



First time buyers' guide

A step-by-step guide to buying your first home

[newcastle.co.uk](https://www.newcastle.co.uk)



**Helping you take
your first steps on
the property ladder.**

At Newcastle Building Society, we understand it can often be daunting when considering buying your first home. There's so much to think about before you even start looking for a property, so we've created this helpful guide with you in mind.

It provides a step-by-step guide to assist you through each stage of buying your first home, from working out your budget before you start house hunting, right through to helpful hints and tips for your moving day.

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Introducing our First Time Buyer Coaches

Buying your first home is a very exciting time, but it's easy to feel lost and the process can seem daunting and confusing.

Hayley, First Time Buyer Coach



That is why we have introduced a team of friendly First Time Buyer Coaches, who will help guide you on your journey to buying your first home.

Our Coaches will support you through the whole process, from working out how much deposit you need to save, all the way through to getting the keys to your first home. Supported by our team of qualified Mortgage Advisers, your Coach will answer any questions you may have and will be with you every step of the way throughout your journey.

Our Coaches aim to break down any barriers that may be standing in the way of owning your own home, and make the house buying process as straight-forward and enjoyable as possible.

Whatever stage you're at, your Coach will work with you to create a personalised plan that includes a realistic timeline and steps to take to help you achieve your goal of getting on to the property ladder.

Appointments can be over the phone or via video call and at a time that suits you.

To arrange a chat with a First Time Buyer Coach, scan the QR code below, visit:

www.newcastle.co.uk/letsgetmoving or call us on **0345 601 5533**.



Choose the right mortgage



There are a lot of mortgage deals in the market, offering different features, meaning it can be difficult to choose the right one. But, answering the following questions should make things easier for you. Firstly, how do you want to pay your mortgage back?

Repayment

A repayment mortgage means on a monthly basis you are paying back an element of the money you've borrowed, as well as the interest payable on your loan.

The benefit of this type of mortgage is that at the end of the full mortgage term, you will know you've repaid the entire amount you borrowed, as well as any interest, so you will own your home outright.

Interest only

By selecting an interest only mortgage, you will only pay the interest on a monthly basis and so will not reduce the amount you borrowed; meaning the size of your mortgage will remain untouched.

This means you are responsible for making suitable arrangements for the loan (called a repayment vehicle) to ensure it is repaid at the end of the mortgage term and providing evidence of this.

What type of mortgage is right for you?



There are five main types of mortgage deals that you can choose from:

Fixed rate

A fixed rate mortgage allows you to fix your interest rate. This means you will pay a set amount each month, for a set period of time, for instance two, three, five or ten years. The advantage is you know exactly how much you will have to pay each month so you can budget more easily.

Base rate tracker

The interest rate is linked to, but may not be equivalent to, the Bank of England base rate. When there is a change to the Bank of England base rate, your mortgage payment rate will reflect this.

Standard variable rate (SVR)

This variable rate means your payments can go up or down. Unlike base rate tracker mortgages, SVRs do not track above the Bank of England Base Rate. Instead, the rate you pay on an SVR mortgage will be determined by your mortgage lender. A SVR mortgage is the rate you will likely go on after finishing an introductory fixed, or tracker deal. Although you can transfer to a new product or lender once you revert to a SVR.

Discount rate

A discount mortgage is a type of variable rate mortgage where the interest rate is discounted from the lenders standard variable rate for a fixed period of time, typically a couple of years. Once you come to the end of that period, you usually revert to the lenders SVR, unless you transfer onto a new deal.

Family assisted

Our Joint Mortgage Sole Proprietor (JMSP) mortgages use the income of a family member in order to increase your borrowing capacity. By combining your income with that of a family member means you can borrow more. JMSP allows one family member to be added to the mortgage in order to support a single occupying borrower, meaning there can be two borrowers named on the mortgage. The ownership of the property however would be solely in the name of the occupying borrower.

For the avoidance of doubt, a family member is defined as a close family relative, normally a parent / step parent or child.

How much do you have for a deposit?



The amount you can afford as a deposit will have a direct impact on how much you can and need to borrow. The more deposit you're able to put down, the less you will need to borrow

At Newcastle Building Society, we have First Time Buyer mortgages that only require a deposit of 5% of the purchase price. This means if you're hoping to buy a property of around £200,000, you will require at least £10,000 as a deposit

What other costs can I expect?

Don't forget there will be other costs involved in buying a home, so you should factor all of these into your budget to ensure you've covered everything off.

Some examples of the other costs are as follows:

- | Valuation fee
- | Mortgage arrangement fees
- | Solicitor's fees
- | Stamp Duty*
- | Buildings, contents, life and protection insurance

This list doesn't cover everything so it's important you do your research.

*Only for properties over a certain price. Please visit www.gov.uk for more details.

Start saving...

