Your mortgage with us

Helping you feel at home

the COVENTRY

TLC not PLC

Your mortgage now and in the future

Your mortgage shouldn't be complicated – you apply for a loan and we lend what we think you can afford. Simple. It's a valuable investment – it's your home, your security and your future. That's why it's important you feel at home with the Coventry and with the information we send you.

This booklet is a simple guide to having a mortgage with us, before you sign on the dotted line. So whether you're moving, remortgaging or borrowing more, this information is useful now and in the future. You should keep it handy for your reference.

What's in this booklet

Your mortgage

A mortgage is a loan to help you buy a property. The mortgage is secured against your property, which means if you don't keep up your repayments your property may be taken back (or repossessed) to pay back the loan. As a responsible lender, we'll be here to help you throughout your mortgage with us. If you anticipate any difficulty meeting your monthly payments, please contact us as soon as possible.

We subscribe to the Council of Mortgage Lenders' (CML) Buy to Let Statement of Practice. If you have a Buy to Let mortgage please visit **thecoventry.co.uk/buy-to-let-factsheet** to read our helpful landlord factsheet.

Repaying your mortgage

There are two types of mortgage: a repayment mortgage and an interest-only mortgage.

A repayment mortgage: As the name suggests, you gradually pay off the amount you borrowed (the 'capital'), together with interest, over the term of your mortgage. Provided you meet every monthly payment in full, you will repay your mortgage in full by the end of your term.

Interest-only: With an interest-only mortgage your regular monthly mortgage payments only cover the interest charged on the amount you borrowed. This means that you will still be responsible for repaying the total amount you borrowed (the 'capital') when your mortgage term comes to an end.

Your interest rate

Whether you're looking for a mortgage for your own home (Residential) or for a property to rent out (Buy to Let), there are two types of interest rates available – fixed rates and variable rates.

Fixed rates: With a fixed rate your interest rate won't change, and you will know exactly what your monthly payments are going to be each month for an agreed initial period; usually two or more years. During this period, your payment won't change, regardless of whether interest rates generally rise or fall. After this time your fixed rate will usually transfer onto our Standard Variable Rate (SVR).

Variable rates: A variable rate means your rate can move up or down, which means your payment will too.

We offer two types of variable rates:

- **Managed variable rates:** A managed variable rate is a variable rate managed by us. It's not linked to the Bank of England Base Rate or any other external rates. Our Standard Variable Rate (SVR), Privilege Rate and Flexx for Term are examples of managed variable rates.
- **Base rate trackers:** A base rate tracker is a variable rate that tracks the Bank of England Base Rate (BBR), so if BBR increases so will your rate. Similarly, if BBR falls your rate will too.

Arrangement fees

An arrangement fee is a fee that's payable at the start of a mortgage or added to the loan. The amount depends on the type of scheme applied for and will be detailed in your mortgage illustration. Usually, we'll offer a choice of products with different fee sizes and typically a mortgage scheme with a higher arrangement fee attracts a lower interest rate.

Your mortgage term

Your mortgage term is the amount of time you have been advised it will take to repay your mortgage. This could be anything up to 35 years.

Short term: With a short term mortgage, you could pay off your mortgage faster, but your monthly payments will be higher.

Long term: With a longer term mortgage, your monthly payments will be lower, but overall you will be paying more interest as your loan is spread over a longer period of time.

Valuations

We will automatically instruct a valuation (up to the value of £670 for Residential or £700 for Buy to Let) whether you're buying a new property, remortgaging or borrowing more. Fees may be applicable. This valuation is for our benefit and you should not rely on it - it helps us confirm we can lend on the property. If you're applying for a Buy to Let mortgage it also helps us assess your potential rental income.

Valuations vary; some involve visiting the property whilst others can be computer based valuations which analyse comparable properties. We will choose how we carry out a valuation and the report is for our records only.

