OUR GUIDE TO BUYING, REMORTGAGING AND PROTECTING YOUR HOME

A HELPING HAND WITH OWNING YOUR HOME.

Taking on the purchase of a house can be daunting. With this step-by-step guide, we hope to make the journey a little less overwhelming. Whether you're buying, remortgaging or simply looking to protect your home, you'll find this information invaluable. Our appointed representatives help thousands of people move home and remortgage every year, so they're well placed to help you.

EVERY DAY MATTERS.®

Legal & General

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YOUR INFORMATION AND HOW WE MAY USE IT.

The information you give your adviser, our appointed representative, will be used by them to give you mortgage and protection advice.

Your information will also be shared with us, Legal & General, so we can monitor the advice your adviser gives you. We may also use the information for statistical analysis, to understand the markets we operate in and to understand our customers better. Legal & General is a global business, so your information may be used by us outside of the European Economic Area.

We may need to pass your information to other companies within the Legal & General Group, regulatory bodies, law enforcement agencies or suppliers who process data for us.

INTRODUCTION.

Buying a home is one of the biggest financial decisions you'll make in your life. That's why we've produced this guide to help you understand what you need to think about when buying your home or remortgaging.

You'll find a range of information explaining mortgage terminology, the costs involved and how to protect your home and family. Your mortgage and protection adviser is here to help. Our advisers are professionally qualified, with the knowledge and training to help you get the most from your money by identifying your personal financial goals and objectives. They'll keep you up-to-date with the ever-changing choice of mortgages from the entire mortgage market and protection products from Legal & General. Our expert team of advisers are on hand to talk you through all your financial needs. Legal & General are regulated by the Financial Conduct Authority (FCA). This means the advice provided by our advisers is monitored and has to be of a certain standard. With their help you can be confident of making the right choices for your future. It really is worth taking their advice.

MORE THAN JUST THE MORTGAGE.

Protecting your mortgage and loved ones.

Buying a home is a big commitment, so your adviser will talk about the options around helping to protect your home, belongings, health and loved ones. If you're remortgaging or moving home, it's a good time to review any existing arrangements to help make sure you have sufficient cover and they're still the right products for you.

Once you've had your mortgage approved, the next step is to think about protecting your home and loved ones. The mortgage isn't usually the only payment you need to make each month. What about covering everyday bills and expenses? Utility bills, food shopping, travel costs, childcare – the list could go on.

It's not nice to think about, but:

- **How would one partner cope financially with the death or critical illness of the other?**
- **Could you afford to maintain your current lifestyle?**
- **Could you afford the financial costs of raising your family?**

Legal & General's protection products can help provide financial peace of mind when it's needed most. They're designed to provide you with a cash sum or monthly payment, depending on the product you choose.

Having protection cover in place could help you:

- **Maintain your standard of living**
- **Pay your monthly bills and meet your daily living costs**
- **Pay off your debts**
- **Afford to stay in your family home rather than have to downsize.**

HOW MUCH WILL IT COST?

Premiums are based on your personal circumstances. Usually, the younger you are, the less you'll pay for protection products. We all want security for our future, a chance to maintain the financial stability we have worked so hard for. That's why it's important to think ahead and plan for the future.

WHO CAN BE COVERED?

It's also important to remember that it's not just the main wage earner that you may need to consider when working out the amount of cover you need. Have you thought about the value of the work you or your partner does around the home?

Our 2013 Value of a Parent research found that the average Mum does £31,627 worth of the domestic work around the home each year, and for Dads it's £23,971.

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HELP YOU?

It really is important to think about protecting your family's future. For more help and advice talk to your adviser, they'll be able to help you:

- Fully identify your protection needs and make recommendations that are specific to your circumstances.
- Answer any questions and concerns you may have.
- Review your requirements on a regular basis, taking into account any changes to your commitments or lifestyle.

BORROWING TO BUY YOUR HOME.