Saving the deposit for your first home can seem daunting, but we're here to help. The following hints and tips will help you to understand how much you need to save for your deposit and provide advice about how to get your savings started.

Review your current situation

If you're struggling to know where to start when saving for a house deposit, it's best to review your current financial situation first. Some questions to consider are:

- | Do I have any existing savings?
- | Is there any inheritance money I am entitled to?
- | Will my family be able to help me with all or part of my deposit?
- | Could I move in with family or friends to save or cut down on rent?

Having an idea of your financial situation will let you start to piece together how much you will need to save, to afford your first home.

Keep on top of savings

A key part of saving for a house is making sure you keep on top of your savings. Try giving yourself a manageable saving goal each month, putting it away as soon as you've been paid to avoid the temptation to spend it.

Everyday tricks to help you save faster

It's also worth reviewing what you are spending your money on month to month, and seeing if there's anything you can cut back on. For example, are you paying for any subscription services that you don't use? Are there any little luxuries that you can go without whilst you save for your deposit? Even small changes can add up and help build your deposit faster.

How much deposit do I need to buy a house?

The amount of deposit that you will need will depend on the purchase price of the property that you wish to buy. The minimum deposit is 5%, but you should aim to accumulate a larger deposit if you can. Not only does this improve the likelihood of getting a mortgage, this also means your monthly repayments will be smaller. The bigger your deposit, the smaller the balance that's left to pay off.

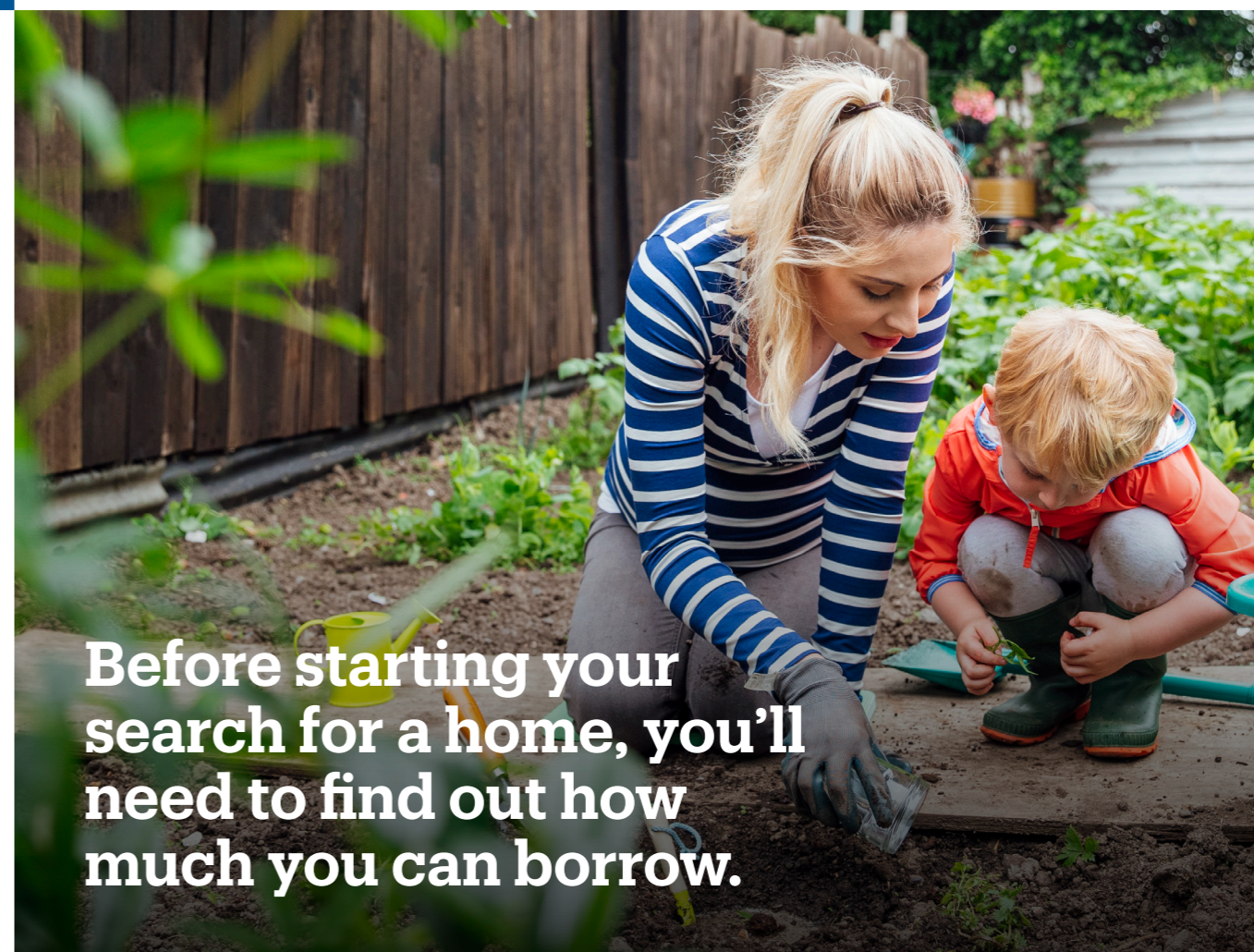
Remember that there are other costs involved when buying a house and it's a good idea to save additional money, on top of your deposit, to cover these fees. See page 7 for more information.

