

Getting the home you want



Mortgages

Savings

Insurance

Using our guide

Hoping to purchase a home for the first time, move house or simply change your mortgage?

This guide is designed to provide answers to all you need to know

Choosing a mortgage will probably be the most important financial commitment you'll ever make, but tackling all the legal and financial arrangements can appear quite daunting.

No need to worry, this guide will take you through what you need to know as well as helping you make an informed decision on the range of mortgage products available.

Our values

Our values, which are shown below, help to build a culture of fairness in all our dealings with customers, our staff and the wider community. We aim to live by these values in everything we do, ensuring that we give you the best experience we possibly can:

- we are passionate about success
- we act with integrity and respect
- we strive to deliver quality and excellence
- we value people as individuals.

Choosing your mortgage - where to start

There are many mortgage products available in today's market, so it's important to do your homework to determine which type is best for you.

Most mortgages fall into one of several categories and we're sure there's a Chelsea mortgage that'll suit your needs - to make life easy, you'll find a helpful summary of our products contained in this booklet.

Whether you're considering a mortgage for the first time or moving home you'll find our commitment to new and existing customers the same.

Chelsea Building Society and Chelsea are trading names of Yorkshire Building Society.

Yorkshire Building Society is a member of the Building Societies Association and is authorised and regulated by the Financial Services Authority (FSA registration number 106085).

Principal office of Yorkshire Building Society: Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ.

The FSA have created a website to help you further understand mortgages, www.moneymadeclear.fsa.gov.uk

Full details and further information about mortgages, related products and our services are available at your local Chelsea branch, on our website www.thechelsea.co.uk or call us on 0800 341 341.

Contents

Making mortgages clear

- 2 Using our guide
- 3 Contents
- 4 Chelsea and you
- 5 Our range of products
 - Mortgages
- 6 How much will we lend you?
 - What other costs are involved
- 7 How interest is charged
 - Interest rate changes
- 8 Valuation
- 8 Making overpayments
- 9 Legal responsibilities

10 Letting your property

Buildings and contents insurance

11 Changes in circumstances

12 Other important areas to consider

- The property
- Guarantees and joint purchasers
- Consolidating other loans
- New properties
- Remedial works
- Cost of reinstatements
- Review of the sum insured

14 The contract between us

15 Confidentiality

- Credit reference agencies
- Repossession information
- Data protection
- If you have a complaint
- Our relationship with your mortgage intermediary
- Equal opportunities

16 Glossary

- Explaining new or unfamiliar terms

18 Notes

Chelsea and you

We've been helping people buy their own homes since 1875.

Welcome to Chelsea

Chelsea is a trading name of Yorkshire Building Society.

At Chelsea you'll be glad to know that the things we care most about are you and your financial needs.

Indeed, because we are a building society we don't need to answer to external shareholders. Our priority is and always will be with our members – people like you who've taken out one of our savings or mortgage accounts.

What's more, our merger with Yorkshire Building Society, one of the UK's largest mutual organisations, means that you can trust Chelsea to look after your money. While you continue to enjoy all the advantages of Chelsea's high quality personal service, not to mention a range of accounts designed to suit your needs, behind the scenes you'll benefit from the added support of an organisation with assets totalling £35 billion.

We also show our commitment to our members by playing an active role in the communities in which we have a presence, supporting charities and good causes through Yorkshire Building Society Charitable Foundation.

Now, isn't that good to know



Our range of products

Fixed rate

Your interest rate is fixed for an agreed period. This means you know exactly how much your monthly mortgage payments will cost during the fixed rate period.

Standard variable rate (SVR)

This is our standard rate of interest, which is variable so can either go up or down.

In addition we may offer the following interest rate types:

Tracker rate

Interest charged to your account is set a percentage either above or below the Bank of England Base Rate or our standard variable rate. Therefore if the Bank of England Base Rate rises or falls, during the tracker period, we will change the rate which applies to your mortgage within 30 days to track the rate fluctuation.

Variable rate

The rate on this mortgage is set at a certain discount/loading below/above our current standard variable rate. The mortgage rate will then move in line with any changes to our standard variable rate.

How much will we lend you?

When deciding how much we can lend you, we carry out a financial assessment to make sure you can afford to repay the loan.

