

MORTGAGES

Your next home

Let's see how we can get you there

Your Mortgage Guide

Your Principality, your mortgage

At Principality we've been looking after our Members' interests for more than 160 years. Our consistently strong performance helps ensure we are well placed to give you great products and services. And with more branches in Wales than any other building society, we're always on hand should you need our help and support.

What's more, we are proud to be involved in our communities through environmental initiatives and local sponsorship, that give help where it's needed.



We're here to help you

We know that everyone's circumstances are different, so our Mortgage Advisors are on hand to find the mortgage that's right for you. We are also here to help protect your family, home and possessions too – the things that matter to you most. So please remember, if you do need help at any stage of the process, please just ask and we'll be more than happy to help you in any way we can.

What you can find in this guide

This guide has been designed to help you through the application process, from understanding how much you could borrow to getting the right survey.

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Your step-by-step guide to applying for a mortgage

Whether you are looking to remortgage or to purchase a new property, the following steps provide you with the mortgage application journey and give you an idea of the things you will need to consider at each stage.

1

Understanding how much you could borrow

Rather than simply multiplying your income, we'll base the amount you could borrow on your individual circumstances, monthly income and monthly outgoings. To find out roughly how much you could borrow, visit [principality.co.uk/mortgagecalculator](https://www.principality.co.uk/mortgagecalculator). Alternatively, simply speak to a Mortgage Advisor in your local branch or call our **Customer Contact Centre** on the number on the back cover and they'll explain your options in more detail.

2

Initial discussion

During your first meeting or telephone call, your Mortgage Advisor will ask you a few questions to make sure we'll be able to proceed with your mortgage application. This should take no longer than 15 minutes. If we are able to proceed, we can arrange a mortgage Agreement in Principle (AIP) and start the application process. This means we've already agreed in principle to lend you the money, although we will need to check various legal and financial details before we can make you a mortgage offer.

Looking to borrow after you have retired?

We may be able to help. If this is something you'd like to explore, please mention this to your Mortgage Advisor during your initial discussion.

3

Before your appointment

If we can proceed with your application, we'll arrange a mortgage appointment for you, and give you a 'pre-appointment pack' for you to read before the appointment. It also includes some forms for you to fill in – please have them to hand during your appointment to make sure it goes as quickly and smoothly as possible.

4

Mortgage appointment

During this appointment, we will gather some information about you and your finances. This is where the pre-appointment pack becomes very useful. The information we obtain from you will form the basis of the advice we will provide.

5

Giving you the advice you need

After we have collected all of the information we need, we will agree upon a time when we can talk to you to present our recommendation. The recommendation will be based on your individual circumstances making sure it is in your best interests.

6

Finding a conveyancer or solicitor

You will need to find a solicitor or specialist conveyancer who will look after the legal side of your application for you.

For more information turn to page 7.

7

Getting the right survey

There are a number of options available to you to provide a survey and valuation for the property.

For more information turn to page 8.

8

Consider how you help protect your home and family

We understand there's so much more to owning a home than just sorting out a mortgage. So when you receive your mortgage offer, we will also take this opportunity to discuss the protection options available to you.

For more information see our Insurance Leaflet.

9

Your mortgage offer

When all the necessary legal and financial checks have been undertaken, you'll then receive a formal mortgage offer from us.

For more information turn to page 9.

10

Exchanging contracts and completion

Towards the end of the process, if you are moving house, you will exchange contracts with the seller of the property. This will be followed by the completion of the sale, when your funds are sent to your solicitor to pay the balance of the purchase price or to fund any remortgaging.

For more information turn to page 9.

Repaying your mortgage

By the end of the mortgage term, you need to have repaid the full amount you've borrowed, plus the interest. We charge interest daily, which means that each time you pay off part of your mortgage you get the benefit the very next day.

Repayment mortgages

Each month you repay a part of the amount you borrowed plus that month's interest. This means the amount outstanding on your mortgage reduces each month, so by the end of the term, provided you have made all payments when they are due, you've repaid the full amount.

Interest only mortgages

Your monthly payments only cover the interest. This means you pay less each month but at the end of the term you still owe the full amount you originally borrowed. You must have at least 50% deposit, minimum equity of £150,000 and be able to prove you have a strategy for repaying the amount you wish to borrow before we can consider giving you an interest only mortgage. Interest only mortgages are also subject to a maximum term and upper age limit, speak to a member of staff for further details.



Types of mortgages

There are many different types of mortgages available. After assessing your needs and individual circumstances, our Mortgage Advisors will provide a recommendation as to which mortgage is in your best interests at that time.

Fixed Rate mortgages

With our Fixed Rate mortgages, your payments stay the same for a fixed period of time – no matter what happens to interest rates and how high or low rates go.

Tracker mortgages

Our Tracker mortgages move up and down in line with the Bank of England Bank Rate for a set period. So, if the Bank Rate falls, so will your monthly payments. Of course, if the Bank Rate goes up, your payments will too. There may be a minimum interest rate on a Tracker mortgage which means if the Bank Rate falls below a certain level, your monthly payments will not reduce further.

Discount mortgages

These are Variable Rate mortgages that are discounted against our Standard Variable Rate for a set period. The discount is usually a stated percentage below our Standard Variable Rate. There may be a minimum interest rate on a Discount mortgage which means if our Standard Variable Rate falls below a certain level, your monthly payments will not reduce further.

Standard Variable Rate mortgages

With our Standard Variable Rate mortgage, we set the rate of interest. This rate can go up or down at our discretion, usually because of changes in the Bank Rate or other reasons. This is the normal rate without discounts or deals and it is the rate your mortgage will switch to once these have ended.

