of your identity.	Check that you are who you say you are and live where you say you live.
If you are using our advised service, allow a couple of hours for your appointment. If you are applying with someone else, make sure everyone can attend the appointment because it will save time.	Arrange for your property to be valued.
If we are providing you with advice, your mortgage adviser will ask about your needs and circumstances and recommend our most suitable mortgage for you.	Check your employment and income details and write for any other references we may need.
If you choose to apply online, we won't be able to ask about your needs and circumstances. We'll offer you products based on our assessment of the percentage of the loan to the value of your property. You will then need to choose your own product, repayment method and term.	Check the valuation to make sure the property is worth enough to offer the loan you have asked for.
We'll give you a Mortgage Illustration, which sets out the terms of the mortgage product and the total cost of the loan. Please read this carefully as it contains important information.	Check the valuation report to see if the valuer has mentioned any major defects in the property. These may mean we can't lend you the money or that we keep some back until important repairs are complete.
	When all this is done and if everything is ok, we'll write to make you a mortgage offer.

STEPS TO TAKING OUT ADDITIONAL BORROWING.

What is additional borrowing?

When you have had your mortgage account with us for at least six months, you may ask to borrow more money against your property. We call this additional borrowing. Many customers borrow more money to make repairs or improvements to their properties. Others want to borrow more money for things like a second home or perhaps to give to their children as a deposit for their own home.

Before you apply	Applying for your loan
If you are planning to do improvements or repairs to your property, contact suppliers and get estimates.	Prepare for your appointment by gathering useful documents you may need on the day, for example pay slips, recent bank statements and proof of your identity.
Make sure you understand when you will need to pay for any work – you may not be able to get your loan from us before the work is complete.	Allow an hour and a half for your appointment. If you are applying with someone else, the process will be quicker if everyone can attend. We'll already have most of your personal details but we'll need to check these are up to date.
We may need you to appoint a conveyancer to act for you and for us, for example to purchase additional land. You will have to pay the cost of this.	If one is needed, we'll ask you which conveyancer is going to act for you.
	Your mortgage adviser will ask about your needs and circumstances and recommend our most suitable loan for you.
	We'll check whether the last valuation we did for your property is still ok for us. If not, we'll arrange to revalue your property. You will have to pay the cost of the revaluation unless we agree to do so.
	If any part of your loan is to be on interest-only – including any of your existing loan – then we'll check whether your repayment plan(s) is acceptable to us, based on our current policy. If not, we'll discuss other arrangements with you, which may include transferring some or all of your existing loan to a repayment mortgage.
	Sometimes we'll require you to transfer the whole of your mortgage to our latest mortgage conditions. If we do, you'll be given a copy of the new mortgage conditions together with a declaration to sign and a Mortgage Illustration, which sets out the terms of the mortgage product and the total cost of the loan. Please take time to read these and make sure you are happy with them.

How do I apply for additional borrowing?

You can apply over the phone and in branches. You will need to speak to a qualified mortgage adviser, who will discuss your needs and circumstances and check whether you can afford the new loan. Your mortgage adviser will recommend the most suitable mortgage available for you.

You may also be able to apply online. If you do this, you will have to choose your own product and will not benefit from advice from a qualified mortgage adviser.

The guide below shows the step-by-step process of applying for additional borrowing. To follow the guide, read down the columns.

From your application to our loan offer	How to complete the process
If we need to revalue your property, we'll appoint a valuation surveyor and arrange for the valuation.	Tell us when you want us to release the money to you. If you are using a conveyancer, you must tell them when you are ready to proceed.
If you want to borrow against the property's value after improvement or repair work has been done, we'll send the surveyor a copy of your estimates. The surveyor will call you to make an appointment to visit your property.	Normally we can release all the money straight away. If we can't, we may ask you to send us copies of your invoices or we may ask a valuation surveyor to re-inspect your property. You will have to pay the cost of this.
We'll make enquiries about you at a credit reference agency (see page 10). We'll check your employment and income details and write for other references we may need.	We'll pay the money into the account where your monthly payments come from. If you are using a conveyancer, we will send the money direct to them.
We'll check the valuation report to make sure the property seems to be worth enough to lend you the amount you want to borrow.	We'll write to let you know when we've released the money and what your new monthly payments will be. Your first monthly payment may be higher than your later ones. This is because we will collect the interest we charge on the new loan between the day we release the money and the end of the month.
When this is done and if everything else is in order, we'll write to offer you the additional borrowing.	We start charging you interest on the loan from the day we release it, so we suggest you don't ask for the money until you need it.
Please take time to read your offer letter because it is really important.	
If we cannot release part or all of your loan until the improvement work is complete, we'll tell you this in your offer letter.	

STEPS TO TAKING OUT A PRODUCT TRANSFER.

What is a product transfer?

When you take out your mortgage, you arrange to have a fixed or variable product for a period of time. At the end of this time the product will end and your loan will usually be transferred to one of our lender variable rates. At this point, you may choose to move your loan to a new product for a further period of time.

Alternatively, your circumstances may change and you may think a different type of product is more suitable. For example, if you are on a variable rate and interest rates start going up, you may decide that moving to a fixed rate would be better.

How do I apply for a product transfer?

You can apply over the phone or in branch. You will need to speak to a qualified mortgage adviser, who will discuss your needs and circumstances and check whether you can afford the repayments on the new rate. They will recommend the most suitable mortgage for you.

You may also be able to apply online. If you do this, you will have to choose your own product and will not benefit from advice from a qualified mortgage adviser.

The guide opposite shows the step-by-step process of applying for a product transfer. To follow the guide, read down the columns.

