

IMPORTANT INFORMATION

**MORTGAGES
& ADDITIONAL
LOANS**

**The Cumberland**

Kinder banking. It's in our nature.

All mortgages

General points

Our mortgage interest rates vary depending on the purpose of the loan, the amount of the loan in relation to the value of your property and the incentives you choose, but they do not vary according to your status.

Our offers are limited and we may withdraw them at any time.

You must repay any existing secured loans on your property before your new loan is completed. This will be discussed and agreed at the time you make your application.

Your loan depends on your individual circumstances, satisfactory credit, bankruptcy and Land Registry searches and the valuation of the property.

To apply, you must be aged 18 or over, have a regular income and are able to show that you can meet the monthly mortgage payments.

We will use the property as security for your loan. Your mortgage offer is valid for 6 months from the date it is issued.

How can I repay my loan?

There are two ways of repaying your loan – repayment and interest-only, or a mixture of the two.

We will give you details of the different repayment methods and repayment periods that are available.

Repayment loan

- This type of loan involves repayment of the capital gradually over an agreed period. Each monthly payment you make consists of two parts, interest on the loan and repayment of part of the capital.

- Most of your monthly payment in the first few years simply covers the interest with only a small amount going towards repayment of the capital. The amount of capital you repay each month will increase as the mortgage term and the amount of the loan reduces.
- Provided you keep up your monthly payments the loan will be repaid at the end of the agreed mortgage term.
- With this type of mortgage it is recommended that you take out life assurance sufficient to repay the loan if you should die before the end of the mortgage term.
- The amount of interest you pay will normally vary with changes in our standard variable mortgage rate.

Interest-only loan

With an interest-only mortgage you make a monthly payment to us to cover the interest on the loan. Providing you keep up your monthly payments, the loan amount will remain the same and the interest is payable on the total amount of the loan for the whole of the mortgage period.

To repay an interest-only mortgage you will need to ensure you have a suitable repayment strategy to pay off the mortgage at the end of the agreed term.

During the application process, you will need to evidence a suitable repayment plan which is intended to repay the capital balance at the end of the mortgage term. We will make an assessment of the credibility of the repayment plan (e.g. endowment, ISA, pension, investment portfolio etc). We can advise during the application process of the information we will need to make this assessment.

- It is your responsibility to pay the premiums directly to the life assurance company or other provider. Failure to pay the premiums will normally result in there being insufficient money to repay the interest-only loan at the end of the agreed term.
- We recommend you contact the life company or other provider at regular intervals regarding the plan to check that the current projected maturity values are sufficient to repay the capital within the agreed term of the mortgage.
- Each year you should receive an annual statement from your life assurance company or other provider advising you how your repayment plan has performed. It is very important that you monitor the performance of your plan and seek advice if the projected amount payable on maturity falls below the loan amount the plan is intended to repay.
- A change in your personal circumstances or changes in economic conditions which could reduce the projected return on repayment plans may make an interest-only loan less appropriate. We therefore strongly recommend that you regularly review whether or not an interest-only loan is still appropriate for your circumstances.
- If you surrender or stop paying premiums into an investment plan it can have adverse financial consequences, e.g. you may not get back what you have paid into the plan and you may lose valuable life cover. You would also need to make alternative arrangements to repay the loan amount within the agreed mortgage term.
- If you are taking an additional loan and intend to repay the interest-only part of your loan by some means other than an investment plan, you will need to state on the additional loan application form how you intend to repay the interest-only part of your loan. If your circumstances change and you will no longer be able to repay the loan in this way, it is your responsibility to make alternative arrangements to repay the amount by the end of the agreed term.

- If you are unable to repay the full interest-only loan amount at the end of the agreed term you will still be liable to us for the balance outstanding and your remaining loan will either have to be transferred to a repayment basis over a new term of years, subject to our lending criteria at the time or you will have to sell your home to repay the money owing to us.

We will remind you each year of the need to ensure that you have an adequate repayment strategy in place.

