

Your mortgage



**CAMBRIDGE**  
BUILDING SOCIETY

## ARRANGING YOUR MORTGAGE

Arranging a mortgage with the Cambridge is simple and convenient. We have 23 branches in and around the local area - each with a dedicated mortgage adviser.

We provide a range of mortgages. Our mortgage advisers will be happy to recommend which of our current mortgage deals best suits your needs and to provide a personal illustration. Simply contact the mortgage adviser at your local branch and make an appointment.



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

## How much you can borrow

When you meet with our mortgage adviser, he or she will need to make an assessment of the amount you can afford to borrow and pay back. This will depend on your income and any other financial commitments that you have. We will need confirmation of your income, so we ask you to bring your last three months' payslips and your previous year's P60 tax certificate. If you are self-employed we ask to see your trading accounts for the previous three years. We will also need proof of your identity and, if you are not registered on the voters roll at your current address, we will need to see proof of your residency, such as a recent bank statement or utility bill (see page 15 for details).

We will complete a full review of your current income and expenditure. This will help us to determine how much we can lend you based on the repayments you can afford to make.

For loans that exceed 80% of the purchase price or valuation, we do require extra security in the form of a mortgage indemnity insurance policy (see page 12 for details).

## A choice of mortgage options

Our mortgage adviser will recommend which of our mortgages will best suit your needs and circumstances. To do this, he or she will spend some time discussing with you your current and future requirements. You will be given a full mortgage illustration providing information about the mortgage recommended, the monthly repayment costs and any other associated charges and terms.

We do not charge for this advice and you are under no obligation to take the mortgage recommended. Our mortgage adviser will spend time explaining the illustration to you, answer any questions that you have, and will recommend that you take the illustration away to study it at your leisure.



## We offer three mortgage interest options

### 1 Variable

Our Variable Home Loan Rate may change from time to time but we guarantee that the rate you pay will not be more than 2% above the Bank of England's base rate.

When you pay our Variable Home Loan Rate we offer you a Flexible Mortgage, giving you more control over the repayment of your loan (see page 12 for details).

From time to time we offer discounts on our Variable Home Loan Rate. We may charge an application fee for a discount rate mortgage deal and apply an early repayment charge during the discount period. During the period of the discount, we may not provide you with a Flexible Mortgage option. See our current mortgage rates leaflet for more information.

Changes to the interest rate may result in changes to your monthly payment. To help you to budget, we adjust your monthly payment in March each year to take into account interest rate changes that have taken place over the previous calendar year. We also recalculate your payment at the end of any discount period. We will notify you that your interest rate has changed by placing a notice in the local press, on our website and in our branches.

### 2 Fixed

Fixing your interest rate for a set period guarantees that your rate will not go up or down. This will help you to budget your monthly outgoings. At the end of the fixed rate term, your loan transfers to our Flexible Mortgage and you pay our Variable Home Loan Rate. We will recalculate your monthly payment to reflect any change to the interest rate.

We usually charge an application fee and may apply an early repayment charge for Fixed Rate mortgages. See our current mortgage rates leaflet for more information.

### 3 Tracker

Our Tracker mortgages follow the Bank of England's base rate for an agreed period. We guarantee that any changes to the Bank's base rate will be passed on to your mortgage rate within 30 days. We will write and tell you each time your rate changes. Your monthly payment will be adjusted annually, each March, to take into account interest rate changes that have taken place over the previous calendar year. At the end of the tracker term, your loan transfers to our Flexible Mortgage and you pay our Variable Home Loan Rate. We will recalculate your monthly payment to reflect any change to the interest rate.

We usually charge an application fee and may apply an early repayment charge for Tracker mortgages. See our current mortgage rates leaflet for more information.

## A choice of repayment methods

We offer a choice of three methods of repaying your loan: 'repayment', 'interest only' and 'mixed'.

### 1 Repayment

With this method, you repay your loan, and interest charged, in monthly instalments over a term you have agreed - which can be up to 30 years. In the early years your monthly payment is mainly interest, with only a small proportion repaying the capital. Over time, the amount you owe reduces, until you have repaid the full amount borrowed.

### 2 Interest only

Alternatively, you may choose the interest only method of repayment. Here, the capital amount of your loan remains as a standing debt to us until the end of the term of your mortgage and is then repaid, by you, in full. You pay interest only on the loan during the term of the mortgage.