Before you apply	Applying for a product transfer	Completing the product transfer
If your current rate is about to end, check which lender variable rate you will automatically switch to – you may be happy to stay on this rate.	You will need to choose the way you want to apply. If you want advice from a mortgage adviser, you can book an appointment in branch or apply over the phone. You may also be able to apply online but if you do, you cannot get our advice. So you will have to make your own choices.	Take time to read all the documents before you agree to proceed with your application – they are really important.
Check whether there will be any early repayment charges if you transfer products. If there are, think about whether you can pay these. You can't add them to your mortgage loan.	Gather useful documents you may need to make your application, for example pay slips, recent bank statements and details of any repayment plans (if you have an interest-only mortgage).	Once we have received all of the documentation required and if everything is ok we'll make you a formal offer. You should check your offer carefully to make sure you are still happy to go ahead.
Find out if you qualify for a product transfer and if we have any suitable products available.	If you are using our advised service, allow an hour and a half for your appointment. If you are applying with someone else, it will be quicker if everyone can attend the appointment or call.	You don't need to do anything else unless you change your mind. If so, you should contact us immediately so that we can stop the transfer taking place.
	If we are providing you with advice, you'll be asked about your needs and circumstances. Our mortgage adviser will recommend the most suitable product for you.	We'll send you a letter saying when the transfer will take effect and when we'll start collecting your new monthly payment.
	If you choose to apply online, we won't be able to ask about your needs and circumstances. We'll offer you products based on our assessment of the percentage of the loan to value of your property. You will then need to choose your own product.	Product transfers usually happen on the first of the month after you make your application. However, sometimes it can take a little longer, for example if you make your application near to the month end or you don't return any paperwork quickly. If this happens, the transfer will usually take effect from the first day of the second month after you make your application.
	We may ask about your financial commitments. This may include making enquiries about you at a credit reference agency.	
	If any part of your loan is to be on interest-only, we'll check whether your repayment plan is acceptable to us, based on our current policy.	
	Sometimes we'll require you to transfer the whole of your mortgage to our latest mortgage conditions. If so, you will be given or sent a copy of the new mortgage conditions together with a declaration to sign and a Mortgage Illustration that sets out the terms of the mortgage product and the total cost of the loan.	

DO I QUALIFY FOR A LOAN?

First-time buyer? Thinking of moving home? Want to move your mortgage from your existing lender? Already have a mortgage with us and are thinking of borrowing more? Whatever your situation, one of your first questions will be 'Can I get the loan I want?' This section gives useful information about how we decide who we'll lend to, and how you can find out if we'll lend to you.

Age

You must be at least 18 to apply for a mortgage, and your mortgage must usually end before you reach 80. If your mortgage term extends past your UK State Pension age or your expected retirement age – whichever happens sooner – we'll look at your retirement income or your employment income, if you are still working to work out whether we think you can afford the monthly payments. If you're taking out a joint mortgage, it's the age of the oldest person that's taken into account.

Affordability

We'll work out whether we think you can afford the loan you want. We do this by asking about your income, for example your basic salary and any regular overtime or bonuses. We'll also ask about your regular outgoings, for example credit card or personal loan repayments and we'll take these off your income. After that, we make a further allowance for average day-to-day living expenses. This allows us to see how much we think you can afford for your mortgage payment each month.

Credit search

As part of our process of assessing whether we think you can afford the loan, we'll ask your permission to contact a credit reference agency. They can give us information about:

- how you have conducted your finances in the past;
- how many credit commitments you have and how long they will last; and
- whether you have kept the payments up to date.

Credit scoring

Credit scoring helps us decide whether to lend you money. We can also use it to set interest rates for some products.

Credit scoring works by awarding you points based on the information that:

- you give us about yourself;
- we already have about you, if you have an existing relationship with us; and
- is on your credit file at the credit reference agency.

We use this information to predict how big a risk we're taking by lending you money. If you score enough points, we'll take your application to the next stage.

For more on credit scoring and how we use it, see our credit scoring leaflet.

Agreement in Principle

An Agreement in Principle, sometimes called a Mortgage Promise, is useful if you haven't found a property you want to buy but would like to know how much you may be able to borrow based on your income. It may help you negotiate with the seller because they know you can get a loan.

All we need are some personal details about you and anyone else who will be named on the mortgage. Then we will make an enquiry about you at a credit reference agency to credit score you and tell you if you have reached our pass mark. This enquiry will not affect your ability to get credit anywhere else. It will not be seen by other lenders and can only be seen by you on your credit report.

When you have made a full application with us, we will carry out a full credit search which will be visible to other lenders.

While we aim to lend you the amount agreed in principle, sometimes we may not be able to lend you as much as this if:

- any of the details you give us change;
- we have been unable to confirm the information you gave us;
- anything about you has changed at the credit reference agency when we make a full loan application search at the time you apply; or
- following our discussion with you about your needs and circumstances, we find that we do not have a suitable mortgage for you.

We'll base our Agreement in Principle on the maximum loan we think you can afford. This is based on what you tell us about your income and expenditure and may change when you make a full application, as we will take more information into account before making a decision. For example, an Agreement in Principle won't take into account the type of property you eventually buy.

HOW MUCH DOES IT ALL COST?

Whether you are buying a new property, moving your current mortgage to us from another lender, or borrowing more money, it's important to know how much it's all going to cost. We usually expect you to be able to provide a deposit but there will be other costs too, especially if you are moving home. You need to think about whether you can afford all these costs.

Deposit

We'll only lend you a certain percentage of either the purchase price or the property valuation, whichever is lower. So you will need to use some of your own money to buy the property – a deposit.

We usually ask for at least a 5% deposit from your own money. However, if you can pay more, you can often get a cheaper mortgage product.

The table below gives some examples of deposit calculations.

Deposit examples

Percentage	House price	Deposit
5%	£200,000	£10,000
10%	£200,000	£20,000
15%	£200,000	£30,000
20%	£200,000	£40,000

Other costs

There are other costs in buying a property and taking out a mortgage. Here are some typical ones that apply to most buyers. To help you keep track, you can use the final column in the table to write down each cost.

Cost	Summary	Amount
Valuation of property	Your mortgage adviser will discuss valuation schemes and fees with you when you make your full application. The valuation fee depends on the property value and which type of valuation scheme you choose (see 'Valuation schemes', on page 16).	£
Conveyancing fees	These are charged by a conveyancer for doing the legal work connected with your purchase, mortgage and/or other property transaction. Fees can vary and are often based on the purchase price plus other costs. For more about what the conveyancer does, please see 'Other useful information' ('Will I need a conveyancer?'), on page 32.	£
Stamp Duty Land Tax/Land and Buildings Transaction Tax (properties in Scotland)	This is a government tax charged on land and property transactions in the UK. The tax is charged at different rates and has different limits for different types of property and values of transaction. The tax rate and payment limits can also vary according to whether the property is used for residential or non-residential purposes, and whether it is freehold or leasehold. For the most up-to-date limits please visit **www.gov.uk/stamp-duty-land-tax** Or for properties in Scotland **www.revenue.scot/land-buildings-transaction-tax/guidance/calculating-tax-rates-and-bands** This tax is an expensive extra cost that you should take into account when thinking about buying a property.	£
Land Registry fees	The Land Registry will charge for any searches of the property register the conveyancer asks for. It also charges for registering you as the owner and us as the lender. You must pay both these costs.	£
Local authority search fees	The local authority will charge for answering your conveyancer's questions about the property you want to buy, such as whether the local authority maintains the roads adjoining the property or whether you will be responsible for this.	£
Other relevant property searches, for example mining or environmental searches	Sometimes your conveyancer will have to carry out other searches because of where your property is. These may be environmental searches to check if certain industrial processes are carried out in the area or if the property is built on land that may have been contaminated because of the way it has been used in the past. Mining searches ask for records of any mining work that may affect the property. The organisations that answer these questions will charge for this and you will have to pay these costs.	£

There are often unexpected costs in buying a property, so it is a good idea to have a reserve fund to cover them.