You may wish to instruct a more detailed survey for your own benefit, at an additional cost, such as:

The Home Buyer's Report: This survey provides a more detailed inspection than a standard valuation and lists any major faults that are obvious to the valuer. The surveyor will assess the condition of the property and report any problems which may require urgent attention or repairs. You will receive your own report highlighting any problems that were discovered.

The Full Structural Survey: A full structural survey is the most comprehensive type of building survey available and it's one that you instruct, and pay for, independently. A structural engineer will carry out a detailed survey of the entire property, looking at the types of building materials used, the condition of the roof and even the foundations. You will receive a detailed structural survey report directly, identifying any problems found.

Repaying extra

Early Repayment Charges (ERCs): An ERC is a fee that may apply if you repay your mortgage balance in full, whilst in your initial period. You may also be charged ERCs if you overpay more than your mortgage allows. You can check the ERCs that may apply to your mortgage in your mortgage illustration.

Overpayments: All our mortgages allow you to make overpayments, however restrictions may apply. Overpaying reduces the amount of interest you pay overall. You can either choose to reduce your mortgage term, which means you will pay off your mortgage sooner, or you could reduce your monthly payments, simply contact us to let us know. You can check your mortgage illustration to see how much you are allowed to overpay each year. However, once you have made an overpayment there is no guarantee that you can 'borrow back' the amount you have overpaid, should you need to.

Paying off your mortgage: When you pay off your mortgage (also called 'redeeming') a redemption fee is charged, you can check your mortgage illustration for more information. However, this fee will be waived if there is less than one year left to run on your entire mortgage at the time you pay it off.

Renting out your property, remortgaging or moving

Renting out your property temporarily: If you have a Residential mortgage and wish to rent out your house temporarily, you will need our permission. You can apply for what we call a 'Consent to Let' for an agreed period of time. An additional 1% will be applied to the interest rate on your mortgage and a fee will be applicable.

If you rent out your property without our agreement you will break the terms and conditions of your mortgage. Also your insurance policies may not be valid. Please get in touch as soon as you are thinking about renting out your property.

Remortgaging: If you're moving your mortgage from another lender, our Remortgage Transfer Service (RMTS) will deal with the legal work involved in moving your mortgage to us.

Moving: If you decide to move home you can apply to take your existing mortgage product with you. We call this porting. In most cases, porting means repaying your existing mortgage on the sale of your current property and resuming it on your new property. So, providing you have applied to port your mortgage with us and you meet our lending criteria, based on your current circumstances, you shouldn't need to worry about finding a new mortgage when you move. Your scheme terms will remain the same, including the end date of any initial period (such as a fixed interest rate period).

You may have to pay a booking fee and/or a valuation fee and you may have to pay Early Repayment Charges (ERCs) if they apply. However, we will refund any ERCs if you complete on your new property within six months of applying to port (12 months if you have an ex Stroud & Swindon originated mortgage product). Your mortgage illustration will confirm any fees applicable to your mortgage.

Different schemes have different rules so it's important to contact us as soon as possible if you are thinking of moving.

Costs to consider when moving or remortgaging

As well as the costs associated with remortgaging or moving, you may also need to consider the following:

Legal fees: These are fees for the conveyancing procedure, Land Registry, search fees and money transfer charges.

Moving costs: You may need to put money aside to pay to help move your furniture and personal belongings.

Making sure you can afford your mortgage (now and in the future)

We all like to be prepared for the future but sometimes things don't always go to plan. We're here to help ensure you can afford your mortgage now. However, it's also important that you think about how you could afford your mortgage if your finances were to change in the future.

Things to consider with your mortgage:

Increase in interest rates: Could you afford your mortgage if interest rates were to rise? It's important to think realistically about how much an increase in interest rates or living costs could affect you in the future. For more information you can check your mortgage illustration.

Planning a family: Starting a family or adding to one will affect your finances and you may have significantly less income if you or your partner stops working. It's important to think about how you will afford your mortgage payments.

Maintaining your home: No matter how hard we try there could always be one emergency we didn't see coming, and unexpected costs we didn't budget for. This could be anything from a small repair to major property maintenance.