Discount mortgages linked to the Society's standard variable mortgage rate (SVR)

General points

To benefit from a discount product you must borrow at least £20,000.

Please refer to our leaflet 'Our Guide to Residential Mortgage Rates' for details of the maximum loan size.

The minimum term for our 2 year discount is 2 years.

- For standard remortgage cases*, you will not be charged legal fees if you use the Society nominated solicitor (***This excludes customers where borrowing amount is greater than £750k and all Buy to Let remortgage products**). This covers registering the Society's mortgage/standard security and the discharge of the existing mortgage/standard security, up to the maximum amount of the Society's remortgage loan. However, this does not include any fees incurred: as a result of your repaying some of your existing loan, for advice given to a third party, to resolve any defects the conveyancer may find in your title, to transfer the property from the existing holders to one or more new borrowers, to deal with any first registration applications to HM Land Registry (England & Wales) or Registers of Scotland (Scotland) and to pay any first registration fees.

- Standard remortgage cases relate to residential mortgages where your property is not subject to any restrictions and/or where no other legal obligations are required as a condition of your loan.
- For standard remortgage cases* you will not normally be charged for the valuation of your property (***This excludes customers where borrowing amount is greater than £750k and all Buy to Let remortgage products**).

Fixed rate mortgages

General points

To benefit from a fixed rate product you must borrow at least £20,000.

Please refer to our leaflet 'Our Guide to Residential Mortgage Rates' for details of the maximum loan size.

The minimum term is 2 years for our 2 year fixed rate product and 5 years for our 5 year fixed rate product.

- For standard remortgage cases*, you will not be charged legal fees if you use the Society nominated solicitor (***This excludes customers where borrowing amount is greater than £750k and all Buy to Let remortgage products.**) This covers registering the Society's mortgage/standard security and the discharge of the existing mortgage/standard security, up to the maximum amount of the Society's remortgage loan. However, this does not include any fees incurred: as a result of your repaying some of your existing loan, for advice given to a third party, to resolve any defects the conveyancer may find in your title, to transfer the property from the existing holders to one or more new borrowers, to deal with any first registration applications to HM Land Registry (England & Wales) or Registers of Scotland (Scotland) and to pay any first registration fees.

- Standard remortgage cases relate to residential mortgages where your property is not subject to any restrictions and/or where no other legal obligations are required as a condition of your loan.
- For standard remortgage cases* you will not normally be charged for the valuation of your property (***This excludes customers where borrowing amount is greater than £750k and all Buy to Let remortgage products**).

Early repayment charges

Early repayment charges may apply – the length and the amount of the early repayment charge varies from product to product. Full details of early repayment charges are available from any Cumberland branch and are shown in the mortgage illustration you will be given when you apply for your loan.

If you decide to repay your loan in full or in part within the early repayment charge period, or we take possession of your property and sell it within this period, you will have to pay an early repayment charge which is a proportion of the amount repaid.

However, you may pay up to a maximum of 10% per annum each financial year (1 April - 31 March) of the outstanding balance as at 1 April each year on this product without having to pay an early repayment charge. This is in addition to your required monthly payment. Full details will be found in your Mortgage Illustration and mortgage offer.

The details of early repayment charges for fixed rate products are shown in our 'Our Guide to Residential Mortgage Rates' leaflets and are detailed in the Mortgage Illustration which you will be given prior to making your application.

Mortgage Portability

If you currently have a mortgage with us but are moving home and you successfully apply for and take out a new residential mortgage with us you can transfer also known as 'Porting' your existing mortgage offer for the remainder of the special offer period, without having to pay an early repayment charge (This is subject to lending criteria at the time).

However, if any new loan is for less than 90% of an existing loan amount, you will have to pay an early repayment charge on the difference between the existing loan amount and the amount of the new loan. For example, if your existing loan is £30,000, and your new loan is £25,000, you will have to pay an early repayment charge on the £5,000 difference. Your new mortgage must complete within 6 months of your old mortgage being repaid.