WHAT TYPES OF PROPERTY WILL YOU LEND ON?

We'll consider lending you money to buy different types of old and new property, purpose-built flats or conversions, or a property you are buying outright or under an approved shared ownership or shared equity scheme. We'll also consider an application to buy a property that you want to rent out to someone else. We may ask you to provide a bigger deposit on some types of property than others.

Freehold

If the property is freehold, then you will own the property and the land it's built on. We don't lend on freehold flats in England, Wales or Northern Ireland.

Leasehold

If the property is leasehold, then you will own a temporary right to occupy the property and the land it's built on. The property and the land are owned by someone else and they lease them to you for a number of years. Leases can last for decades or centuries. There is usually an annual charge for the lease, called a ground rent and sometimes there may also be service charges. We'll only lend on leasehold properties with at least 70 years left on the lease when you apply. Before you buy, your conveyancer will check the lease terms to make sure they are acceptable.

In Scotland (except in rare cases where there is a form of long lease known as a 'tack') all properties are owned outright by the 'registered proprietor'.

New-build or converted properties

A new property or a property that has been built or converted within the last ten years should be part of a Building Standards indemnity scheme. This gives a ten-year warranty against material defects. There are a number of acceptable schemes, but the main one is run by the National House-Building Council (NHBC).

We'll consider lending on a property that is not part of one of these schemes if it comprises of a development of no more than 15 properties and meets our current monitoring requirements.

Help to Buy

We usually support the Government's Help to Buy schemes.

For the most up-to-date scheme details, please visit **www.helptobuy.gov.uk** or speak to a mortgage adviser.

Shared equity

This can take various forms. Usually you own 100% of the property but pay a reduced amount to the builder, for example 75% of the property value. You own 100% of the property so there is no rent to pay. The builder holds a 25% stake in the property and registers this interest in your property at the Land Registry. At a later date, when you can afford to, you can buy the remaining 25% from the builder at a cost of 25% of the property's value at that time. If you decide to sell the property, you must give the builder 25% of the sale proceeds.

Shared ownership

Shared ownership schemes are usually offered by registered social landlords or local authorities. With this type of purchase you buy a share of a property, say half and pay a reduced rent for the rest to the registered social landlord or the local authority. The share you first buy may be as little as 25%, but if you wish you may be able to buy more shares later until you own the property outright.

Right to Buy

If you rent your home from your local authority or a registered social landlord, you may have the Right to Buy your home under certain conditions set out by your landlord. You may be able to buy your home at a discount to its market valuation. The discount is usually based on the property value and how long you have been a tenant.

Valuation schemes

Whether you're buying a new home, remortgaging, raising capital or making some repairs, a mortgage valuation will help us make a decision on your application. You may also want to assess the condition of your property, to highlight any issues that may affect its value or your decision to buy.

With exception to remortgages, when you apply for a mortgage, we'll ask you to choose from three levels of inspection and report. Unless we tell you otherwise you will have to pay the cost of this. In Scotland the seller of a property has to get a Home Report, which contains a property valuation. We may accept the valuation if the surveyor is on our panel of valuers.

Please see the table below for details about the different types of valuation you can choose.

	Mortgage Valuation (Level 1)	**Survey and Valuation** (Level 2)	**Building Survey** (Level 3)
What it is	A basic property valuation that helps us make a decision on whether we will lend you the money to buy the property.	Arranged as a contract between you and the surveyor. This is a survey for you, detailing the essential things you need to know about the property. A valuation is provided that helps us make a decision on whether we will lend you the money to buy the property.	Arranged as a contract between you and the surveyor. This is the most detailed survey we offer, which you can tailor to your needs. A valuation is provided that helps us make a decision on whether we want to lend you the money to buy the property.
How it's done	We will decide if we want a surveyor to visit and assess the property. We may decide not to instruct a surveyor to visit the property and instead use a combination of historical and market data to compare your property to others in the local area.	A surveyor will visit to assess the inside and outside of the property. Before this happens, the surveyor will send you the terms of their agreement for you to accept.	We will choose a surveyor who will contact you and discuss the type of report you want. You will get a copy of the agreement between you and the surveyor before the visit takes place.
What you get	If a surveyor has visited the property you will get a copy of the report. It will give very limited information about the property. If a surveyor has not visited the property, there will be no report to provide. Instead we will tell you if our assessment of the value means we will not lend you the loan amount requested.	The survey gives you guidance on the essential things you may need to know about the property, such as defects and problems that are serious or that may significantly affect the value.	A customised report based on the agreement between you and the surveyor.
What it means for you	Defects that could affect your decision to buy may not be identified by the assessment. If we have not made a visit to the property, you will not receive a valuation report or any assessment of the property.	It does not give a full structural assessment. Whilst it may give details of issues with the property, it may not go into the level of detail you require. You will not get a copy of the basic valuation report provided to us.	As this is a customised report you get to choose what is included within the report. You will not get a copy of the basic valuation report provided to us.

REPAYING YOUR MORTGAGE.

Mortgages can last a long time, so it's important you get the one that's right for you. You will need to think about such things as the type of loan, how long you want it for and what type of product you would like.

