

MORTGAGES

If you are taking out a mortgage, you will need to have an offer before exchange of contracts. You should, therefore, apply for a mortgage as soon as possible, if you have not already done so. You will not simply be able to transfer your existing mortgage.

You should consider seeking advice from an independent financial adviser about what type of mortgage will suit you best. You should also seek advice on suitable life and other insurance, particularly if you are not able to work through ill-health or redundancy.

You must appreciate that if you do not keep up your mortgage repayments you could lose your home.

Repaying your mortgage

If your mortgage is anything other than an ordinary capital repayment mortgage, then it is essential that you have in place some other arrangement to repay the amount of the loan at the end of the mortgage term. This could be by way of an endowment policy, pension policy or some other type of arrangement. It is up to you to ensure that the policy or policies will have a sufficient value to repay the loan, and we suggest that you obtain specialist advice from a broker about this, and also to review those policies during the repayment term.

If you are taking out a capital repayment mortgage, it may be prudent to consider arranging life assurance to repay the loan, sometimes known as **term assurance**. There is no savings element with such policies. Very often this is not a requirement of mortgage lenders, but you should consider carefully the implications of what might happen should you die, as in many instances this could mean that your property would have to be sold.

Mortgage Indemnity Guarantees

If your mortgage is for more than a certain percentage of the value of the property, the mortgage lender may require you take out this type of insurance. This protects the lender if things go wrong. You will need to pay a one-off premium. This can sometimes be added to your mortgage loan. However, if you default on your mortgage, and a claim is made under the insurance, this will not prevent the insurance company from pursuing a claim against you for the amount it has paid out.

The Mortgage advance

The Mortgage lender will normally make any advance payable directly to us.