When making this assessment, we may take into account the following matters:

- your income and, if it is a joint application, the other applicant's income
- your commitments
- your previous handling of your financial affairs which may be based upon information obtained from credit reference agencies. We may need to obtain references from employers, your previous landlords and other lenders
- your age in considering the length of the mortgage term
- we may use a credit scoring, or other automated decision making system

What other costs may be involved in obtaining your mortgage?

During the mortgage process you may require different services from us. A booklet detailing the charges and services we provide will be sent to you with your mortgage application.

Any charges we require from you will be added to the amount you owe us and interest will be charged on them. If you do not wish to pay interest on these charges, you can pay the charges as they arise, please call us on 0800 341 341.

You should remember that there may be other costs involved in buying a house such as:

- solicitor's and estate agent fees
- land registry fees
- stamp duty
- local search fees
- administration fees
- buildings insurance (normally a condition of the mortgage) also house contents insurance, Life cover and Income protection
- moving costs.

How interest is charged

Interest will be charged on the amount we lend you on a daily basis from the date that we advance the loan to your solicitor and on each occasion when capital is repaid during the year or any amount is advanced to or becomes owing to you. Payments of capital included in your regular monthly payment will reduce the amount on which we charge interest from the day after payment.

Please call us on 0800 341 341 if you have any questions or require a copy of the 'In your interest' leaflet which explains interest in more detail.

Interest rate changes

If you choose a standard variable rate, variable rate or tracker rate mortgage, the interest rate of your mortgage will be variable.

Should you select a fixed rate mortgage the interest rate will be fixed for a duration specified in your mortgage offer. After the fixed rate ends, the interest rate will be variable.

Upon a change to your interest rate, you will be notified by a letter which will also confirm your new monthly payment. If you are paying by direct debit, the new payment will be collected automatically. If you do not pay by direct debit, you will need to make the necessary arrangements to change your monthly payments.

We will also publicise changes to our standard variable rate in at least two national newspapers and in our branches.



A small number of mortgages may be offered on an annual interest basis. Please contact us if you require further details.

Valuation

We are required by law to obtain a valuation report on the property you wish to buy. As our interest in the property is as security for your mortgage, we need this information to help us decide how much we will lend you.

We may also require a more specialist report eg. to advise on problems associated with defects such as damp, timber decay or other problems identified by Chelsea's valuer.

You can make your own arrangements to obtain a full building survey or a Homebuyers report. If you do so, we will still require a mortgage valuation for our purposes.

The valuation report is obtained solely for our benefit and a copy of the report will not, ordinarily, be released to you. If we do show you a copy of the valuation report, no liability to you by either us or our valuer, is accepted.

Making overpayments

You can make overpayments of up to 20% of the required monthly payment on certain mortgage products

Making overpayments

If you wish to make monthly overpayments on your mortgage, please call us on 0845 607 6612 for further information.



Legal responsibilities

Your conveyancer's (solicitor or licensed conveyancer) main responsibility is to check the title of the property and then to arrange for ownership of the property to be transferred from the seller to you.

This is known as 'conveyancing'. Unless your conveyancer is a member of our panel, in which case he or she will act for us as well as you, he or she will liaise with us and our solicitor regarding the property and your mortgage.

Before proceeding, you should ask your conveyancer for a written quotation.



This diagram shows the usual process:

Conveyancer will conduct various searches eg Land Registry and the local authority, to check various things such as planning and building regulation consents.



When your conveyancer is satisfied, you will sign the contract and provide them with the money (usually 10% of the purchase price) to be used as the deposit when contracts are exchanged. Exchanging contracts legally binds the seller to sell and you to buy the property.



Completion of the purchase and your mortgage take place on a date agreed by both parties. The balance of the purchase price is paid by your conveyancer to the seller's conveyancer, who will then complete the work to transfer legal ownership of the property to you.



You are now the owner of the property.

Letting your property

You must not let your property without first obtaining our permission. If we agree to you letting your property, the interest rate applicable to your mortgage will be affected in the following ways:

- if your mortgage is a fixed, discounted or a capped rate mortgage, we will withdraw the concession and interest will be charged on your mortgage at our standard variable base rate (plus any additional interest rate)
- in all cases, we will charge you additional interest of 0.25% (on top of any other additional interest rate).

Building and contents insurance

Chelsea's insurance partners are authorised and regulated by the Financial Services Authority.

It is your responsibility to insure your home and contents. We can help with buildings and/or contents insurance which is underwritten by Legal & General.

Cover can be arranged to your individual needs and has extra options to cover accidental damage and personal valuables in and away from the home.