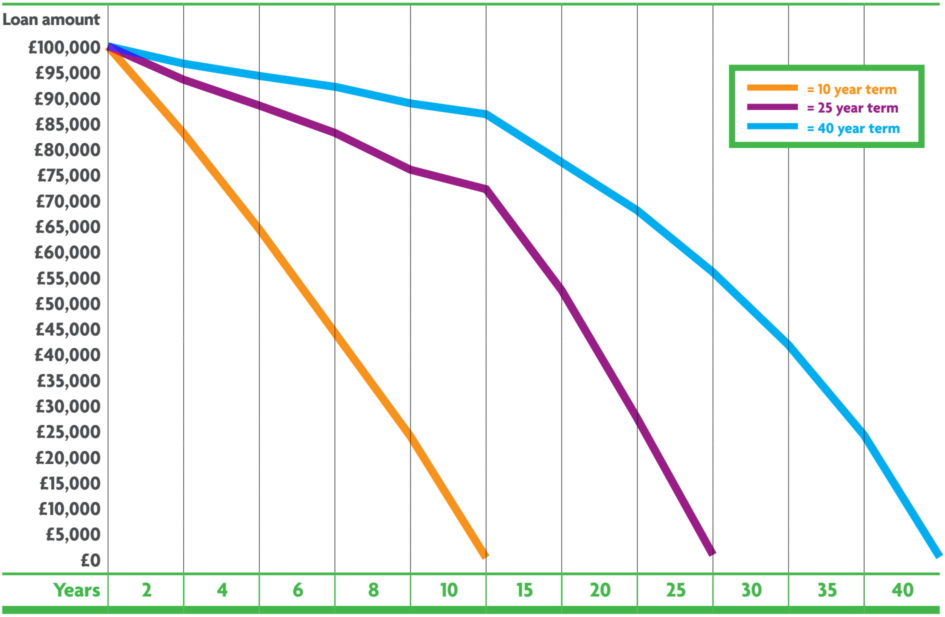
Methods of repayment

There are three different ways of repaying your loan. These are repayment, interest-only, and a combination of repayment and interest-only.

Repayment

Every month, your payments go towards reducing the amount you owe as well as paying off the interest (see Figure 1). This means that each month you are paying off a small part of your loan. Your annual statement will show your loan getting smaller. However, in the early years your monthly payments will mainly go towards paying off the interest, so the amount you owe won't go down much at the start.

Figure 1: Illustration of the effect of monthly payments on a £100,000 repayment loan over the mortgage term.



Interest-only

Your monthly payment pays only the interest charges on your loan – you don't pay off any of the loan amount (see Figure 2). This means your monthly payments will be less than if you had a repayment mortgage. However, the total cost of an interest-only mortgage will be higher because you will be paying interest on the full loan amount throughout the mortgage term.

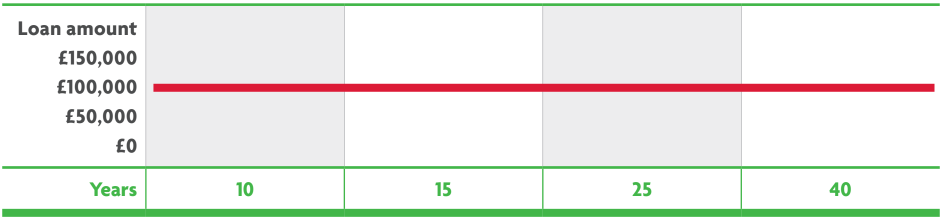
With an interest-only mortgage, you will need to know from the start how you are going to find a lump-sum to repay the loan at the end of the mortgage term. When you apply, we'll ask you to show us that you have a repayment plan in place, to pay off everything you owe at the end of the mortgage term.

From time to time, we may ask you to show us that your repayment plan(s) remains on track to repay the mortgage. If we think your plan may not be enough to repay everything you owe by the end of the term, we'll try to contact you to discuss other arrangements. These may include transferring part, or all, of your loan to a repayment mortgage.

You are responsible for regularly checking that your plan(s) remains on track. If your plan does not give you enough money to repay your mortgage at the end of the term, you may have to sell your property.

Interest-only mortgages are only available when the loan amount is less than 75% of our latest valuation of the property. (Please note: These limits change from time to time but were correct at July 2017.)

Figure 2: Illustration of the effect of monthly payments on a £100,000 interest-only loan over the mortgage term.



Combination of repayment and interest-only mortgage

It is possible to split a mortgage between repayment and interest-only. This means that at the end of the mortgage term you will still have an amount of the mortgage to pay off, which you will need to do using a lump-sum.

So, as with an interest-only mortgage, you will need to make sure you have a repayment plan in place to pay off everything you owe at the end of the mortgage term.

What type of repayment plans can I use?

This table sets out the repayment plans we currently accept, which may change in the future.

Acceptable plan types	Information you must give us	Our assessment of acceptable values
Endowment policies (UK)	Copy of latest projection statement dated within the last 12 months.	Endowment companies will present three growth rates. We allow up to 100% of the projected amount using the middle figure.
Stocks and shares (UK)	Copy of share certificates, nominee account statement or confirmation from a recognised broker giving evidence of share holdings and their valuation.	We'll accept up to 80% of the latest valuation of the stocks and shares, ISA, OEIC or investment bond (if the latest valuation is greater than £50,000).
Stocks and shares ISA (UK)	Copy of latest statement dated within the last 12 months.	As above.
Unit trusts, open-ended investment companies (OEICs) (UK)	Copy of latest statement dated within the last 12 months.	As above.
Investment bonds (UK)	Copy of latest statement dated within the last 12 months.	As above.
Pension (UK)	Copy of latest projection statement dated within the last 12 months.	For Money Purchase schemes: we can use a maximum of 15% of the projected value, if the latest projection value is greater than £400,000. For Final Salary schemes: we can use a maximum of 60% of the tax free lump-sum amount, provided the projection shows a minimum lump-sum available of £100,000.
Sale of second home (UK)	Property details, confirmation of ownership, evidence of the amount of any mortgage debt.	We'll check the ownership of the property and assess its value. We'll deduct any amount you owe that's secured against the property and allow you to use up to 80% of the amount left over (if this is over £50,000).

What mortgage terms are available?

Mortgage terms of up to 40 years are available. How long the mortgage lasts will affect your monthly payments and the total cost of the mortgage.

With a repayment mortgage, the longer the term, the lower the monthly payment. However, it will take you longer to pay off the loan so you will pay more interest. This means it will cost you more over the life of your mortgage.

With an interest-only mortgage, the length of the term makes no difference to the monthly payments because these are only paying off the interest charges and not the loan itself. With an interest-only mortgage your mortgage term needs to match the time when you will have enough money in your repayment plan(s) to repay the loan.

WHAT TYPES OF MORTGAGE PRODUCTS ARE THERE?