What kind of savings account do I need?

If you're looking to start saving for a deposit, starting to save when you can or even saving for the future, we have a range of accounts to meet your needs. Simply visit www.newcastle.co.uk/savings to find out more.

Look out for our Newcastle Cash Lifetime ISA which can help you towards the cost of buying your new home, as you may be eligible for a 25% government bonus.

How much will we lend you?



Before starting your search for a home, you'll need to find out how much you can borrow.

Sometimes, estate agents won't let interested buyers view properties until they know a lender is likely to provide a mortgage. But don't worry, we can help you with what's called a Decision in Principle - known as a DIP.

First off, speak to your First Time Buyer Coach to get a Decision in Principle (DIP). The DIP will provide you with useful information, such as how much we would be willing to lend you.

You can also take your DIP to your estate agents to allow you to view potential homes. This DIP doesn't cost you anything.

The DIP provided will be based on the following information you have provided us with:

- | Your income(s)
- | Your monthly outgoings - this includes any loans, credit cards or money you may spend monthly
- | Your employment status
- | The type of property you're looking to buy
- | Credit check/search

It is worth noting that a DIP isn't a guarantee that a lender will provide you with a mortgage and any lending will be subject to a full mortgage application.

Looking for a property

Viewing a property that could potentially become your new home is no doubt exciting. But, for some, there's the worry they could make the wrong decision to buy, simply because they didn't find out as much about the property as possible when making their first visit.

So for a better chance of finding a house you can happily call your home, take a look at these top ten tips:

- 1. Make sure you research the area.** Your estate agent should be able to provide some information. However it's also worth finding out about the local travel services, doctors, entertainment venues to see if they are suitable for you and your family.
- 2. Visit the area at different times of the day** to get a general feel for the town or street you are interested in. Keep in mind the traffic and noise volumes.
- 3. Check out the property externally first.** Look out for loose roof tiles, cracks in exterior walls and poor quality window frames as these could indicate further work and money.
- 4. Check for damp patches on walls or ceilings,** some may be hidden behind furniture or large pictures. Rusty radiators or pipes are also good indicators of damp properties.
- 5. Consider areas that would be most costly to repair,** once inside the property. If the property is old, ask if the electrics, damp proof course or heating systems have been replaced at any time. Also make sure you ask to see copies of guarantees and warranties. Don't forget to check the Energy Performance Certificate from the seller which will give you a good indication of what energy bills you may face. energy bills you may face.
- 6. Kitchens and bathrooms** are the most expensive rooms to refit so if you don't like the current fixtures and fittings, remember to budget for replacements.
- 7. Ignore basic décor,** everyone's tastes are different and basic decorations are not expensive to re-do.
- 8. What direction does the property face?** It may sound silly but if you like to sit in the sun in your garden, you'll have to consider this.
- 9. Is the driveway big enough?** Does it have a garage and does the street offer suitable and safe parking spaces for you and visitors?
- 10. Be prepared to be flexible** and remember there's no such thing as a perfect house.

Found your first home? What's next?

Once you have found the right property for you then you need to make an offer and agree the purchase price with the seller. This is normally done via the estate agent.



As you're a first time buyer, you're in the great position of not being in a 'chain' and so may be better able to negotiate on the price. Again, this is all done through the estate agent.

Making a full mortgage application

Once you've had an offer accepted on a property, now is the time to make a full application. Your mortgage adviser will provide you with free advice and give you a tailored illustration on the most suitable mortgage product from our range, by providing advice on what kind of mortgage is right for you.

A personal service

Throughout your mortgage journey with us, from helping with affordability through to issuing the application, you have one dedicated point of contact. All of our team are friendly and personable and you will have direct access to them.

Flexibility and individuality

Your application isn't reviewed by a computer. We have a team of underwriters who work closely with your mortgage adviser to review your personal situation and circumstances. This allows us to be flexible and efficient when making a decision.

Advice and insurance

We will also put you in contact with friendly advisers from Newcastle Financial Advisers Limited to help you prepare for the unexpected. They can help with protecting you and your family against unemployment, injury, illness and even death.

You can also get a home insurance quote from our partner, LV=. Your mortgage adviser will then issue your application and highlight what supporting documents are necessary.