Additional Loans

Interest rates

The interest rate you pay will depend on

- the amount you borrow
- the product, and
- the loan to value (on certain products)

General points

- The minimum term for loans will depend on the product you take.
- The minimum amount of additional borrowing is £10,000 (subject to lending criteria at the time).
- The maximum amount you can borrow will also depend on the purpose of the loan.
- If for any reason the full amount of the additional loan is not paid to you within six months from the date of our offer, we can withdraw the offer or amend the terms (or both).
- The most we will normally lend is 90% of the latest valuation of the property.

- We will deduct our administration fee of £175 plus £20 transfer fee from the additional loan before it is released to you. This fee covers our administration costs in dealing with your additional loan. We will send the funds direct to your building society or bank account. You will normally receive the money within 10 working days of making your application. If however, you have a second mortgage with another lender, or if you have bought under the 'Right to Buy' scheme and are still within the discount 'pay back' period, it may take up to one month. This is because we will need to write to them to obtain their permission for the additional loan you are taking, so that our additional loan can take priority over their loan/charge. It will take longer if the transaction is of a more complicated nature due to the legal formalities.
- There may be other additional charges, for example, if you have a second mortgage with another lender or advice is given to a third party. Please ask for details. In these cases any fees charged by your conveyancer or the second charge company or the council/housing association will be payable by you.
- In certain circumstances it may be necessary for your conveyancer to act, for example for the purchase of an additional share in the property or the purchase of additional land and in these situations the Society's administration fee will not be charged. Your conveyancer will charge you direct for their fees.
- We will charge interest on your additional loan from the date your new loan commences. Your first part-month's payment, for the additional loan, will fall due on the last day of the month after the loan was taken out and will be calculated as if the loan was taken out on the interest-only basis. Subsequent monthly payments will be calculated for full months and include the repayment of capital if you have a repayment loan.

- If your additional loan is to finance alterations to your property, it is your responsibility to obtain all necessary planning permissions and /or building regulations approval. These will not be checked by us prior to sending the additional loan to you.
- Our mortgage interest rates do not vary according to your status.
- Your mortgage offer of a loan is valid for six months from the date of issue. If you do not complete within this time, we can withdraw the offer or amend the terms (or both).
- These offers are limited and we may withdraw them at any time.
- Your loan depends on your individual circumstances, satisfactory credit, bankruptcy and Land Registry searches and the valuation of the property.
- We will use the property as security for your loan.

Additional Information

- You should check that any existing repayment plans, Life assurance, Critical Illness or Income protection policies are reviewed and remain appropriate to cover the additional loan.
- It is important that you review the adequacy of your household insurance cover if the value of your property has increased, or if appropriate will increase as a result of alterations to your property .
- If your property is revalued, as part of this application and our valuer provides an increased figure for your building's insurance, you will need to increase your insurance cover to this figure.

This leaflet should be read in conjunction with the following leaflets:

- Mortgages - Make the right choice
- Our Guide to Residential Mortgage Rates
- Tariff of Mortgage Charges

A copy of the Society's full Mortgage Conditions will be given to you by your conveyancer.

These leaflets are available from any Cumberland Branch.

THE MORTGAGES IN THIS LEAFLET ARE ONLY AVAILABLE ON PROPERTIES WHICH ARE USED TOTALLY FOR RESIDENTIAL PURPOSES.

We arrange life assurance and critical illness cover only with Legal & General Assurance Society Limited and general insurance only with Uinsure Limited.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

The Cumberland

Kinder banking. It's in our nature.

We're here to help

Call **01228 403141**

Email **customerservice@cumberland.co.uk**

Visit **cumberland.co.uk**

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Cooper Way, Parkhouse,
Carlisle, CA3 0JF

**YOUR MORTGAGE IS SECURED ON YOUR HOME.
THINK CAREFULLY BEFORE SECURING OTHER
DEBTS AGAINST YOUR HOME. YOUR HOME
MAY BE REPOSSESSED IF YOU DO NOT KEEP UP
REPAYMENTS ON YOUR MORTGAGE.**