We have different types of mortgage products with different types of interest rates. These change from time to time and we'll give you details of the current range when you apply.

Type of product	How it works	Early repayment charges
Fixed rate	Your interest rate and your monthly payments are set at a certain level for an agreed period (the product rate period). At the end of that period we switch you to another rate, usually one of our lender variable rates.	Early repayment charges usually apply during the product rate period. Sometimes they can apply after the product rate period too.
Tracker rate	This is a variable rate loan with an interest rate that is above, below or the same as the Bank of England base rate or some other rate it tracks for an agreed period. At the end of that period, we will switch you to another rate, usually one of our lender variable rates.	Early repayment charges usually apply during the product rate period. Sometimes they can apply after the product rate period too.
Lender variable rates	A variable rate we set. We decide when and how much to raise or reduce these rates. We have more than one lender variable rate, and your Mortgage Illustration and offer letter say which rate(s) applies to you. These rates are not usually available as a stand-alone product. They are usually a rate we switch you to at the end of your product rate period.	Early repayment charges do not usually apply, but check your Mortgage Illustration or offer letter to be sure.

	What it means for you	Is it right for you?
	Your monthly payments stay the same during the product rate period, even if the Bank of England base rate or our lender variable rates change. A fixed rate gives you the security of knowing your payments won't change, making it easier for you to budget. You won't benefit if interest rates fall. The interest rate and your monthly payment will stay the same.	Ask yourself if being certain that your monthly payments won't rise is more important than the possibility of paying a lower interest rate. If you choose a fixed rate, you won't benefit from any falls in the interest rate during the product rate period.
	It can pay to choose a tracker if you can afford to pay more when interest rates rise so that you can benefit when they fall. It may not be suitable if you live on a tight budget that won't stretch to higher monthly payments when rates rise.	Ask yourself if you are confident that you will be able to make your monthly repayments if interest rates rise.
	It can pay to stay on a lender variable rate if you can afford the monthly payments when interest rates rise so that you can benefit when they fall. It may not be suitable if you live on a tight budget that won't stretch to higher monthly payments when rates rise.	Ask yourself if you are confident that you will be able to make your monthly repayments if interest rates rise. Ask yourself if you are happy for us to choose when and how much to change your interest rate by or whether you prefer your rate to track a rate set by someone else.

PRODUCT INCENTIVES.

From time to time we may offer mortgage products that include incentives – these are special offers that make some products more attractive than others. Not all incentives are available to all customers and not all incentives are available all the time.

Some incentives require you to have another product with us, for example your main current account. If so, we'll say this in the section of your Mortgage Illustration headed 'Flexible features'.

The interest rate for products with incentives may sometimes be slightly higher than for products without incentives. So you need to consider whether the incentive available at the start of the mortgage is more important to you than the slightly lower interest rate you may get during the product rate period without the incentive.

Free purchase conveyancing

If we offer free purchase conveyancing as an incentive, we'll choose the conveyancer to deal with the basic legal work done on our behalf. If you would prefer to use your own conveyancer, you should not choose this incentive because we won't pay your conveyancer's legal costs.

What's included in free purchase conveyancing	What's not included in free purchase conveyancing
The basic legal fee for the purchase.	Fees for additional work outside the scope of a standard property purchase; for example, preparing a declaration of trust to set out the different interests of the property's co-owners.
The fee for the basic legal work done on our behalf.	Administration for Stamp Duty Land Tax/Land and Buildings Transaction Tax (properties in Scotland) or the tax itself.
Any leasehold supplements (but not any landlord's (lessor's) registration fee that may apply); for example, a fee to the landlord for registering the change in lease ownership.	Any money paid out, such as search fees.

Free remortgage conveyancing

If we offer free remortgage conveyancing as an incentive, we'll choose the conveyancer to deal with the basic legal work done on our behalf. If you would prefer to use your own conveyancer, for example if you want to add or remove a name on your mortgage account, you should not choose this incentive because we won't pay your conveyancer's legal costs.

What's included in free remortgage conveyancing	What's not included in free remortgage conveyancing
The fee for the basic legal work done on our behalf for a standard remortgage.	Any additional services not included in the basic legal work and any legal advice you want the conveyancer to provide. (If you are in Northern Ireland, you cannot ask our conveyancer for advice or additional services – you must instruct a different conveyancer.)

Cashbacks

If we offer a cashback as an incentive, your Mortgage Illustration and offer letter will set out how much it will be, how we'll send it to you and when we'll pay it. Sometimes, we offer a cashback as a reward for having another relationship with us, for example having a current account or savings account. If so, this will also be shown in your Mortgage Illustration and offer letter.

Interest cashback

If we offer a cashback of interest charges, your Mortgage Illustration and offer letter will say so. Cashback could be for one month or more.

To calculate the cashback we'll use the total amount you are borrowing, and multiply it by the highest interest rate we'll charge you at the start of your mortgage. We calculate one month's interest based on 31 days. The example below shows how we do this. If our offer is for more than one month's interest, we calculate 31 days for each month. So, for example, we use 62 days to calculate two months' interest cashback. There may be a maximum to the amount of interest cashback we'll pay.

We'll write to let you know how much the cashback will be. We'll send the cashback to the bank account from which you have chosen to pay your monthly mortgage payment.

EXAMPLE:

Amount of loan – £80,000

£45,000 –
Interest rate of product 1 – 5.35%

£35,000 –
Interest rate of product 2 – 6.09%

$$\frac{80{,}000 \times 6.09\% \times 31 \text{ (days)}}{365 \text{ (days)}} = £413.79$$

EARLY REPAYMENT CHARGES.

What are they?

We offer different types of mortgage products with different interest rates. With some of these there may be a charge if you repay all or part of your loan within a certain time; we call these early repayment charges. Your Mortgage Illustration and offer letter give details of any early repayment charges that apply to you.

Why do we charge them?

We charge them because when setting up the funds to provide loans to customers, we expect them to keep the money for the time agreed at the outset. There is a cost to us if they repay some or all of the loan sooner. The charge compensates us for this cost.

When do we charge them?

We'll apply an early repayment charge if you repay the loan on which there is an early repayment charge before the end of the early repayment charge period, set out in your Mortgage Illustration and offer letter. We'll base the charge on the amount you owe when you repay the loan, but it will never be more than the maximum charge we set out.

If you repay part of the loan on which an early repayment charge applies, we'll charge you a proportion of the early repayment charge due.

