

FAQ's

What is a mortgage? It is a loan secured against a property.

Who is the mortgagee? This is the lender.

Who is the mortgagor? This is you the borrower.

How much can I borrow?

This depends on your circumstances, particularly income and expenditure. Quite often the lender will look at affordability to establish the size of loan you can comfortably repay. The amount can vary dramatically between lenders. You may also want to consider what you deem to be a monthly budget. We would recommend you contact us for a free consultation. We would spend typically 20-30 minutes asking detailed questions before giving you an indication of your borrowing potential.

Do I need a deposit?

Yes. The minimum deposit is 5% of the value of the property, but generally the higher the deposit the better rates you can obtain from the lender. We would recommend you contact us to discuss the options in more detail.

What is a repayment mortgage?

This is where capital and interest are paid back to the lender on a monthly basis. Your mortgage is guaranteed to be repaid at the end of the mortgage term provided you maintain all the contractual payments throughout the entire term.

What is an interest only mortgage?

This is where you only pay the interest back to the lender. Your mortgage balance remains level throughout the term and it is your responsibility to have sufficient funds available at the end of the term to repay the debt outstanding. They are not widely available and we would recommend you contact us for more information.

What is a variable rate?

This is the rate set by the lender and will fluctuate as and when interest rates change. Quite often they are the highest rate a lender will offer and you should always review options to ensure that you are not paying more than necessary.

What is a discount rate?

Usually the lender will offer a discount off the standard variable rate for a certain period of time. The amount and length of time the discount is available will change from lender to lender. Remember they can also fluctuate as and when interest rates change.

What is a tracker rate?

This is where you track the Bank of England base rate. A particular margin is applied, usually above or below the base rate, to give you the pay rate. The amount and length of time the tracker rate applies will vary from lender to lender. Remember they can also fluctuate as and when interest rates change.

What is a fixed rate?

This is a guaranteed rate of interest for an agreed period of time. It offers peace of mind and security in being able to budget for a certain period of time.

What is an early repayment charge?

This is an amount levied by the lender if you fail to comply with the terms and conditions of your mortgage; usually in the event of overpayments or early redemption. The early repayment charges vary between lenders and some mortgages have none.

Do I need a survey?

All mortgage lenders will carry out a basic mortgage valuation but depending on the age of the property, you may decide to opt for a homebuyer's survey or full structural survey. Most lenders can arrange these for an additional fee, which vary between lenders. We would recommend you speak to us for more information.

What is stamp duty?

This is a tax charged by the government depending on your circumstances and property value. Typically on a purchase but we refer you to the stamp duty calculator

<https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>

Do I need a solicitor?

Yes you will need a solicitor to act on your behalf. They are responsible for all the legal work associated with a property purchase or remortgage. We are more than happy to recommend local solicitors and would ask you contact us for more information.

What is a credit score?

It is a computerised system that lenders use to establish if you meet their lending criteria. The score is determined by all aspects of application; time at address, whether you are on the voters roll, length of employment, income, etc.

What is a credit search?

This is where a lender will check of your credit history. They obtain this information from the main credit agencies; Equifax and Experian. You have to give permission for them to do this.

What is an agreement in principle?

You can approach a lender and request they carry out an agreement in principle. It is likely to involve a credit score and search, before confirming whether you are eligible for a mortgage based on your circumstances. It does not cost you anything and we would recommend you obtain this as early into the process as possible. Be aware, if you are shopping around for a mortgage, do not do more than one as credit checks will impact your credit score.

What is the Loan to Value (LTV)?

This is the percentage you borrow against the property value. The lower the LTV, the lower the interest rates offered by the lenders.

What are the costs of buying a home?

These can include valuation fees, survey fees, solicitor's fees, stamp duty, estate agents, removals and mortgage application fees. We would recommend you contact us to discuss them in more detail.

Do I need insurance?

Buildings insurance is a mandatory condition when you have a mortgage. It is also important to consider life cover, critical illness cover and income protection so that should a particular event occur you have peace of mind in being able to maintain your mortgage payment. Without adequate provision, you and your home are at risk. We recommend you contact us to discuss the options in more detail.

Do Choicemortgages charge a fee?

Yes. For a residential mortgage our administration fee is typically £490, payable on application. During the first consultation we disclose all our terms of business to you.