MORTGAGE

When you buy your home, you'll probably need to take out a loan to pay for it. A mortgage is a loan that's secured against your home. This means that if you can't keep up with the repayments, your mortgage provider can sell your house to recover the money you owe. A mortgage is usually offered at a much lower interest rate than you'd find for any other type of loan.

REMORTGAGE

If you change your mortgage to a new lender by remortgaging, you may find you benefit from a better mortgage rate than the one you're currently paying. Some lenders also offer to pay the legal costs and valuation fees associated with remortgaging.

The process for remortgaging your home can take around eight to twelve weeks, as the new lender will need to make similar checks to those made when you first bought your home.

You may have to pay an early repayment charge to your existing lender if you remortgage. Your current lender may also charge you a 'deed discharge fee' when you leave your current mortgage. These are all areas your adviser will be able to explain in more detail and help you with.

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

OUR APPOINTED REPRESENTATIVES MAY CHARGE A FEE OF UP TO 1.5% OF THE LOAN AMOUNT FOR ARRANGING A MORTGAGE. THE ACTUAL AMOUNT PAYABLE WILL DEPEND ON YOUR CIRCUMSTANCES.

COSTS INVOLVED IN BUYING A HOME.

Application/arrangement fees	The costs your lender will charge you for arranging your mortgage.
Solicitors fees	As well as paying a solicitor or licensed conveyancer for the work he or she does, you'll have to pay land registry charges and local search fees.
Stamp duty old system	This is a tax paid when you buy a property worth £125,001 or more. The amount you pay will depend on the value of the property you're buying. **Please note this information is correct at the time of printing.**
Residential property (purchase price)	**Rate of stamp duty**
Up to £125,000	**0%**
£125,001-£250,000	**1%**
£250,001-£500,000	**3%**
£500,001-£1 million	**4%**
£1 million-£2 million	**5%**
Over £2 million	**7%**
Stamp duty new system	The new system will mean that, in the same way as income tax, rates apply only to the part of the property price that falls within each band when it's bought.
Residential property (purchase price)	**Rate of stamp duty**
Up to £125,000	**No stamp duty will be paid on the first £125,000 of a property**
£125,001-£250,000	**2% will be paid on the portion up to £250,000**
£250,001-£925,000	**5% will be paid on the portion up to £925,000**
£925,001-£1 million	**10% will be paid on the portion up to £1.5 million**
Over £1million	**12% will be paid on anything above that**
	Anyone in the throes of buying a property, having exchanged but has yet to complete, will be able to choose whether to use the old or the new system.
Valuation and survey fees	You may need to pay for a valuation or survey. The amount you pay will depend on the type of valuation or survey you choose. See page 17 for more information on types of survey.
Mortgage advice fees	Some advisers may charge a fee for the advice they give you. Your adviser will explain any fees they may charge. In some cases, an adviser fee may be charged even if your mortgage doesn't go ahead. This is something you can ask your adviser about as they'll be more than happy to explain their charging structure, if they have one, to you.

We recommend you complete the table opposite with your adviser to help you work out what you may have to pay when you buy your home.

This table should only be used as a rough guide and in some cases the expenses may be more than the amounts agreed between you and your adviser. This chart is an indication of your 'upfront' costs. In addition to these, you will need to take into account your monthly mortgage repayments and any insurance payments.

TYPICAL UPFRONT COSTS	ESTIMATE FOR YOUR PROPERTY
Stamp duty	£
Solicitor/conveyancer fees	£
Land registry	£
Mortgage adviser fees (if applicable)	£
Lender’s application/arrangement fees (if applicable)	£
Lender’s valuation	£
Survey fee	£
Buildings and contents insurance	£
Removal firm	£
Other	£
TOTAL	**£**

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RISK

IF YOU DECIDE TO ADD FEES TO YOUR LOAN, INTEREST WILL BE CHARGED ON THESE AMOUNTS. THIS WILL INCREASE YOUR MONTHLY REPAYMENTS AND THE TOTAL AMOUNT PAYABLE OVER THE TERM OF YOUR MORTGAGE.