In the case of leasehold properties, particularly flats and maisonettes, there may be a clause in the lease stipulating who is to effect the insurance. In such cases, we will not insure, provided that we are satisfied with the standing of the insurer and that our interest is noted on the policy and that the sum insured and risks covered are adequate.

Changes in circumstances

A change of circumstance may have an impact on your mortgage.

Relationship breakdown

If you take out a mortgage with another person and your relationship comes to an end, your mortgage payments will still have to be paid. Both of you will remain liable to us for the amount outstanding. This means that even if you agree between yourselves that just one of you will pay the mortgage, the other will still be liable to us in the event of the required payments not being made.

What to do if you can't pay your mortgage

If you are struggling to pay your mortgage please call us immediately on **01242 283615** and speak with one of our trained negotiators. Our website has an information sheet which gives details.

You can also seek help and advice from debt counselling agencies such as the Citizens Advice Bureau.



Other important areas to consider

The property

We take into consideration the security you will be providing for the loan and in particular the type of property, its age, condition and value. We consider properties of most types and ages in the UK. If you have in mind a property of unusual construction or design or it is leasehold or intended for non residential use, it is advisable to contact us to discuss your requirements.

If leasehold, your solicitor will explain the terms of the lease but it is particularly important to understand how much you are likely to have to pay to your landlord in respect of ground rent and service charges.

You should note that by offering you a mortgage, we give no assurance that the price being paid for the property by you is reasonable.

Guarantees and joint purchasers

We do not normally accept guarantees or other security for the loan from third parties. If you are purchasing or remortgaging your property with another person, it is important that you let us know.

Consolidating other loans

If you intend using part of your mortgage to consolidate other existing loans (for example to clear credit card balances), you should remember that whilst you may reduce your monthly outgoings in the short term, you could pay more interest in the long term.

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

New properties

Chelsea supports the work of those companies who aim to improve standards and to give increased protection to the purchasers of new homes.

We will lend on a property built or substantially converted within the last five years which is covered by one of the following building warranties; the National House Building Council, Zurich Municipality, Building Life Plan, Build Zone or Premier Guarantee. We will also consider lending where a professional consultant's certificate (typically an architect) can be issued but this is not solely where he/she is employed by the purchaser.

Remedial works

If your property requires specialist work to solve issues such as damp or timber decay it is advisable to seek expert advice. If you have difficulty in finding an expert, contact the Timber Research and Development Association (telephone 01494 569600) for further information on contractors.

If you make alterations to the property such as an extension, it is wise to obtain a report from a relevant expert, who is independent of the contractor whom you may employ to carry out the works. Landlord consent should be achieved before carrying out any works on a leasehold property.

It is advisable to ask more than one firm for a quotation and ensure that any work carried out is covered by a suitable guarantee.

Cost of reinstatement

You should insure your property from the date of the loan or earlier if you need to, for the figure considered to be the reinstatement value of the property. The cost of reinstatement is the full rebuilding cost of the property in the event of total destruction, including amounts for:

- 1 demolition and removing debris, shoring up or propping damaged parts
- 2 architects', surveyors' and legal fees
- 3 the extra cost of rebuilding to comply with Government or local authority requirements.

You may find the reinstatement cost will exceed the market value of the property because of items 1 to 3 above and also because:

- the demand for certain properties is low, so the market value may be less than the cost of rebuilding them
- the property is older or incorporates special features of unusual design or construction, and the cost of even partial reinstatement in the original style may be substantially greater than the market value
- the property is a recently built estate house, and the cost of rebuilding a single house is likely to be more expensive than when it was built as one of several houses of similar type, when the builder had the advantage of economies of scale.

Review of the sum insured

Although a buildings sum insured or insured value may be index linked, you should still review the adequacy of the cover from time to time particularly if the property is improved or extended.



The contract between us

Once you have completed your purchase/remortgage with a mortgage from us a contract will exist between us. The terms of the contract will be contained in the mortgage conditions and the mortgage offer. You will be able to discuss with your solicitor the effect of the contract to be made between us. Some of the key provisions are highlighted below.