Maintaining your financial commitments: If you decide to borrow more, such as a personal loan, credit card or an overdraft, you need to make sure you can afford these and still meet your regular mortgage payments.

Retiring: When considering your term it's important to think about your future plans and the age you wish to retire. If you retire, or semi-retire during your mortgage term, you may have a lower income, but you will still need to maintain your mortgage payments and living expenses.

Protect yourself and your property against the unexpected

Your peace of mind is important to us. We want to ensure that your home and possessions are looked after – that's why you should speak to your advisor about buildings and contents insurance, so you can protect your home and everything in it. Under the conditions of your mortgage it's your responsibility to ensure you have sufficient buildings cover to protect your home; different policies offer a variety of cover depending on the level of protection you need. And if you're a landlord, you should consider the landlord insurance options available to you.

You should also consider protection insurance. Although we don't provide it, we want to make sure you understand the options available to you.

Your protection requirements are as individual as you are, so you can choose the type and amount of cover to reflect your circumstances. Here are some of the most common types of protection insurance:

Life Insurance

Have you thought about those you'd leave behind, should the worst happen? Mortality is a subject we would all rather avoid, but you could take comfort knowing you have plans in place to support those you care about the most, should the unexpected happen. Your life insurance will have a significant impact on those you leave behind, and may prevent your loved ones from experiencing financial difficulty by paying out a lump sum.

You can choose from several different policy options:

Decreasing term: Usually this type of insurance is purchased at the same time as your repayment mortgage, as the amount you are insured for (the sum insured) is designed to reduce as your mortgage decreases. This is often a cost effective option when compared to other life insurance products.

Level term: With this type of product, the sum insured remains the same throughout the duration of the policy. This option may suit you if you have an interest-only mortgage.

Whole of life: This option pays out a lump sum to your dependants when you die, provided that you have maintained the monthly payments. This offers peace of mind, knowing that you've financially provided for those left behind.

A few things to consider...

1. To ensure your policy benefits those you care about most, it's important to be as thorough as possible when completing your applications and to check, for example, that any pre-existing medical conditions are covered by the provider.
2. Similarly, if you are changing insurance providers, check that your new policy covers all your needs. You may find it beneficial to wait to receive confirmation of your new policy details before making changes to your existing cover.
3. Everyone named on the mortgage should consider cover. This could be joint or individual policies.
4. All parties should also check that their wills are up-to-date.

Critical Illness Cover

Our health should never be taken for granted; we could all be affected by a serious illness at any time but this doesn't mean that financial difficulty has to follow. Critical illness cover can provide peace of mind when you need it most and is designed to pay out a lump sum amount, if you are diagnosed with a specific medical condition listed within your policy.

Don’t forget...

With this type of insurance your illness doesn’t have to be terminal to receive financial support from your policy.

Do your research before taking out your policy, especially if there is a family history of a medical condition, and remember that the conditions covered may vary from provider to provider, although they generally cover heart attacks, strokes, multiple sclerosis and cancer (exclusions apply). Some critical illness policies offer you a choice of guaranteed and reviewable premiums. Policies with guaranteed premiums tend to be higher but the premiums remain the same throughout the term of the policy; policies with reviewable premiums tend to be lower than guaranteed premiums initially, but prices are likely to rise throughout the duration of the cover.

A few things to consider...

1. You should also check the comprehensive list of the conditions covered, for example, if you have a previous pre-existing medical condition, the insurer could choose to exclude it or offer cover at a higher premium, so it’s important to wait until you receive confirmation of your cover before you make any changes to any existing policies.
2. You may prefer to combine your critical illness cover with life insurance, which could be a cost-effective option.

Mortgage Payment Protection Insurance (MPPI)

Mortgage Payment Protection Insurance (MPPI) is a short term solution designed to provide you with financial support for a limited period of time if your circumstances change.

MPPI will help you meet your mortgage payments and could also provide cover towards your everyday household bills, such as council tax and utilities, if you are unable to work following an accident, sickness or involuntary unemployment.

A few things to consider...