To find out more visit:

www.newcastle.co.uk/home-insurance

Newcastle Building Society introduces to Newcastle Financial Advisers Limited for advice on Investments, Pensions, Life and Protection Insurance and Inheritance Tax Planning. Newcastle Financial Advisers Limited is an appointed representative of The Openwork Partnership which is a trading style of Openwork Limited which is authorised and regulated by the Financial Conduct Authority.

Approved by the Openwork Partnership on 31/08/23

Buildings and contents insurance is arranged by Newcastle Building Society and provided and underwritten by Liverpool Victoria Insurance Company Limited.

Liverpool Victoria General Insurance Company Limited, registered in England and Wales number: 3232514 is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, register number: 202965. Registered address: 57 Ladymead, Guildford, Surrey, GU1 1DB. Tel. 0330 1239970.

Getting a survey / valuation

As part of your application, a survey needs to be carried out on the property you want to purchase. This is done to make sure the value of the property is enough to cover the mortgage and there are no major problems with the property.

We'll arrange the survey and you can generally choose from the following three options:

Valuation for mortgage purposes

This is the basic assessment carried out and enables us to decide whether or not to lend you the money for the property by assessing its condition. This basic valuation is for the lender's benefit only.

Homebuyers report

This is a survey on a property carried out on your behalf. You will receive a report on the condition of the property, which will state any repairs or defects that need attention.

Building survey

This is a comprehensive survey which is carried out to thoroughly examine the condition of a property. This type of survey is usually recommended if you're buying an older or more unusual property. The report will detail any defects and potential defects, and tell you what needs to be done to remedy them.

The survey cost depends on the type you choose and the purchase price/valuation of the property.

We will be able to advise you on this cost. This may even be included as part of the mortgage we offer you.

In some cases, the mortgage valuation may not necessarily reflect the price of the property. This may restrict the mortgage products available to you as your Loan to Value (LTV) may have changed.

In these cases, we may have to switch you to another, more appropriate mortgage product. It could also mean that we are unable to offer you a mortgage.

If we are unable to offer you a mortgage after your mortgage valuation, any product application or valuation fees would not be refunded. It is therefore essential that you are as accurate as possible when providing us with an estimated value of your property.

There are a number of websites that can provide estimates of current property valuations and house prices. We would encourage you to look at these prior to making your application.

Choose a solicitor

The solicitor's main job is conveyancing - this means legally transferring home ownership from the seller to the buyer. Your solicitor will contact the seller's solicitor to check the legal title to the property you wish to buy is acceptable and can be legally transferred to you.

They will also carry out local searches with local authorities, drawing up your contract, preparing transfer documents, checking legal documents, performing land registry searches and much more.

The seller's solicitor will prepare the contract for sale and send this to your solicitor along with the required title documents. Your solicitor will then check and approve the contract and title to the property on your behalf.

The contract is the legal agreement between you and the seller, which sets out the price, terms and date on which the property will transfer into your ownership.

So how can you make sure you find the right solicitor?

Firstly, it could be helpful to use a local solicitor as they may have a relationship with the local planners and may understand local regulations. Calling around and speaking with companies will give you an idea of how efficient and helpful they'll be.

A good conveyancer will take the time to explain what it is they will do clearly and concisely, and should strive to gain a full understanding of your needs. Talk to friends and family who have recently moved house and find out who they used.

Word of mouth really is a powerful tool and can either put you in the right direction or at least make sure you steer away from a bad one.

Searching the web could provide you with a lot of free information to see what companies there are available in your local area. Also, how comprehensive and helpful their website is can be useful, so it's well worth a browse. As with anything, costs can be a factor when choosing a conveyancer and may be the biggest decider for you.

Newcastle Building Society does have a partnership with the UK's leading conveyancing panel management specialist, Legal Marketing Services (LMS). LMS provides a managed conveyancing service to NBS to carry out legal work required for remortgaging or purchasing your home. For further details, please contact us on: **0345 606 4488**.

Making you an offer

Once we've received your application, along with all of your supporting information and the valuation has been carried out, we check everything to ensure all of the details are satisfactory. At this stage we'll provide you with a mortgage offer.

This offer will state how much we will lend you, over what term and the rate of interest to be charged. A copy of the mortgage offer will also be sent to your solicitor. They will be able to assist you by fully explaining all of the terms and conditions to ensure you fully understand and accept them.

Once you have accepted the terms of the offer, your solicitor will take the mortgage offer and start the procedure of exchanging contracts with the seller.

Exchanging contracts

By this time, you should be happy with everything, and so your solicitor will complete all of the legal paperwork, including drafting your contract ready for you to sign. As part of the contract, there should be a list of fixtures and fittings included in the price – such as kitchen appliances, carpets and curtains.

This contract is legally binding, so at this point you're making a real commitment and if you then pull out, you could lose your deposit. So, if you have any last minute doubts or concerns, you must make sure you raise them with your solicitor first.