HOW MUCH CAN YOU BORROW?

THIS DEPENDS ON:

- Your income and outgoings
- Your credit history
- Whether you're able or prepared to make changes to your lifestyle that may reduce your outgoings
- How much deposit you have.

You'll need to find out how much you can borrow before making an offer on a property. Some lenders will work this out before you find a property – this is called an approval or decision in principle. This will help you know the maximum offer you can make on a property and will also speed up the mortgage process.

Lenders usually base their calculations on your guaranteed earnings such as basic pay, but some will consider part or all of any regular overtime or bonuses. They'll want to see proof of your income.

HOW LONG WILL MY MORTGAGE LAST?

This is known as the mortgage term. Mortgages usually have a term of between five and 40 years. A mortgage should normally be for the shortest term you can afford as this keeps the overall cost down. A longer than necessary term means you'll pay more interest. It's advisable that your mortgage term ends before you retire, as it's unlikely your mortgage repayments will be affordable on a retirement income.

SELECTING YOUR MORTGAGE

Your adviser will go through your needs and preferences and use these to filter out any mortgage products that don't meet your requirements. This will reduce the amount of products your adviser will consider for you.

CONSOLIDATING DEBTS

This isn't suitable for everyone and you'll need to carefully consider this with your adviser. If you have existing debts, it may be possible for you to add these to your mortgage rather than continue with your existing repayment arrangements. When you add loans to your mortgage, it's important to understand the risks:

- Adding short-term loans to your mortgage means you'll repay them over a longer term. Unsecured loans are generally paid back over a shorter term than mortgage loans. While the interest rate on your mortgage may be lower than you pay on your loans, by adding them to your mortgage you're likely to pay more over time. It may not be appropriate to consolidate small or short-term debts.
- Your existing debts might not be secured on your property. By adding them to your mortgage they become secured on your property.

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Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

If you're having difficulty paying your loans, it's worth speaking to your creditors to see if you can negotiate better terms before considering adding them to your mortgage.

WAYS TO REPAY YOUR MORTGAGE.

THERE ARE TWO STYLES OF MORTGAGE REPAYMENT – 'REPAYMENT' AND 'INTEREST ONLY'.

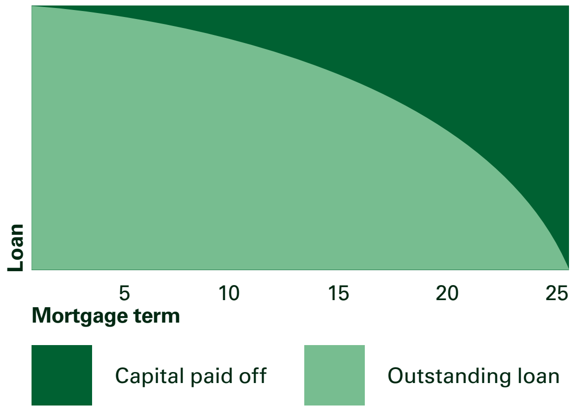
REPAYMENT MORTGAGES

With a repayment mortgage, your monthly payments to the lender go towards reducing the amount you owe as well as paying the interest they charge. This means that each month you're paying off a small part of your mortgage.

The advantages: You can see your mortgage getting smaller and provided you maintain the required payments, you also have the certainty your mortgage will be repaid at the end of the term.

The disadvantages: At the start, most of your payments go towards the interest on your mortgage. So in the early years, the amount you owe won't reduce by very much.