If you choose this method, it is your responsibility to ensure that you have also arranged an appropriate repayment plan to repay the outstanding debt, in full, at the end of the agreed term.

You must check your repayment plan regularly to see that it is on target to repay the amount of your mortgage. You must also ensure that your repayment plans are kept up to date and continue to provide you with the level of cover required. Failure to provide for the repayment of the loan, at the end of the term, will result in your total loan being in arrears and we may take action against you.

If you move house, you can usually transfer your existing repayment plan to your new loan with us. If you decide to cancel your repayment plan before it has run its full term and to transfer to the 'repayment' method of repaying your loan, the surrender value of your repayment plan may, in the early years, provide only a limited or no return on the payments you have made.

### 3 Mixed mortgage

You can arrange to repay your mortgage using part repayment and part interest only. With a mixed mortgage, your monthly payment is made up of the interest charge for the whole loan plus a capital repayment to pay back the repayment part of the loan only, over the term agreed. It is your responsibility to ensure that you have in place an appropriate repayment plan to repay the outstanding



interest only part of your loan at the end of the agreed term. You must check your repayment plan regularly to see that it is on target to repay this part of your mortgage.

## Processing your mortgage application

When we have recommended which of our mortgages best suits your needs and circumstances, we will provide a comprehensive illustration for you which sets out the interest rates, monthly payments and other costs, charges and terms. If you are happy with our recommendation we will start to process your mortgage application.

We will then need to carry out a valuation of the property and complete any further checks on your income and credit status before a formal approval can be given. Our mortgage adviser will be happy to keep you up to date during this process.

When we have completed all of our checks and everything is satisfactory, we will send you a 'mortgage offer' which is a formal document confirming that your mortgage loan has been agreed. The mortgage offer includes a full illustration of mortgage costs and terms. A copy will be sent directly to your legal representative who will then be able to finalise the mortgage on your behalf.

## Fees and charges

For some of our mortgages we may charge an application fee and may apply early repayment charges. Please see our current mortgage rate leaflets for more information.

Our mortgage adviser will explain these charges to you and full details will be shown on your mortgage illustration. Generally, we do not charge you for the cost of the mortgage valuation and inspection report we require as part of your mortgage application assessment.

### Switching fees

Some of our mortgage deals are available to our existing borrowers who wish to switch their current mortgage. If you have applied for a mortgage with us, or have a mortgage with us already, and wish to switch to a different deal, we can arrange this for you. We may charge an administration fee and you may have to pay the appropriate application fee for the mortgage deal you wish to switch to. An early repayment charge on your current mortgage may also apply. Our mortgage adviser will provide you with an illustration and explain any charges you may incur.

## Property valuation and survey

As part of the mortgage application process, we are required, by law, to carry out a valuation of the property to be mortgaged. This valuation will assess the security offered by the property and will help us decide how much we can lend.

Our valuer will inspect the structure as far as possible, and will provide us with an 'Inspection Report and Valuation for Mortgage Assessment'. He or she will not, however, inspect inaccessible parts of the property (e.g. roof space, floors and drains) unless there is reason to believe there may be serious defect. In this case the valuer will recommend that a further report is made.

There could therefore be defects in the property not reported here, but which would appear in a more detailed report. The valuer is not required to comment on minor defects which, although they may affect your decision to buy, do not affect the security the property offers the Society for mortgage purposes.

We will provide you with a copy of this report, but it is prepared solely for our mortgage assessment purposes and you should not rely on it to indicate the condition of the property. It is not a full Building Survey and does not give a market value of the property. We strongly recommend that you obtain a more comprehensive report, either a Homebuyer Survey and Valuation, or a Building Survey.

### Homebuyer Survey and Valuation

The RICS Homebuyer Survey and Valuation is a concise written report and limited inspection which gives a general opinion of the quality and condition of the fabric of the property. It is particularly attractive when time is short or economy important. The valuer will advise whether or not the purchase price is realistic and will give his opinion on the marketability of the property. It aims to assist a prospective buyer in deciding on the soundness of the proposed purchase.

A summary of this report will be forwarded to the Society and will be used to assess the property as suitable security for the loan.