Once you've signed the contract, your solicitor will hand it over to the seller in exchange for the contract they've signed. From now on, you are both committed to the deal and neither of you can pull out without attracting some significant costs.

Now that you've exchanged contracts, you become responsible for insuring the property.

This means that you will need to get some buildings insurance in place for this – don't wait until the completion date. Your mortgage adviser should have already discussed getting this insurance in place.

Completion...



...it's finally yours!

When you exchange, you should also agree a completion date. Completion is the last legal hurdle you face. This is when the money is transferred from your mortgage provider to the seller and is all organised through your solicitor.

Once the payment has been confirmed, you will be given the keys to your new home by the estate agent. We will also write to you on completion to confirm what date your first mortgage payment will be collected.

Countdown to move day

Now all of the legal bits are out of the way, you can move into your new home. To help ensure you don't forget anything, we've developed some checklists. These should help keep the day as stress free as possible.

Before you move checklist

If you live in rented accommodation, as soon as you've found somewhere, you should contact your landlord as you may need to give them notice that you're leaving.

1 month before moving

- Start having a clear out of anything you don't want to take with you to your new home.
- Ask friends and family to help you with the move – the more people you have the easier it will be.
- Get a few quotes for removal companies, or van hires, and book one.
- Weekends are always in high demand so try to opt for a mid-week move.
- Get plenty of boxes and lots of packing materials.
- Make sure you book some time off from work for the move.
- Make sure your home insurance covers your goods in transit for the move.

Notes

2 weeks before moving

- Start packing everything you won't need on the lead-up to the move. Make sure you don't pack boxes too heavy to ensure you don't hurt yourself during the move. And don't forget to label all of the boxes.
- Arrange for your mail to be re-directed to your new address.
- Make sure you have someone to look after your young children and pets during the move as having them around can sometimes make the move more difficult
- Inform your providers, such as DVLA, car insurance, banks, building societies, telephone, TV licence, gas/electricity, water, council tax, employer, etc. that you're moving. If you're moving out of the area you should deregister from your doctors and dentists and register with someone in your new area.
- Notify local services, such as milk and paper deliveries, window cleaning, etc. to arrange a cancellation date.

Notes

The day before moving

- Pack everything you don't need for the move, making sure you keep all your valuables in a safe place.
- Make sure that you defrost both your fridge and freezer.
- Keep all essential items handy, such as cash, credit cards, mobile phones, keys and official documents
- Put aside a few things in a box to make the moving day as stress-free as possible, such as refreshments, toilet paper, cleaning materials, kettle, tea, etc. Keep these out of the way of any removers to ensure they don't get packed away with every thing else. Perhaps include a bottle of champagne and some glasses to celebrate later!
- You should leave your old house as clean as you'd like to find your new house, so once everything has been packed, clean as much as possible.

Notes

Moving day hints and tips

- Always ask people to help with the move, the more people you have, the lighter work it will be. You will also need assistance carrying those heavier items.
- Count the boxes before they are moved and check when they are delivered to your new address that you have them all.
- Make it your priority once you reach your new home to make the beds and hang the bedroom curtains as soon as possible. By the end of the day you'll be exhausted and it will be great to just relax.
- Don't attempt to do all your unpacking on the first day, just unpack the essentials – and make sure there is somewhere comfortable to sit, eat and sleep.
- Take meter readings from both your old and new addresses to give to your energy suppliers.
- Once everything has been packed into the removal vans, check your old house over to make sure nothing has been left, everywhere is locked up and the place is clean and tidy.
- Make sure you leave the keys in the arranged place.

Notes

Jargon buster

Accidental Damage - Optional insurance cover for your buildings and/or contents which provides protection for accidents that might damage the permanent structure of your home or your belongings.

Additional Borrowing (also known as Further Advance) - When an existing mortgage customer wishes to increase their mortgage borrowing and which is often used for home improvements but can (subject to lending policy) be used for any purpose.

The Annual Percentage Rate of Charge (APRC) - Is the total cost of the mortgage shown as an annual percentage. All lenders calculate APRC the same way to help you compare mortgage details. This rate could change if a variable rate applied to your mortgage changes.

Arrears - This means you've missed mortgage payments and have payments overdue.

Bank Base Rate (BBR) - This is the rate which is set on a monthly basis by the Monetary Policy Committee (MPC) of the Bank of England and is the rate that it charges for its borrowing.

Base Rate Tracker - The interest rate is linked to, but may not be equivalent to, the Bank of England base rate. When there is a change to the Bank of England base rate your mortgage payment rate will reflect this (within 14 days).

Building Society - A mutual organisation which is owned by its members.

Building Survey - A comprehensive survey carried out by a professional surveyor on your behalf, to thoroughly examine the condition of a property.