REPAYMENT MORTGAGE



INTEREST ONLY MORTGAGES

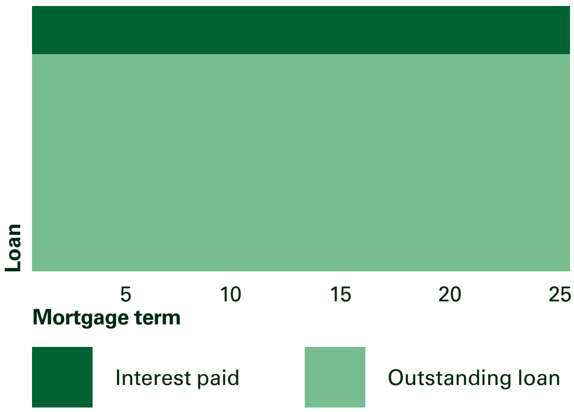
These mortgages are now only offered with very strict criteria and are not available to everyone. With an interest only mortgage you only pay the interest charged on your loan, so you're not actually reducing the loan itself. You'll need to have a feasible repayment strategy in place to repay your loan at the end of the term, for example investments and/or savings plans. Lenders will want to see proof of these.

The advantages: If the savings or investment plan you choose performs well, then you could pay off your mortgage earlier compared to a repayment mortgage. At the full mortgage term there may be a lump sum available after the mortgage has been repaid.

The disadvantages: Very few investments or savings plans are guaranteed to repay your mortgage in full. If your savings or investment plan doesn't cover the full amount, you'll be responsible for paying the difference. Your mortgage lender can demand repayment, and they'll charge you interest on any outstanding balance until it's repaid.

You should discuss the risks with your adviser and make sure you're comfortable with them.

INTEREST ONLY MORTGAGE



HOW IS INTEREST CHARGED AND PAID?

There are lots of different interest rate options offered by lenders. Interest rates vary from product to product and are dependent on different factors; for example; fixed rate mortgages, how large a deposit you have. Here is our guide to the different options available.

STANDARD VARIABLE RATE (SVR)

This is a standard interest rate that can go up or down in line with market rates, such as the Bank of England's base rate.

Advantages:

- You have more flexibility and can usually repay your mortgage without any early repayment charges.

Disadvantages:

- Your monthly payments can go up and down which can make budgeting difficult.
- SVR mortgages are not usually the lowest interest rates that lenders offer.

DISCOUNTED RATE

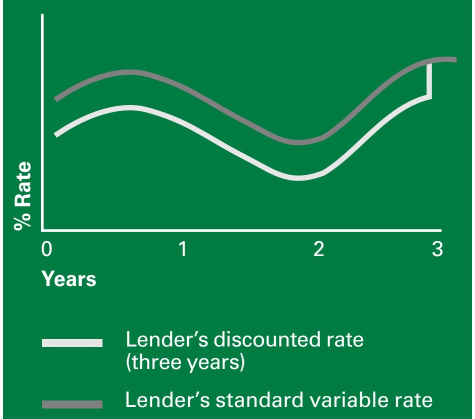
Some mortgages start with an initial interest rate set lower than the SVR for a set period of time. At the end of this period, the lender will change the interest rate to the SVR. It's a good idea to talk to your adviser at this stage because the lender's SVR may not be the best deal available.

Advantages:

- Your payments could cost you less in the early years, when money may be tight. But you must be confident you can afford the payments when the discount ends.

Disadvantages:

- Your monthly payments can go up or down which can make budgeting difficult.
- If you want to repay the loan early, there could be an early repayment charge.



FIXED RATE

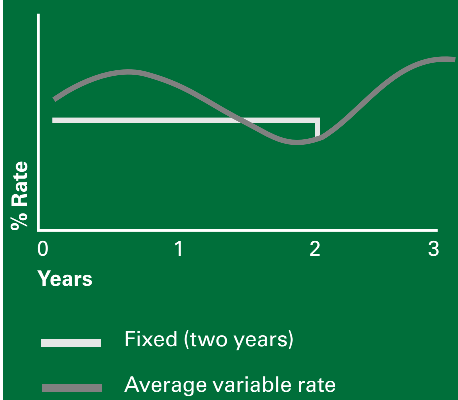
If you choose a fixed rate mortgage, your monthly payment will stay the same for a set period, usually two, three or five years. At the end of your fixed rate, your lender will usually change your interest rate to their SVR. It's a good idea to talk to your adviser at this stage because the lender's SVR may not be the best deal available.