1. If you're looking for a longer term solution, income protection insurance may be a better option.
2. Many policies stipulate a fixed period before the policy benefits can be paid out, this is often referred to as a 'deferred period' or 'excess period'. It's worth checking the details of these periods before you select your cover.
3. Some policies may also carry restrictions depending on factors such as your medical history and employment status, particularly if you are self-employed.
4. In addition to MPPI, you may find it beneficial to consider reviewing any savings that may be available to you in an emergency and checking any cover your employer may provide.

Income Protection (Permanent Health Insurance)

Sickness or a serious accident can have a huge impact on your lifestyle and could leave you unable to work, that's where income protection may offer you the financial support and security you need. Also known as permanent health insurance, income protection insurance provides a regular monthly income to help you cover your day-to-day living costs until you return to work, retire, your policy ends or you die.

A few things to consider...

1. Your monthly payment is based on your individual circumstances, for example, age, health, occupation and lifestyle, and the amount of income you'd like to protect. Any benefits paid are normally tax-free.
2. There's a variety of cover options to choose from which define incapacity. It's important to consider the level of cover that's right for your individual circumstances.

3 Most policies specify a ‘deferral period’ before any policy benefits can be paid out. You may choose to set these payments after your sick pay ends or after any other insurance stops covering you. Usually the longer the ‘deferral period’ is, the lower the premiums.

4 Review any cover your employer may provide, to ensure that you have the right level of protection for your individual circumstances.

5 Income protection policies can be complicated, so you may wish to consider seeking financial advice.

Payment difficulties...

Losing your home can be devastating for you, your family and your future. As a responsible lender it’s something we hope you’ll never experience. If you experience any financial difficulties or cannot pay your full monthly mortgage amount please call us immediately on 0800 121 8765. The sooner we discuss the matter, the easier it will be for both of us to find a solution. Our advisors are available Monday to Friday 9am to 5pm and Saturday 9am to 12 noon.

Consider your protection today

With a variety of protection insurance options available, you can find the right cover to suit your needs in a number of different ways.

Financial Advisor: If you'd prefer to discuss your options in person, or feel you need more advice on which insurance products and type of cover will suit your needs, you may prefer to talk to a financial advisor. Alternatively, if you came to us directly for your mortgage, you can visit **www.unbiased.co.uk**

From a Provider: Whilst we are unable to personally recommend specific organisations, some of the larger UK providers include Aviva, Legal & General, Prudential and LV=. You can buy insurance from them over the phone or via their websites.

Online: With so much information available online, you may prefer to do your own research by using the following sites as a starting point:

- The Consumers' Association Which? **www.which.co.uk/money/insurance/guides/protection-insurance-explained**
- The Government's Money Advice Service **www.moneyadviceservice.co.uk**

You may choose to use price comparison websites to research protection insurance and find quotes; these many not include all providers. When comparing quotes check the level of cover included with each policy and any exclusions that apply.

Please keep this leaflet somewhere safe for future reference. If you have any queries simply call your mortgage advisor.

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

Coventry Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (firm reference number 150892 www.fca.org.uk).

Mortgages are subject to acceptance in accordance with our lending criteria.

The information in this leaflet is provided for your information only and should not be taken as advice. Legally binding terms and conditions can be found in the mortgage application declaration, the terms and conditions of your mortgage offer and in our mortgage terms and conditions. For further information please speak to an advisor in branch or by telephone.

Our Customer Service Centre is open Monday to Friday 8am-8pm, Saturday 9am-5pm, Sunday 10am-4pm.

Calls to 0800 numbers are free when made from the UK. You may be charged for calls to all other numbers, please contact your service provider for further details. We may monitor, record, store and use telephone calls to help improve our service and as a record of our conversation.

Information correct at time of going to print (June 2015).

Get in touch

At a branch
For details of our opening hours, visit thecoventry.co.uk/branch-finder

Online
Visit us at thecoventry.co.uk

By phone
Call us on 0800 121 8899

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01073 06/15 2014/COM/236 12/15