Building Insurance - An insurance policy which is taken to protect your property against hazards such as fire, flood and subsidence. A buildings insurance is required as part of the mortgage terms and it is the borrowers responsibility to ensure the property is adequately insured for the duration of the mortgage.

Buy-to-let mortgage - A mortgage that is used for borrowers who wish to purchase a property to rent out.

Capital - The amount of money you still owe on your mortgage.

Capital and Interest Mortgage - This is the most common way to repay your mortgage. Your regular repayment is made up of some of the amount borrowed plus interest every month. It means your mortgage will be repaid in full by the end of the term providing all payments are maintained in full and on time.

Capital Repayment - A lump sum payment made to your mortgage account and in addition to your normal monthly mortgage payment.

Cashback Mortgage - A mortgage product which offers you a cash lump sum upon completion - this may be a fixed lump sum or a percentage of your mortgage amount.

Collateral/Security - This is usually the property and which the lender can sell to repay the loan if the borrower does not maintain mortgage payments and falls heavily into arrears.

Completion - After you exchange contracts on a property, you will agree a date for completion with all the parties involved. This is the date at which property ownership is legally passed to the buyer, and when the seller must move out and the buyer may move in.

Completion Fee - This is a non-refundable fee which covers the processing of your mortgage application and setting up of your account.

Consent to Let - Permission from your mortgage provider will be required if you wish to let/rent out your property if your current mortgage is arranged on a residential basis.

Contents Insurance - This is an insurance policy which is used to cover your personal possessions in your household, in case they are stolen or damaged.

Contract Variations - Where a borrower makes a variation to the terms of their existing mortgage, for instance reducing /extending the term or converting the repayment type.

Contracts - The legal documents under which the buyer and seller of the property agree terms.

Conveyancing - The process of transferring ownership from one person to another.

County Court Judgements (CCJs) - Is an order made in a county court for a debt to be repaid in England and Wales.

Credit reference agency - Credit reference agencies are organisations that gather information about people and businesses across the UK. This information comes from lenders such as banks, credit card companies and fraud prevention agencies, as well as records in the public domain.

Credit report - Credit report is a report issued by a credit agency usually for a small fee which highlights someone's past purchase behaviour and credit rating.

Credit search - A credit search is when we carry out a search on your name and address with a credit reference agency to help us understand more about your credit history. Each time a search is done it is noted on your credit record to let other organisations know that we have asked for information about you.

Credit Scoring - A system used by lenders to assess the credit worthiness of potential borrowers.

Daily Interest - This means the interest on your mortgage is calculated on the outstanding balance each day so every payment you make immediately reduces the balance on which your interest is calculated.

Debt Consolidation - A loan taken in order to repay existing outstanding debts. You may be able to spread the loan over a longer period, which may reduce your monthly payment, but by increasing the term you may pay more interest overall.

It may be possible to increase your mortgage to pay off debts (subject to our lending policy), but it's important to seek advice before doing this.

Decision in principle (DIP) - Before you make an application for your mortgage you can submit a DIP which tells you how much we would lend you based on your income and commitments.

Deposit - This is the amount of money that you pay on exchange of contract as part of your initial contribution to the purchase of your home.

Direct Debit - A Direct Debit is an agreement between you and a company you want to pay on a regular basis. The agreement you make authorises the company to collect varying amounts from your account on a regular basis. Because you're covered by the Direct Debit guarantee, the company should always tell you what these amounts are - and when they'll be collected.

Disbursements - The fees your solicitor or licensed conveyancer will incur during conveyancing e.g. search fees and land registry fees. These are added to your overall legal bill.

Discharge Fee / Mortgage Exit Administration Fee - A fee charged for the administration work involved of the lender to redeem your mortgage.

Discount Rate - This type of mortgage usually offers a discount off the lender's Standard Variable Rate (SVR). The discount period usually lasts for a relatively short period – typically two or three years, after which, the rate reverts back to the Standard Variable Rate.

Early Repayment Charges - On some mortgages, a charge will be made if part or the entire mortgage is paid off before a pre-agreed date, or moved to another product or lender. Your mortgage terms and conditions should state if this charge applies.

Electronic Transfer - This is the method by which your mortgage advance is paid to your conveyancer.

Endowment Policy - A long-term savings policy (usually between 10 and 25 years), which is often used to repay the capital element of an interest-only mortgage at the end of the term or pay off an outstanding mortgage in the event of death. This type of policy could be a repayment vehicle for an interest only mortgage.

Equity - The difference between the value of your property and the total amount of mortgage secured against it.

Execution Only - A mortgage transaction completed upon the specific instructions of the customer where the lender does not provide advice relating to the suitability of the mortgage transaction.

Excess - A fixed amount of money, which the policyholder agrees to contribute toward the cost of a claim under an insurance policy.