Handy hint

Early Repayment Charges may apply on many of our mortgages – see page 10 for details.



Finding a conveyancer or solicitor

Buying, selling or remortgaging a house can be a complicated process with lots of legal details to sort out, so most people use a solicitor or specialist conveyancer to help them through the process.

Handy hint

Remember to ask your solicitor if the price quoted includes searches and disbursements.



Getting the right survey

After receiving your mortgage application, Principality will instruct a surveyor to undertake a valuation to help us assess if the property represents adequate security for the loan. For house purchase applications, there are three different types of report for you to choose from:

The Mortgage Valuation

This is a basic report for the property to ensure that we can lend you money on it. Therefore it is purely for mortgage purposes and to help Principality assess your application. We need much less thorough and detailed information about the property, to enable us to decide how much we are prepared to lend to you, than you may need as a prospective buyer of the property. For instance, there may be serious defects in the property which are not revealed by the report, or there may be omissions, which we would not consider important for the mortgage but could matter to you. Therefore we suggest that you also obtain a more detailed report on its condition and value, for example with a Home Buyers' Survey and Valuation or a Building Survey Report, which can be undertaken at the same time as the valuation report for Principality.

The Home Buyers Survey and Valuation

This type of report is designed to keep costs to a minimum yet should give you a general opinion of the quality and condition of the property, particularly if the property you are looking to purchase is conventional in type and construction and was built in the last 120 years. It covers those parts of the property that are readily visible and easily accessible, and will identify any obvious evidence of serious disrepair, potential hazards and other matters that are likely to materially affect the property's value. Minor or cosmetic defects may not be listed.

The Building Survey Report

This is a detailed examination of the property and provides a comprehensive report on the condition of the property, detailing technical information about its construction, the materials used in its build, and any structural or other defects. Although this type of report is typically more expensive, it could provide you greater information about the property. It should be seriously considered if the property is old, is of unusual construction, in need of structural repair or if you're planning major conversion or renovation.

That final bit

Your mortgage offer

If everything is going smoothly, we'll aim to make you a formal mortgage offer within 10-15 working days of the full application and supporting documentation being received. You'll receive a copy by post, with another copy going to your solicitor. We'll also take this opportunity to review your protection arrangements and help make sure everything's in place, so you've got one less thing to worry about.

Exchanging contracts

If you are buying a house, once all the necessary paperwork is done you'll be able to exchange contracts with the seller. You both sign identical contracts which your respective solicitors then exchange.

At this point you pay a deposit through your solicitor and you and the seller are legally bound to complete the sale. Don't forget, you need to have buildings insurance in place in order to exchange contracts.

Completion

After an agreed period of time you and the seller complete the sale. We will send your mortgage funds to your solicitor in time for completion day, and they will pay the balance of the purchase price to the seller's solicitor. Remember, you need to ensure that your deposit is with your solicitor in time for the completion.

Handy hint

We offer a

document storage service to safeguard your important documents
- Ask your Mortgage Advisor about this when you apply.



Making sense of expenses

What's the expense?	What does it cover?
Legal Fees	You'll need to pay fees to your solicitor or conveyancer, as well as the cost of any land registration fees and search fees.
Surveyors Fees	The cost of undertaking a property valuation or survey.
Stamp Duty/ Land Transaction Tax*	This is a government tax that you have to pay if the purchase price is above a certain figure. For more information visit gov.uk
Product Fees	Some types of mortgages may be subject to a product fee. Fees are typically deducted from the mortgage advance and paid on completion via your solicitor or conveyancer. Alternatively you can pay a product fee by cheque, debit card or you can choose to add it to your loan amount. However, if you do add it to your loan, you need to be aware that you will pay interest on the amount for the term of your loan and therefore it will cost you more.
Early Repayment Charge	An Early Repayment Charge may be payable if you choose to either repay your mortgage (in full or in part), or switch your mortgage to another provider before the end of your current mortgage deal. This fee may be charged when the loan is transferred to another property.
Discharge Fees	We charge a discharge fee when you come to the end of the mortgage term, or pay your mortgage off in full. This fee may be charged when the loan is transferred to another property.

*Stamp Duty for properties located in England or Land Transaction Tax for properties in Wales.



ONLINE

Visit us at [principality.co.uk](https://www.principality.co.uk) or on our social channels [!\[\]\(2bdfe261b986065ee0ac76460d6528c9_img.jpg\)](#) [!\[\]\(eebbd3dc1abeccf4c1e5751ec03fc559_img.jpg\)](#) [!\[\]\(269a46bd9f0c528dd4b0b2018aec306d_img.jpg\)](#) [!\[\]\(ca9b99849d19f75ed2add026e1deb81c_img.jpg\)](#) [@principalitybs](https://www.instagram.com/principalitybs) for the latest updates, including our opening hours.



VISIT

Visit [principality.co.uk/branch](https://www.principality.co.uk/branch) to find your nearest branch and for our service updates.



CONTACT US

If you would like to get in touch call us on **0330 333 4000*** or email us at enquiries@principality.co.uk



YOUR ACCOUNT

View your mortgage balance by registering for Your Account [principality.co.uk/register](https://www.principality.co.uk/register)

This leaflet is available in large print, Braille and audio tape on request by calling 0330 333 4000*

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

- * To help us maintain our service and security standards, telephone calls may be monitored and recorded.

Principality Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, reference number 155998. Principality Building Society, Principality House, The Friary, Cardiff, CF10 3FA.

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