Advantages:

- You know the exact amount you'll need to pay each month, which makes budgeting easier.
- Your monthly payment will stay the same during the fixed period, even if other interest rates increase.

Disadvantages:

- Your monthly payment will stay the same during the fixed period, even if other interest rates decrease.
- If you want to repay your loan early, there could be an early repayment charge.



TRACKER MORTGAGE

With a tracker mortgage, the interest rate charged by a lender is linked to a rate such as the Bank of England base rate. This means your payments may go up or down.

Advantages:

- The rate you pay tracks an interest rate (for example, the Bank of England base rate). If the rate changes the tracker rate changes by the same amount.

Disadvantages:

- Some lenders impose a 'collar' which means the interest rate won't fall below a certain level, even if the rate it's tracking continues to reduce.
- Your monthly payments can go up or down which can make budgeting difficult.
- If you want to repay the loan early, there could be an early repayment charge.

OFFSET MORTGAGE

An offset mortgage is generally linked to a main current account and/or savings account which are all held with the same lender. Each month, the amount you owe is reduced by the amount in these accounts before working out the interest due on the loan. This means as your current account and saving balances go up, you pay less mortgage interest. As they go down, you pay more. Linked accounts used to reduce mortgage interest payments do not attract interest.

Advantages:

- Mortgage payments can be reduced as savings increase, or you may be able to continue paying a higher level and pay your mortgage off early.
- You usually pay tax on your savings. However, if your savings are automatically used to offset your mortgage, you won't pay income tax on these savings – this is particularly beneficial for higher rate taxpayers.

Disadvantages:

- All accounts have to be with one lender/bank.
- You need to have a substantial level of savings.
- If you want to repay the loan early, there could be an early repayment charge.

CAPPED RATE OR CAPPED AND COLLARED RATE

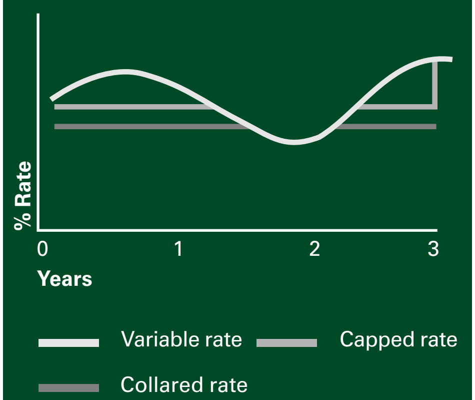
With this type of mortgage, the interest rate is linked to a lender's SVR but with a guarantee that it won't go above a set level (called a 'cap') or below a certain level (called a 'collar') for a set period of time. It's possible to have a capped rate without a collar.

Advantages:

- You know the maximum and minimum you'll pay for a set period of time making budgeting easier.
- These products are useful if you want the security of knowing your payments can't rise above the set level (the cap), but could still benefit if rates fall during the set period.

Disadvantages:

- Even if other rates fall, your interest rate for the set period will not go below the level of the 'collar'.
- If you want to repay the loan early, there could be early repayment charges.



COMMON FEATURES OF A MORTGAGE AND FACTS WHEN BUYING A HOME.

We've listed and provided a brief explanation of some terminology you're likely to come across when buying a home. The following explanations are purely provided as a guide. Your adviser will be able to explain individual mortgage features in more detail and help you find the right mortgage.

ARREARS AND REPOSSESSION

If at any time you're unable to meet your mortgage payments, you should speak to your mortgage lender straight away. Repossessing a property is generally a last resort – your lender will try to reach an arrangement with you to help you to keep your home. If your lender sells your property after repossessing it, and there's any money owed following the sale, you'll be responsible for it plus any selling fees.