- You must make your monthly payments on the due date and keep up the payments, otherwise you run the risk of action being taken by us for the recovery of the arrears. If the arrears become serious we could take action to repossess your home. For properties which are let, Chelsea can also appoint a receiver of rent. If you encounter any difficulties as to repayment you should discuss them with us at an early stage.
- You cannot make any structural alteration to your home without first obtaining our written consent. Our consent is required in addition to any that may be required under the Planning Acts or Building Regulations.
- You must not let your home to tenants without our consent. If a letting of the property is proposed, then you must contact us beforehand and we will send you the conditions which will have to be satisfied before we grant our consent.
- If there is or will be anyone else occupying the property over the age of 17, other than yourself, you must let us know in the mortgage application form. We will require those occupiers to sign an agreement with us that they are aware of the mortgage and postpone any rights they may have in the property in our

favour. This will mean that should we need to take possession of your property we can do so.

- We have the right to vary the repayments in the event of any change in interest rates.
- You must keep your home in good repair and provide full details to us should you wish to obtain a grant from the local authority to carry out grant-aided remedial works. Should you receive any notice eg a local authority enforcement notice for repairs, in respect of the property, you should let us know.
- Under the terms of your mortgage we have the right to transfer our interest in the loan to another lender. If we do transfer your mortgage to another lender then we will also pass to that new lender the financial and other information you have provided to us in relation to your mortgage. The new lender will rely on the accuracy and truth of this information.
- The transfer of your mortgage by us may be to a lender which is not a building society. From the date the transfer takes place you will cease to be a member of Yorkshire Building Society and your contract will be with the new lender.



Confidentiality

All personal information that we hold about you will be treated as private and confidential, even when you are no longer our customer. We will only disclose such information to third parties with your consent or in certain exceptional circumstances permitted by law.

Credit reference agencies

We will pass information about you and your mortgage to credit reference agencies if you fall behind with your payments, the amount you owe is not in dispute and you have not made satisfactory repayment proposals after we have asked you for the arrears. We will give you at least 28 days' notice of our intention to do this.

Repossession information

We will only take possession of your property as a last resort. If possession of your property is taken, default data relating to your mortgage will be provided (in accordance with our registered particulars under the Data Protection Act) to one or more credit reference agencies and other third parties.

This may include the Council of Mortgage Lenders Possessions Register, which is kept by the major credit reference agencies. As a result, this information will be available to other lenders and may adversely affect any lending or credit decisions made about you.

Data protection

We comply with the Data Protection Act 1998 in relation to the processing of information about you. The act provides that upon payment of a fee you are entitled to receive details of the information that we hold about you.

If you wish to view this information, please write to the Data Protection Officer, Chelsea Building Society, Thirlestaine Hall, Thirlestaine Road, Cheltenham, Gloucestershire, GL53 7AL.

If you have a complaint

If you are dissatisfied with the service you have received, you should contact the branch or the department involved and explain why you are dissatisfied.

We will always try to resolve your complaint immediately. However, if that is not possible, we will acknowledge your complaint in writing. Full details of our internal complaints procedure are available on request. If we cannot resolve your complaint to your satisfaction you have the right to refer the matter to the Financial Ombudsman Service.

Our relationship with your mortgage intermediary

We can only accept an application from your mortgage intermediary if they are authorised and regulated by the Financial Services Authority (FSA), or are an appointed representative of a firm who is authorised and regulated by the FSA, for mortgage business. We are not responsible for any action or advice of your mortgage intermediary. This is because your mortgage intermediary acts solely for you and not for us.

If your mortgage intermediary is receiving a fee from us for arranging your mortgage, he or she will tell you. We will confirm this in your mortgage offer.

If you have any queries, concerns or complaints about the advice, information or service you have received from your mortgage intermediary, you should refer these directly to him or her.

Equal opportunities

It is our policy not to discriminate against you on the grounds of race, sex or disability.

Glossary - making mortgages clear

Additional advance

Any further borrowing secured against your property, which we lend you in addition to your initial mortgage. Sometimes known as a further advance.

Administration fee

This is a fee we charge to process your mortgage application and it has a non-refundable part to it.

Annual interest

Interest is charged on the amount owed on your mortgage at the end of the previous year. This is reset at the beginning of each calendar year.

APR (annual percentage rate)

This percentage shows the total cost of a loan taking into account all costs associated with the mortgage. The APR allows customers to compare mortgages from different companies like for like.

Arrangement fee

This is a fee we charge for certain types of mortgage products (eg fixed rate mortgages)

Completion

The conclusion of the purchase of the new property.

Conveyancing

This is the legal process of buying and selling a property.

Daily interest

Interest is calculated on the balance outstanding each day. When you make a payment, interest is calculated on the new balance straight away.