The inspection covers areas which are readily visible or accessible (including the roof space with accessible roof hatch) but does not include an under-floor inspection or a close inspection of external faces of roofs, where there is no direct access or where the roof height is more than three metres above ground level.



A surface floor inspection may not be possible where fitted carpets or furniture prevents access, or if there is fitted hardboard over floorboards. A more conclusive report on the conditions of services, including drains test and electrical wiring, can be arranged separately if required. Areas of potential major defect which cannot be inspected will be listed with recommendations for further investigations or suggested courses of action. Minor defects may not be listed.

The report is prepared to a standard format and is subject to standard conditions of engagement and limitations issued by the Royal Institution of Chartered Surveyors.

### Building Survey

This is based on a detailed technical examination of the property. It may include tests on services and, with the seller's permission, opening up small sections of the floor and other concealed areas in order to check otherwise inaccessible parts of the property. The report will give advice on the repairs and notifications required, but it does not normally include a valuation. We will not receive a copy of the Building Survey. Any queries you may have concerning the report should be made directly to the surveyor.

Fees charged for the survey will vary according to the size, age and type of property. This type of survey is particularly necessary for large more complex properties and those of period construction.

### Flats and Maisonettes

If you intend to buy a flat or maisonette, the valuer will probably not be able to inspect the whole building. The Homebuyer Survey or Building Survey will therefore be limited to the flat or maisonette you are looking to buy. The valuer will comment on the general condition of the fabric of the whole property as far as is possible from the limitations of his inspection. It is usual for each owner to pay towards the maintenance and repair of the building and common areas. If you are able to obtain these details (your solicitor should be able to provide this information) this will aid the valuer when making his report.

### Fees

We can instruct our valuer to carry out a Homebuyer Survey for you at the same time as our valuation report. You will need to pay for the homebuyers report, please see the table opposite. Only certain valuers are authorised by us. If you decide, independently, to instruct a valuer to prepare a report on the property you wish to purchase, we are under no obligation to instruct that valuer to prepare our mortgage valuation, whether or not the valuer is on our panel of authorised valuers. If you require a Building Survey we can put you in touch with our valuer in order that you can arrange privately the terms of engagement and the fee for the Building Survey.

All fees quoted include VAT at the current rate and, where applicable, the valuer's travelling expenses.

Purchase price not exceeding £	Homebuyer Survey and Valuation (when arranged by us) £
50,000	100.00
75,000	135.00
100,000	155.00
150,000	165.00
200,000	185.00
250,000	205.00
300,000	215.00
350,000	215.00
400,000	205.00
450,000	195.00
500,000	180.00
600,000	175.00
700,000	170.00

## Legal fees and electronic transfer cost

When you buy a house with a mortgage or transfer your existing mortgage to us from another lender, there are legal costs for setting up the mortgage documentation. Generally, we are able to ask your solicitor or licensed conveyancer to act for us too and you will be required to pay our costs. If your solicitor is unable to act for us we will instruct our own solicitor and you will be charged for the costs.

Your legal representative will request the loan money from us in time to complete the mortgage. We transfer the money electronically to ensure that it reaches its destination on time. We charge a £15.00 'mortgage funds release fee' for this service. This fee is debited to your mortgage account.

## Insurance

Our mortgage adviser can arrange insurance cover for your home and contents and will provide you with a quotation, on request. 'Cambridge Home Insure' is a flexible policy that provides the level of cover you require, at a competitive price. The cost of this insurance can be paid monthly by direct debit and at no extra charge.

The selling and administering of Cambridge Home Insure is undertaken by Cambridge Building Society and Heath Lambert Insurance Services, which is a trading name of Heath Lambert Ltd (HLL). The policy is underwritten by certain underwriters at Lloyd's of London, United Kingdom. Lloyd's, Heath Lambert Ltd & Cambridge Building Society are all authorised and regulated by the Financial Services Authority. You can check this on the FSA website, [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by calling 0845 6061234.



# HOW YOUR MORTGAGE WORKS

## Interest charges

### APR (Annual Percentage Rate)

When we quote interest rates on our promotional material and on your personal mortgage illustration and mortgage offer, we also quote an APR rate as the overall cost. The APR is the total cost of the loan in terms of a yearly percentage of the amount you borrow. It takes into account interest payments, repayments of capital and all other charges and costs for arranging the loan. It is based on projections for the payments applicable during the term of a mortgage expressed as a rate of interest. It allows you to compare like with like when weighing up different mortgage deals available from various lenders.