ANNUAL PERCENTAGE RATE (APR)

As well as telling you the interest rate on your mortgage, lenders must also calculate the APR. This is the total cost of the loan, including interest and fees shown as a percentage rate. The APR is intended to help you compare different types of mortgages from different lenders. When calculating the APR, lenders assume you'll pay the mortgage for the full term. Generally, the lower the APR, the better the deal but this is assuming you stay on the same mortgage product throughout the term of your mortgage.

CASH BACK

With a cash back mortgage, your lender pays you a lump sum when you complete your mortgage. The cash back can be a fixed amount or can be worked out as a percentage of your mortgage. If you move to another lender in the early years of the mortgage, it's very likely you'll have to repay some or all of the cashback received.

CREDIT SCORING

When you apply for a mortgage (or any sort of credit) the lender will usually 'credit score' your application. This helps the lender decide whether to accept your application, the amount of money they're prepared to lend to you and what rate of interest you'll pay.

Credit scoring works by awarding points based on your circumstances. Each lender has their own scoring system. You'll generally score more points if you've been in your job longer, own your own home and have paid all of your loans on time in the past. Having a good credit history will improve your chances of getting a good mortgage rate. You can get your individual credit report by registering with either Experian at **www.experian.co.uk** or Equifax at **www.equifax.co.uk**

EARLY REPAYMENT CHARGE

This is a charge you may have to pay if you want to pay off your mortgage before the end of a set period.

ENERGY PERFORMANCE CERTIFICATES

Energy Performance Certificates (EPCs) are required by law for all homes bought, sold or rented. They give information on how to make the property more energy efficient and reduce carbon dioxide emissions.

They're provided by accredited domestic energy assessors, and they carry out the assessment and produce the certificate.

EPCs contain:

- Information on your home's energy use and carbon dioxide emissions.
- A recommendation report with suggestions to reduce energy use and carbon dioxide emissions.

EPCs carry ratings that compare the current energy efficiency and carbon dioxide emissions with what the property could potentially achieve if energy saving measures were put in place.

EPCs are valid for ten years.

FREE LEGALS

Some lenders offer arrangements that include the cost of completing the legal work involved in arranging a mortgage and buying a home. These arrangements vary but could reduce the amount you'll pay at outset.

HELP TO BUY

Help to Buy gives people who are able to get a mortgage the chance to buy a home with just a 5% deposit.

The main aim of the scheme is to help people move onto and up the housing ladder as they move through their lives.

Before you consider whether it's suitable for you, you need to understand the two different types – Help to Buy, Equity Loan and Help to Buy, Mortgage Guarantee.

You can't use either of these along with any other government scheme. For example, if you use the Help to Buy Mortgage Guarantee scheme, you can't use the Help to Buy Equity Loan scheme.

HIGHER LENDING CHARGE

Lenders sometimes charge a fee if your mortgage is a high percentage of the property's value. They use this fee to buy insurance in case they repossess your property and sell it for less than the amount outstanding on the mortgage. You'll still be responsible for any money owed after the sale of your property.

HOME REPORTS FOR PROPERTIES FOR SALE IN SCOTLAND

Houses for sale in Scotland now have to be marketed with a Home Report.

This is a pack of three documents: a Single Survey, an Energy Report and a Property Questionnaire. The Home Report is made available on request to prospective home buyers. The Single Survey contains an assessment by a surveyor of the condition of the home, a valuation and an accessibility audit for people with particular needs. The Energy Report contains an assessment by a surveyor of the energy efficiency of the home and its environmental impact. It also recommends ways to improve energy efficiency. The 'Property Questionnaire' is completed by the seller of the home. It contains additional information about the home, such as Council Tax banding that will be useful to buyers.

NEGATIVE EQUITY

If the value of your property falls below the amount you owe on your mortgage this is called 'negative equity'. If this happens, and you need to sell your property, you'll still be responsible for repaying the full amount of the mortgage.

OVERPAYMENTS

Some lenders will allow you to make overpayments on your mortgage. This is generally restricted to 10% of the outstanding balance each year. Lender rules and restrictions may differ so speak to your adviser before you decide to make any overpayments.