EXAMPLE:

Amount you owe:	£50,000
Percentage early repayment charge payable:	5%
Total early repayment charge payable:	£2,500
Amount you repay early:	£25,000
Total early repayment charge payable:	£1,250

We'll also apply an early repayment charge if we agree to transfer all or part of your loan to a new mortgage product during the early repayment charge period.

Are there any exceptions to this?

Yes. Currently, as a concession, in each calendar year you can make regular or lump-sum overpayments of up to 10% of the amount owed at 1st January without having to pay an early repayment charge. (This is for any product where an early repayment charge applies.)

If the total amount you overpay during the year exceeds 10%, we'll only charge you an early repayment charge on the proportion you overpay above 10%.

EXAMPLE:

Amount owed on 1st Jan:	£50,000
Total amount of regular/lump-sum overpayments made between 1st Jan and 31st Dec:	£10,500
Less the amount of regular/lump-sum overpayments where early repayment charges do not apply (10% of £50,000):	£5,000
Total amount of regular/lump-sum overpayments where early repayment charges applied:	£5,500
Total early repayment charge payable (£5,500 x 5%):	£275

If you repay the loan in full within six months of making a regular or lump-sum overpayment, we'll require you to pay the full early repayment charge, including the portion we previously did not charge.

Remember, we can change or withdraw our 10% early repayment charge concession, so if you decide you want to make regular or lump-sum overpayments, it's always a good idea to contact us and check if the policy has changed. We'll give at least three months' notice before withdrawing or reducing the concession.

If you are moving home and can take the product with the early repayment charge with you to a new mortgage, you won't have to pay the early repayment charge. (See the section 'Taking your product rate to a new mortgage', on page 28.)

TAKING YOUR PRODUCT RATE TO A NEW MORTGAGE.

It is sometimes possible to take a product rate with you to a new mortgage on a different property. Your Mortgage Illustration and offer letter will say if any of your product rates can be taken to a new mortgage.

If we say you can take your product rate to a new mortgage, this means taking a product and the early repayment charge with you to another mortgage with the same lender. If the lender has more than one brand (e.g. Halifax, Bank of Scotland), it means keeping your mortgage with the same brand.

You may be able to take the product and early repayment charge to the new mortgage for the amount you currently owe on that product. But if you are borrowing more, you will need to have a new product for the extra amount you borrow.

If you are borrowing less than the amount you owe on the product you are taking and the offer you have for your old mortgage says there is an early repayment charge, then you will have to pay an early repayment charge on the difference. (See 'Early repayment charges', on page 26.)

When will I not be able to take the product rate to a new mortgage?

You can only take your product rate to a new loan if your offer letter says so.

The product rate can only be taken to a new loan while the product rate period(s) applies. You cannot take your product rate once you are paying interest at the lender variable rate that applies to that part of your mortgage.

We'll decide whether to offer you a new mortgage based on our lending policies at the time you apply. If we don't offer you a new mortgage, you cannot take your product. Also, if you repay your existing mortgage, you will still have to pay early repayment charges.

What if I start my new mortgage before I repay my existing mortgage?

If you intend to sell your current property but you can't take out a new loan and repay your existing loan at the same time, you can ask permission to have two loans with us for a short time.

We'll agree to this if we think you can afford to pay the monthly payments on both loans. You may be able to take your existing product rate to the new loan. However, you will have to transfer your existing loan to the lender variable rate that applies to it until the sale is complete and you have fully repaid the loan.

This is a concession that may not always be available, so please ask about it when you apply for your new mortgage.

What if I repay my existing mortgage before I apply for a new mortgage?

If you sell your property but are not yet ready to buy another, you will need to repay your existing mortgage. This means you will have to pay any early repayment charges that apply. However, if you apply for a new mortgage with us within three months of repaying your existing mortgage, you may be able to take your old product rate with you to your new mortgage. Once your new mortgage has started, you can apply to us for a refund of the early repayment charge.

This is a concession that may not always be available, so please ask about it before you sell your property.

REGULAR OVERPAYMENTS.

What are they?

Regular overpayments are amounts you pay that are extra to your monthly mortgage payments. They reduce the amount you owe on your mortgage. They also reduce the amount of interest we charge because we calculate interest on the reduced balance from the day we receive the overpayment.

Overpayments will not automatically reduce your mortgage term because whenever we recalculate your monthly payment, your overpayments go towards reducing your new payment.

You may want to make regular overpayments to pay off your loan sooner, but don't want to ask us whether you can formally change the term of your mortgage agreement. If so, you will need to remember to review the amount of the monthly payment whenever we recalculate it and increase the amount of your regular overpayment.

How do I make regular overpayments?

You can make regular overpayments by increasing the amount of your monthly payment. You can do this by asking us to increase the monthly direct debit we collect from your bank account.

Will there be a charge for making a regular overpayment?

You may have to pay an early repayment charge if you are making an overpayment during an early repayment charge period. Your Mortgage Illustration and offer letter will tell you if early repayment charges apply and how long for. After the first year of your mortgage your annual statement will tell you this.

If we have an early repayment charge concession when you make your overpayment, you will pay an early repayment charge on only the part of the overpayment that exceeds our concession limit (see 'Early repayment charges', on page 26).

Bear in mind that if you make any lump-sum overpayments during the year, these will count towards our 10% early repayment charge concession.

LUMP-SUM OVERPAYMENTS.

What are they?

Lump-sum overpayments are when you pay off part of your loan using a one-off payment.

How do I make one?

You can call into your local branch or write to us enclosing a cheque. You need to tell us if you want us to use the money to reduce the monthly payments by keeping the mortgage term the same. If you would like to permanently reduce the remaining mortgage term, you will need to speak to a qualified mortgage adviser who will discuss your needs and circumstances with you.

If you have an interest-only mortgage, you can ask us to reduce the mortgage term but only if you can show us that your repayment plan(s) to repay the loan at the end of the term will provide enough money to do so sooner.

Making a lump-sum overpayment will reduce the amount of interest you will pay us over the life of the mortgage because you are reducing the amount you owe. We'll stop charging you interest on the amount of the lump-sum overpayment on the day we receive the money.

Will there be a charge for making a lump-sum overpayment?

You may have to pay an early repayment charge if you make a lump-sum overpayment during an early repayment charge period. Your Mortgage Illustration and offer letter will tell you if early repayment charges apply and how long for. After the first year of your mortgage your annual statement will tell you this.