### Daily interest

We calculate interest on your loan account daily. This means that we calculate interest on the balance outstanding on your account at the end of each day. This interest is then added to your loan the following day. So every time you make a payment, reducing the balance of your account, the daily interest charge is reduced for the following day.

### Initial interest

Interest is charged from the start date of your loan. This is the date we transfer funds to your legal representative to enable him or her to finalise the set up of your mortgage. The interest charge from the start date to the end of that month is known as the 'initial interest' and we will ask you to pay this sum by direct debit as a separate payment before your full monthly payment commences the following month.

### Early repayment charge

For some of our mortgages, we will apply an early repayment charge if you repay the loan in the early years. Details of early repayment charges for our current mortgage deals are set out in our mortgage rate leaflets and will be explained in full in your personal mortgage illustration and mortgage offer documents.

### Transferring your mortgage terms to your next home

If you want to move home before the end of your mortgage term, you may be able to transfer the rate or discount to your new mortgage with us for the same amount and on the same terms without incurring an early repayment charge. Any extra borrowing may not qualify for the same rate and terms. Our mortgage adviser will be able to confirm if this option is available on your specific mortgage deal.

## Payments

### Monthly payments

Your monthly payment will be due one month after the start date of the loan and will be collected by direct debit. We can change your payment date, on request, to a date to suit you between the 1st and 28th day of the month.

### Extra payments

You can make extra payments to your account, either by setting up an additional monthly payment or by making a one-off lump sum payment. Your account balance will be adjusted the same day we receive the payment. If you make a lump sum payment of £1,000 or more, in addition to your normal monthly payment, we will offer to adjust your monthly payment or the remaining term of your loan - whichever you prefer.

### Annual review for variable rate and tracker mortgages

We will review your monthly payment at the end of each calendar year. Your new payment starts in March each year. We will write to you beforehand to advise you of the new amount you must pay. Your revised payment will take into account any changes to interest rates that may have occurred during the previous calendar year.

### Changes to your payment at the end of discounts, tracker and fixed rate terms

If your loan includes an interest rate discount, tracker or fixed rate, this is guaranteed for the period agreed. At the end of the agreed term your loan transfers to our Flexible Mortgage and you will pay our Variable Home Loan Rate and we will re-calculate your payment, at the new rate. For discount and tracker mortgages, this re-calculation will take into account any interest rate changes that have occurred during the current year.

### Mortgage statement

We will also send you a statement in January each year showing the balance of your account at the end of the previous year, details of the payments you have made and the amount, and rates, of interest charged during the year.



## Flexible Mortgage

Our Flexible Mortgage provides a range of flexible features.

### Overpayments

Any extra monthly payments, or lump sum payments, you wish to make will be classed as overpayments and can be paid by standing order, cash, cheque or transfer. When you make an overpayment your account is credited for the sum received, and your balance adjusted. Your overpayments can be used simply to reduce the balance of your account and help to repay your loan off early. Alternatively, you can use your overpayments at a later date to fund a payment holiday or you can request an overpayment refund.

### Payment holidays

You may request a payment holiday after your account has been in operation for at least six months and your overpayments accumulated exceed at least one month's monthly payment. We may refuse your request if the account has, at any time, fallen into arrears.

During the payment holiday we will continue to charge interest to your account. Your overpayments will be used to maintain the monthly payment that you would normally pay. Your payment holiday cannot exceed the total overpayments you have accumulated. If your overpayment balance allows, you can take a payment holiday for up to 12 months. After your payment holiday, you must continue to make at least six normal monthly payments before another payment holiday request can be agreed. All payment holidays must be agreed in advance and your request must be in writing. It normally takes us 14 days to arrange. At the end of your payment holiday, we will re-calculate your monthly payment.

### Refunds

You can request a refund of part or all of the overpayments built up on your account. You must put your request in writing. It normally takes us 14 days to arrange. We may refuse your request if you have failed to pay your monthly payment.

When we have refunded overpayments, we will adjust your account balance and re-calculate your monthly payment.