Exchange of Contracts - The date at which you agree to exchange contracts to commit to buying a property. Once contracts have been exchanged, you are legally required to buy the property. After exchange, a date for the completion of the property purchase can be set.

Feudal - A form of legal title, which applies only in Scotland.

Financial Conduct Authority (FCA) - The Financial Conduct Authority is responsible for the regulation of firms' conduct and ensures the appropriate level of protection for consumers.

First Charge - Most mortgage lenders will require a first charge. This means that the lender has first call on any funds available from the sales of the property to clear the outstanding mortgage debt.

First Time Buyer - An individual who has not previously owned a property.

Fixed Rate - This type of mortgage means that the interest is fixed for a specified period of time which means that the monthly repayments will remain unchanged until the product period ends.

Freehold - Where the borrower owns both the property and the land.

Gazumping - A term used to describe the action of a seller accepting an offer and agreeing to the sale of their property, only to accept a higher offer before exchange of contracts has taken place.

Ground Rent - An annual charge payable by leaseholders to the freeholder.

Guarantor - A person who guarantees you will pay the mortgage repayments. If you don't pay they are responsible and will have to pay them themselves. Often parents or relatives are guarantors for first time home buyers to help them to afford a property. Higher Lending Charge (HLC) - This is a fee sometimes payable by the borrower to insure the lender against potential loss if a home has to be repossessed or sold.

Higher Lending Charge (HLC) - This is a fee sometimes payable by the borrower to insure the lender against potential loss.

Homebuyers report - A survey on a property, carried out by professional surveyors on your behalf. You will receive a report on the condition of the property, stating any repairs or defects that need attention. A more comprehensive survey is called a full structural survey, which you might decide to carry out on older properties.

Home Mover - A person selling one property and purchasing another property.

Income Assessment - The Society no longer assesses your borrowing capacity through income multiples and has developed a new Affordability Calculator which is now more tailored to your individual circumstances.

Assessment of how much you can borrow is now calculated through a combination of your income, regular commitments and household / lifestyle expenses.

Income protection - This can give you a regular monthly income if you are off work for a prolonged period because of an accident or illness.

Initial Disclosure Document - This document confirms the type of mortgage service we as a lender will provide. This can be advised, where we offer help and advice on the type of product best suited for you or Execution Only, and non-advised, where you decide which product to apply for.

Initial Interest - Any payment due for the period from the day the mortgage began up to the first payment date.

Insurance - An agreement under which individuals, businesses and other organisations, in exchange for payment of a sum of money (a premium), are guaranteed compensation for losses resulting from certain events or conditions specified in a contract (policy).

Interest Only Mortgage - You only pay interest to your lender throughout the mortgage term and your mortgage balance doesn't reduce. At the same time, you put money into a separate investment which should grow and pay off the mortgage as scheduled. You will still owe capital at the end of the mortgage term. It is imperative that you have a plan in place in order to be able to repay your loan.

Land Registry Fee - A fee charged to register your details in the Land Registry records once you have bought a property or changed lenders.

Leasehold - Ownership of a property for a number of years on lease, after which ownership reverts back to the freeholder.

Lending Into Retirement - When the mortgage term exceeds beyond the customers retirement age.

Lessee - The person to whom a lease is granted - the tenant.

Lessor - The person who grants a lease - the landlord.

Licensed Conveyancer - An alternative to using a solicitor, they specialise in property ownership transfer.

Life Assurance - Type of insurance that will pay an amount to your estate when you die. This can be arranged to pay out a set lump sum or a decreasing amount that reduces in line with a mortgage.

Loan to Value - The amount of mortgage expressed as a percentage of the value of the property or purchase price, whichever is lower. For example, a mortgage of £80,000 on a purchase price of £100,000 would be 80% LTV. You can usually borrow up to 95% LTV although this may vary on certain products.

Local Authority Search - Part of the conveyancing process when you buy a property. It gives details of any matters which, from the local council's point of view, affect the property. It reveals any proposed changes to the local area, such as road improvements, and details any planning permission given for the property.

Member - A member is a customer who has a qualifying account such as savings or a mortgage with Newcastle Building Society. Our customers are 'members' because we are a mutual society.

Mortgage - A mortgage is a loan secured against a property.

Mortgage Payment Protection Insurance (MPPI) - This insurance can cover your mortgage payments if you can't work because you've become unemployed or because of an accident or illness.

Mortgagee - The lender.

Mortgagor - The borrower.

Mortgage Advance - The actual amount of money we lend as a mortgage.

Mortgage Deed - The legal document by which the lender secures the loan against the borrower's property.

Mortgage Term - The length of time over which you agree to repay your mortgage.

Negative Equity - This is when the amount you owe on a mortgage is greater than the value of your property.

New Build Property - The definition of a 'new build' means a property that has not been occupied within two years of being newly constructed, converted or refurbished.