If we have an early repayment charge concession when you make your lump-sum overpayment, you will pay an early repayment charge on only the part of the lump-sum that exceeds our concession limit (see 'Early repayment charges', on page 26).

Remember: If you make regular overpayments during the year, these will count towards any early repayment charge concession.

Can I choose which part of my loan I repay?

Yes. You can tell us which part of your loan you want us to repay with your lump-sum. For example, you may want us to reduce the part we charge at the highest interest rate, or the part that does not have an early repayment charge on it.

If you don't tell us which part of your loan you want to repay, we'll reduce each part of your loan in the same proportions as we apply your full monthly payments.

EXAMPLE:

The total monthly payment is £600 and is split into two parts:

Part 1 is for £360
(60% of the monthly payment)

Part 2 is for £240
(40% of the monthly payment)

You make a lump-sum overpayment of £10,000:

Part 1 would receive £6,000
(60% of the lump-sum)

Part 2 would receive £4,000
(40% of the lump-sum)

UNDERPAYMENTS.

What are they?

An underpayment is where you pay us less than your monthly payment. You are not allowed to make underpayments unless you have already made overpayments.

Whenever we recalculate your monthly mortgage payment, we use any overpayments you have made to reduce what you owe. Once we have done this, you will need to build up new overpayments before you can underpay again.

If I want to underpay, do I have to make arrangements with you?

Yes. You should contact us to arrange to underpay so that we can tell you the amount of overpayments available for you to use. We can then change your direct debit for the time you want to underpay.

PAYMENT HOLIDAYS.

What are they?

A payment holiday means you take a break from paying part or all of your monthly payment but you have not made any earlier overpayments against which you can underpay.

How do I get one?

To apply for a payment holiday, you must contact us. Payment holidays increase the amount you owe. This is why we have a payment holiday policy and we'll assess your application to see if you can meet all our policy requirements. We don't guarantee to agree a payment holiday.

What is the payment holiday policy?

Our payment holiday policy changes from time to time, so it's always worth checking our current rules. At the time of writing (July 2017) the rules were as follows:

- The amount you owe must not exceed 75% of our latest valuation of your property.
- The mortgage must have been in place for at least 12 months.
- The account must not have been in arrears in the last 12 months.
- The total number of payment holidays allowed throughout the mortgage term is six monthly payments and you can only take two of those months at any one time.
- You cannot apply for a payment holiday within three years of taking your previous one.
- Payment holidays are not available on Buy to let mortgages, shared ownership mortgages or on mortgages you have taken out on your home where you have later let the property.
- You cannot apply for additional borrowing during a payment holiday.
- You cannot apply for a payment holiday within six months of taking out additional borrowing.

OTHER USEFUL INFORMATION.

Will I need a conveyancer?

You will need a conveyancer to do the legal work for us, and you will have to pay their costs. You can do your own legal work, but we advise you to employ a conveyancer to look after your interests and to explain and deal with complex paperwork. Buying a property is complicated, especially if it involves shared ownership or shared equity. You can use different conveyancers to deal with our work and yours, but it is normally easier to use the same conveyancer to deal with both. You must appoint a solicitor or licensed conveyancer (in Scotland they must have a practising certificate issued by the Law Society of Scotland). The conveyancer doing our work must be a member of our approved panel.

The conveyancer will:

- give you legal advice on all aspects of buying a property;
- unless the property is in Scotland, get a purchase contract from the seller's conveyancer with details of the property and its ownership;
- in Scotland, exchange missives with the seller's solicitors and carry out a title check on the property;
- sort out all pre-contract enquiries (in Scotland, check that all the conditions of the missives have been met), get copies of existing guarantees and so on;
- get the seller's fixtures and fittings list to see what they will be leaving in the property and check with you that this list includes all that you agreed would be included;
- check your offer letter when it arrives and explain any parts of it and the mortgage conditions that you don't understand;
- except in Scotland, arrange for you to sign a copy of the contract, agree a completion date and exchange contracts with the seller's conveyancer;
- in Scotland, conclude missives with the seller's solicitor including an agreed date of settlement;
- ask you to pay your deposit and ask us to send them your loan money;
- on completion day, pay the required amount to the seller's conveyancer and arrange for you to collect the keys;
- register your ownership of the property and the mortgage at the Land Registry/Registers of Scotland and pay any Stamp Duty Land Tax/ Land and Buildings Transaction Tax.

I am buying with someone else – what if one of us dies?

When two people buy a property together they are normally registered at the Land Registry as co-owners. There are two main ways of co-owning property and the legal terms for these are 'joint tenants' and 'tenants in common'. With joint tenants, the law regards the co-owners as owning the whole of the property between them. When one of them dies, the whole of the property passes to the other. Usually, the survivor only needs to provide a death certificate to prove their entitlement to full ownership. Joint tenancy is a much-used form of ownership between married and civil partners.

However, family matters can be complex and you may not want complete ownership of the property to automatically pass to the other co-owner. If so, you may want to consider asking your conveyancer to register you as tenants in common.

If you own your property as tenants in common, each of you owns only a share in the home. This could be 50/50, but if one of you puts down a bigger proportion of the deposit, you may want to take unequal shares, for example 60/40. If you die, your share will pass into your estate and be dealt with in line with the terms of your will (or the rules of intestacy, if you don't leave a will).

This way of holding the property may be useful if you are unmarried or have children from a previous relationship. It can also be used as part of estate planning, to try to pay less inheritance tax. You should ask your conveyancer to explain more about the ways two or more people can own a property.

What if someone lives with me but won't be named on the mortgage?

Except in Scotland, anyone over 17 years old who is not your son or daughter but who will be living with you at the property to be mortgaged will have to sign a consent to the mortgage form. By signing this they agree not to claim tenancy rights if we take possession of your property because you do not keep up your monthly payments.

What if the value of my property falls?

Negative Equity is a term used to describe when a property value falls so that the property becomes worth less than the amount owing on the mortgage. Negative Equity commonly occurs when property markets fall and house prices dip so some parts of the country or property types are often more affected than others. Customers who only have a small amount of their own money invested in the property are the most vulnerable to it. If it happens to you, it could make moving home difficult or even impossible because the money you get from selling the property won't be enough to repay everything you owe and/or you may not have any money left to put down a deposit on a new property.

BUY TO LET.