## Mortgage indemnity insurance

For loans that exceed 80% of the property's value, we will take extra security in the form of a 'mortgage indemnity

insurance policy'. This insurance is for our sole benefit and there is no cost (known as a 'higher lending charge') to you for arranging the policy. It will not, however, protect you if your property is subsequently taken into possession and sold for less than the amount you owe. You will remain liable to pay all sums owing including arrears, interest and our legal fees. If a claim is paid to us under this insurance, the insurer has the right to recover this amount from you.

## Changes to terms and conditions

### Interest rate changes

If you have a Tracker Mortgage, we will advise you that your interest rate has changed by writing to you.

If your mortgage has a variable rate linked to our Variable Home Loan Rate (for example a Flexible Mortgage or a mortgage with a discounted interest rate), we will notify you that our Variable Home Loan Rate has changed by placing a notice in the local press, on our website and in our branches. You can keep up to date with our Variable Home Loan Rate by checking our website.

### Notification of changes to terms and conditions

Occasionally we may change terms and conditions on your account. We will notify you 30 days in advance of the change taking effect by either displaying notices/leaflets in our branches and by placing a notice in at least two local newspapers, or by writing to you. We will also place a notice on our website.

## Arrears advice

If your personal financial circumstances should change causing you to experience difficulties in meeting your monthly mortgage payment (and for interest only mortgages your repayment plan payments) you should contact us as soon as possible. Our trained staff are here to help. They will be pleased to talk through the options available and will, as far as possible, help you to draw up a positive action plan.

If you fail to make your monthly payments, and do not contact us, we may take action against you. Ultimately this may result in us taking possession of your home. Any legal fees that we incur in this process will be charged to you.



## Additional borrowing

After you have been living in your home for some time, you may well want to make some improvements to it, or expand its size. Or you may wish to increase your mortgage to raise funds for other purposes. We would be pleased to discuss the possibilities of a further loan to help you.

## Selling your property

You may sell your property at any time, so long as you repay the loan either when or before the sale is completed. Usually, this is arranged by your solicitor. To help the sale of your property, we would be pleased to talk to your buyer about a mortgage.

## Customer service promise

We are committed to providing you with a first class customer service. However, there may be occasions when you have cause for complaint. If so, please tell us about it straight away - and we will do all we can to put things right. Details of our complaints procedure are available on request.

Complaints we cannot settle may be referred to the Financial Ombudsman Service.

## Prevention of financial crime

We are required by law to check the identity and address details of all new account holders. If you already have an account with the Society, and the details we have about you have not changed, then we may not need to check your name and/or address. Our mortgage adviser can give further guidance. If you are not an existing customer with us, or if your details have changed, we will require two forms of identification: one from each of the following two lists. **You cannot use the same document to verify your name and address.**

### List 1 - To confirm your name

- Current signed passport
- Current UK driving licence (old full licence or new photocard licence)
- HM Revenue & Customs tax notification e.g. tax assessment, statement of account or notice of coding (P45s and P60s are not accepted)
- Original notification letter from the Benefits Agency confirming the right to benefits or state pension

### List 2 - To confirm your address

- Utility bill (less than three months old and not a mobile phone bill)
- Council tax bill (for the current year)
- Bank, building society or credit card statement (less than three months old)
- Most recent mortgage statement from a recognised lender (less than 12 months old)
- Current UK driving licence (old full licence or new photocard licence)
- Benefits book or original notification letter from the Benefits Agency confirming the right to benefits or state pension
- Correspondence sent to you by the HM Revenue & Customs

If you cannot provide one item from each list, please contact your mortgage adviser for further guidance.

Please bring **original** documents when applying for your loan. Alternatively, we will accept photocopies by post, certified by a solicitor or FSA-regulated firm, provided we have sufficient information to be able to contact that person. For security, please do not forward original documents to us by post.

We reserve the right to carry out further checks on your identity if we think we need to do so in order to comply with our legal obligations.

**As part of these checks, we may make searches with credit reference agencies.**

## Debt recovery

If you fail to make your mortgage payments and we are unable to reach an agreement with you to repay the debt, we may record the default with a credit reference agency.

We may appoint a debt collection agency or a solicitor to act on our behalf in the recovery of the debt. We will inform you before we disclose your details to them.



Member of the Building Societies Association  
and the Council of Mortgage Lenders



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