PORTABILITY

Some lenders let you move your mortgage to a new property when you move house.

UNDERPAYMENTS AND PAYMENT HOLIDAYS

Some mortgages allow you to reduce the amount you pay each month, or to stop making monthly payments, if you've previously overpaid. Lenders only normally allow you to make underpayments or take payment holidays for a limited time. This can be useful if your income falls or stops for a short period. In both cases, you'll be paying less than the normal monthly payment so the amount of your mortgage will increase.

TAX AND WILLS

In some circumstances you may need to think about the tax implications of buying your property. Your adviser can't give you any advice about the tax implications of buying property. If you are at all unsure about this, you should get advice from a tax specialist.

When you buy a property, we strongly recommend that you ensure your Will is up to date. This means that your assets, including your property, are given out in line with your wishes.

VALUATIONS AND SURVEYS

There are three types of valuations and surveys – valuation reports, homebuyer's reports and building surveys.

- **Basic valuation report –** This is a basic report paid for by you, but completed by the valuer for your lender. Your lender will use this report to help them decide whether they'll lend you the amount of money you need to buy your property.
- **Homebuyer's report –** This is a more detailed report that a surveyor completes for you. There's an important difference between a basic valuation report and a homebuyer's report. The valuation report belongs to the lender and the valuer completes the report for them. With a homebuyer's report, the surveyor works for you and they're responsible to you if they fail to spot things. Whilst this costs more than a basic valuation, you should consider asking for a homebuyer's report as it will give you more information about your property. It's particularly useful if you're buying an older property. Your lender will normally use the homebuyer's report to help them decide whether to lend on your property, so you won't normally need more than one report. Your lender can arrange this.
- **Building survey** (previously known as a full structural survey) **–** This is the most detailed type of survey that's completed by a surveyor working for you. The surveyor is responsible to you if they fail to spot something. Building surveys are recommended if you're buying:
  - an older property;
  - a property that needs substantial refurbishment; or
  - there has been structural problems in the past.

Additional surveys or reports may be needed by your lender before they'll make you a mortgage offer.

YOUR HOME INSURANCE IN SAFE HANDS.

Once you have your mortgage sorted, your lender will usually insist you have buildings insurance in place. The majority of lenders make building insurance mandatory on freehold (and some leasehold) properties, that have a mortgage on them and are not owned outright. You might also want to think about insuring your personal belongings. It's always a good idea to put some protection in place against any loss or damage to the things you own.

Here's some information about some of our cover options. Your adviser will be able to talk in detail about what we can provide.

BUILDINGS INSURANCE: WHAT'S COVERED?

Buildings insurance covers your home and its fixtures and fittings against loss or damage caused by events such as fire, storm, flood and subsidence. It also covers risks such as theft, vandalism or damage to your property caused by vehicle collision.

CONTENTS INSURANCE: WHAT'S COVERED?

Contents insurance covers your household goods and personal belongings against loss or damage caused by risks such as fire, theft, storm and flood.

FEATURES OF LEGAL & GENERAL'S HOME INSURANCE INCLUDE:	COVER OPTIONS ARE AVAILABLE FOR THE FOLLOWING:	AVAILABLE DISCOUNTS INCLUDE:
• Up to £150 of home emergency cover is automatically included within buildings cover. • Access to legal and domestic helplines. • All calls are handled at UK-based call centres.	• Some accidental damage cover comes as standard and you can add additional accidental damage cover on both buildings and contents. • Personal possessions cover away from home. • Family legal protection.	• 20% discount for three or more years' claim-free insurance. • A discount when you insure buildings and contents under one policy.

Limitations and exclusions apply, please refer to the policy booklet for further details, a copy is available on request.

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IF YOU WOULD LIKE A COPY OF THIS BROCHURE IN LARGER PRINT, BRAILLE OR IN AUDIO FORMAT, PLEASE CONTACT OUR CUSTOMER SERVICES TEAM ON 0800 072 8317.

CONTACT YOUR ADVISER

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