A Buy to let mortgage is a loan you can take out to buy an investment property that you or your family won't live in and that you intend to rent out to tenants. We call this Business buy to let. The most you can borrow is linked to the amount of rental income we think you could earn. Taking out a mortgage is one of the many risks of investing in Buy to let properties. So before you enter the market you should be an experienced house buyer and have fully researched the investment property market. These mortgages are not available to first-time buyers or applicants under the age of 25. At least one person named on the loan must currently own a property in the UK.

Is Buy to let for you?

When you are thinking about taking out a Buy to let mortgage, you will need to add up the costs of buying and running your property. Then you can decide if taking out this type of mortgage is right for you.

The main costs are for the purchase, the mortgage payments and running the property. You should also think carefully about taxation, marketing, maintenance and general property management. It's important that you comply with all the legal requirements of being a landlord.

Be careful, there are some risks.

For example:

- **Finding the right tenants.** Renting out a property to a tenant doesn't always go smoothly. Be careful when deciding who your tenants will be. Sometimes tenants leave the property owing you rent. Some don't pay the rent and won't leave. Some may damage your property, leaving you with expensive repairs.
- **Periods when your property is not let.** At times you may not be able to find a suitable tenant. So you need to make sure you have enough money to pay your mortgage even though you will not be getting any rent.
- **You can lose money.** The property market is not always stable and prices can go down as well as up. This means your property could become worth less than you paid for it.
- **Location.** Consider the location and demand for rental properties. Some areas are more desirable than others.
- **Repayment method.** If you are thinking of using the sale of your investment property as your interest-only repayment plan, you must consider that its value may fall. If it does, you will have to find another way to repay everything you owe.

This isn't a complete list and there may be other things to consider.

Can you afford it?

Before you decide whether or not a Buy to let mortgage is right for you, you need to be aware that there are more costs than just the deposit.

- **Deposit.** You need at least a 25% deposit for a Buy to let mortgage with us.
- **Product fees.** This is a fee for the mortgage product that you take; it can usually be added to your mortgage but you will then have to pay interest on it.
- **Legal fees.** A conveyancer charges legal fees for doing the legal work connected with buying your property. Fees can vary and are often based on the purchase price plus other costs.
- **Stamp Duty Land Tax or (in Scotland) Land and Buildings Transaction Tax.** These are government taxes charged on land and property transactions in the UK. Each tax is charged at different rates and has different limits for different types of property and values of transaction. The tax rate and payment limits can also vary according to whether the property is used for residential, non-residential or investment purposes and whether it is freehold or leasehold. For the most up-to-date limits please visit **www.gov.uk/stamp-duty-land-tax**

  Or for properties in Scotland **www.revenue.scot/land-buildings-transaction-tax/guidance/calculating-tax-rates-and-bands**

  This tax is a high cost that you should take into account when thinking about buying a property.
- **Local authority search fees.** The local authority will charge for answering your conveyancer's questions about the property you want to buy, such as whether the local authority maintains the roads adjoining the property or whether you will be responsible for this.
- **Other relevant property searches, for example mining or environmental searches.** Sometimes your conveyancer will have to carry out other searches because of where your property is. These may be environmental searches to check if certain industrial processes are carried out in the area or if the property is built on land that may have been contaminated because of the way it has been used in the past. Mining searches ask for records of any mining work that may affect the property. The organisations that answer these questions will charge for this and you will have to pay these costs.
- **Land Registry fees.** The Land Registry will charge for any searches of the property register the conveyancer asks for. It also makes a charge for registering you as the owner and us as the lender, which you will have to pay.
- **Valuation fees.** The valuation fee depends on the property value and which type of valuation scheme you choose.
- **Preparing your property for rent.** Depending on its condition, you may have to do structural or decorative work. You may also have to budget for furniture and appliances if you intend to let your property furnished.
- **Complying with safety regulations.** Make sure you keep up to date with the latest safety regulations for landlords, for example gas and electrical safety.
- **Mortgage costs.** Make sure you can cover your mortgage payments, even when you don't have a tenant in the property.

Taxes

Usually you have to pay two types of taxes if you're a Buy to let landlord, these are income tax and capital gains tax. You can find more detailed information about taxation by visiting the HM Revenue & Customs website at **www.hmrc.gov.uk**

From April 2017 the tax legislation for landlords with residential Buy to let properties is changing. The changes are likely to increase the tax liability for some landlords because all rental income will form part of gross earnings and will need to be included on your tax return. Depending on your personal circumstances, this may increase the rate of tax you have to pay.

We recommend you seek independent tax advice to understand how the changes may affect you before you commit to purchasing a Buy to let property.

Property running costs

Owning a Buy to let property means you are likely to incur other costs which include:

- **Property maintenance** – as a landlord you are responsible for making sure your property is in good order and habitable for your tenants, as well as rectifying any faults and maintaining the safety of gas and electrical appliances.
- **Service charges and ground rents** – these are usually only payable if the property is leasehold. You will also need to check that the lease allows letting.
- **Insurance** – you must at least take out buildings insurance and make sure your insurance company knows it is a Buy to let property.
- **Letting agent fees** – you should budget for letting agent fees. They usually charge a percentage of the rental income.

Often, unexpected costs arise in running a property, so it's a good idea to have a reserve fund to cover them.

Tenancy Contracts

The tenancy must meet our requirements and these will be set out in your mortgage offer.

EXTRA HELP.

If you'd like this in Braille, large print, audio CD or another format please ask in branch.

If you have a hearing or speech impairment you can contact us using the Next Genertation Text (NGT) Service or via Textphone on 0800 056 7294 (lines open seven days a week, 9am–5.30pm). If you're Deaf and a BSL user, you can use the Signvideo service available at **halifax.co.uk/accessibility/signvideo**

Our promise.
Our promise is to do our best to resolve any problem you have immediately. Where we can't, we'll ensure you know who is dealing with your complaint. To complain:

Visit a branch and speak to any member of the team. Call us on **0800 072 9779** or **0113 366 0167** (Textphone **0800 389 1286** or **0113 366 0141,** if you have a hearing impairment). Write to us at **Halifax, PO Box 761, Leeds LS1 9JF**. Or visit **halifax.co.uk/contactus/how-to-complain**

If you're still not happy and we can't put things right to your satisfaction, you can ask the Financial Ombudsman Service to look at your complaint – provided you have tried to resolve the matter directly with us first. We hope you won't need to contact the Financial Ombudsman Service but if you do, we'll tell you how to do this.

All the information in this brochure was correct when it was printed (July 2017).

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