NHBC Guarantee - A 10-year guarantee provided by the National House Building Council, that the builder will put right serious defects on a newly-built property.

Offset Mortgage - An offset mortgage links your savings balances with your mortgage. Rather than paying you interest on your savings, you can offset your savings against your mortgage.

Overpayments - When you pay more than your normal monthly payment – overpayments made to your mortgage allows you to pay off your mortgage earlier.

Pension Plan - An investment plan which can provide a lump sum and an income after retirement. A pension plan can be used as a way of providing a lump sum to repay the capital of an interest only mortgage.

Personal Possessions - Cover for accidental loss or damage to items that you usually take out of your home.

Portable Mortgage - If a mortgage is 'portable', it can be transferred from one property to another.

Property Valuation - When you apply for a mortgage we may ask you to pay a valuation fee to cover the cost of valuing your property. The valuation fee is payable prior to valuation and is non-refundable if the valuation is carried out. The valuation is very basic and is carried out for our benefit. We strongly recommend that you have a more thorough survey carried out, such as a Homebuyer Report as this will tell you about the quality and condition of the house you want to buy.

Prudential Regulation Authority (PRA) - The PRA works alongside the Financial Conduct Authority (FCA) creating a "twin peaks" regulatory structure in the UK.

Rebuild Cost - This is the cost of rebuilding your home if it is damaged or destroyed by a number of different events such as storm, fire, flood and subsidence.

The reinstatement value is not the same thing as market price. The reinstatement value is the cost to fully rebuild your home, including site clearance and legal fees. The cost of rebuilding your home varies, depending on where you live.

Redeem/Redemption - To pay off the outstanding balance of a mortgage in full.

Remortgage - Transferring your mortgage from one lender to another without moving house is known as 'remortgaging'.

Repayment (Capital & Interest) Mortgage - This is the most common way to repay your mortgage. Your regular repayment is made up of some of the amount borrowed plus interest every month. It means your mortgage will be repaid in full by the end of the term providing all payments are maintained in full and on time.

Repayment Vehicle/Strategy - This is the means by which you choose to pay off the capital on an Interest Only mortgage when the mortgage term comes to an end. Please note that currently the Society does not offer Interest Only mortgages.

Reservation Fee - A reservation fee is payable on some mortgage products and is charged to reserve a particular mortgage product. This fee is non-refundable and is payable upfront.

Repossessed - This is where a property is taken by the lender if the borrower fails to make the mortgage repayments. The property is then sold so the lender can get their money back.

Sealing Fee - A fee charged by the lender for sealing your deeds.

Searches - Checks carried out during the conveyancing process to determine any planning proposals or other matters which might affect the future salability of the property. Another search is carried out after the exchange of contracts to check that the borrower is not bankrupt.

Stamp Duty - This is a Government tax you might have to pay if you buy a residential property or piece of land in England and Northern Ireland. Current thresholds and rates can be found at www.gov.uk.

Standard Variable Rate - A Standard Variable Rate (SVR) is a rate of interest that is determined by your lender. The rate can increase or decrease at any time, which means your payments could also fluctuate. Most mortgage deals revert to SVR when your current fixed or tracker deal comes to an end.

Subject to Contract - The phrase used before exchange of contracts which allows either party to withdraw without incurring a penalty.

Sum Assured - The amount paid out on the death of a policy holder.

Surveyor/Valuer - The person qualified by the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers to carry out valuations and surveys of properties.

Telegraphic Transfer - Also known as a CHAPS transfer, this term is used to refer to sending funds from one bank to another electronically.

Term of Mortgage - The number of years that you agree to repay your mortgage over.

Tie in Period - The period of time you would need to remain on certain mortgage products to avoid an early repayment charge.

Title Deeds/Title Documents - The documents which show proof of ownership.

Valuation - This is the basic assessment that is carried out on a property. It enables Newcastle Building Society to decide whether to lend on the property by assessing its condition and likely value. This basic valuation is for the lenders benefit only. We would recommend that you have a more detailed survey such as a homebuyers report or a full structural survey.

Valuation Fee - The charge for obtaining a valuation report of a property. The fee increases with the value of the property and is payable upon application.



Helping you take your first steps on the property ladder.

Call our Newcastle based call centre on: **0345 606 4488**
Monday to Friday 9am to 5pm

Calls may be monitored and recorded for training and security purposes.

Or visit us online:
www.newcastle.co.uk

[newcastle.co.uk](http://www.newcastle.co.uk)

Newcastle Building Society Principal Office: 1 Cobalt Park Way, Wallsend, NE28 9EJ. Newcastle Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Newcastle Building Society is entered in the Financial Services Register under number 156058. You can check this on the Financial Services Register or by contacting the Financial Conduct Authority on 0800 111 6768. Call 0345 734 4345 or visit us online www.newcastle.co.uk

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