Early Repayment Charge (ERC)

This is a charge that you might have to pay if you repay your mortgage early.

Freehold

You have ownership of the property you purchase and the land it stands on.

Gazumping

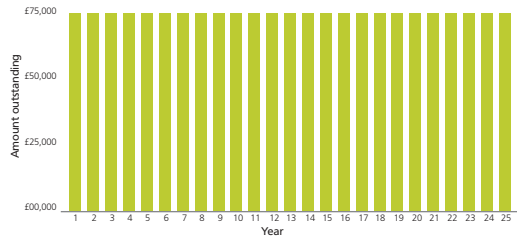
After the offer has been accepted the seller of the house accepts a higher bid and sells the property to the higher bidder.

Higher lending charge (HLC)

If you need to borrow a loan above a certain percentage of the price or valuation of the property a charge will apply to cover the higher risk of Chelsea advancing a loan.

Interest only mortgage

View the chart below to see an example of how interest only mortgages work.



Your monthly payments consist only of interest. The amount you borrow remains outstanding throughout the agreed term and must be repaid at the end of it.

Remember, under an interest only mortgage the outstanding debt will not reduce and at the end of the term you will have to repay the full loan.

Key facts illustration (KFI)

A document that we must give to you before you apply for a mortgage. In it we will include the details of the mortgage we have discussed with you, such as product and costs.

Leasehold

You have ownership of the property for a fixed period but not the land it stands on. This is common with flats.

LTV (Loan to value)

Loan to value. This is the size of the mortgage as a percentage of the value of the property or the price you are paying for the property (for example a £112,500 mortgage on a house valued at £150,000 would have an LTV of 75%).

Mortgage term

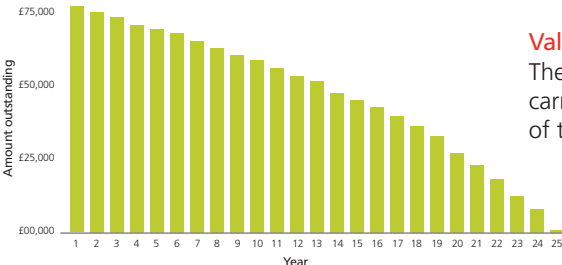
The length of time over which the mortgage loan is to be repaid.

Portable

A portable mortgage allows you to transfer it between properties when you move house.

Repayment mortgage

View the chart below to see an example of how repayment mortgages work.



The mortgage is repaid by monthly instalments, calculated to pay the interest and gradually reduce the amount borrowed over the agreed term. If you keep up your repayments the amount borrowed should be repaid by the end of the mortgage term.

Solicitors fees

These are charges you pay for the conveyancing and work that your solicitor does for us. See also 'Stamp Duty'.

Stamp duty

This is a Government tax you will have to pay on the price of the property if it currently exceeds £125,000. The percentage of the tax paid varies according to the price of the property.

Standard variable rate (SVR)

This is our standard rate of interest, which is variable so can either go up or down.

Superportable

You can replace your existing Chelsea mortgage with a new mortgage on a different property by selecting one of our current mortgages. You will not be charged an early repayment charge. The new mortgage will only be subject to an early repayment charge if it is applicable to the mortgage you have chosen.

Valuation fee

The valuation fee is the amount charged to carry out a valuation of the property on behalf of the mortgage lender.

Contact us

Call us on 0800 341 341

We're here Monday-Friday 9am-5pm, except Wednesday when we're open 9.30am-5pm.
Saturday 9am-12 noon.

Visit www.thechelsea.co.uk

For more information on our products visit our website.

Visit a branch

Call into a local branch and speak to our friendly staff.

Visit www.chelseacares.co.uk

To read our latest Corporate Responsibility report and find out how we plan to make a real difference at Chelsea.

Your home may be repossessed if you do not keep up repayments on your mortgage.

As an intermediary, Chelsea Building Society acts on your behalf in arranging your insurance. Insurance products are underwritten by Legal & General Insurance Limited and Legal & General Assurance Society Limited who are authorised and regulated by the Financial Services Authority.

Loans only available to persons aged 18 years or over.

All mortgages are subject to status and valuation.

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Principal office of Yorkshire Building Society: Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ.

All communications with us may be monitored/recorded to improve the quality of our service and for your protection and security.

Charges to 0845 numbers may vary. Prices can be checked with your phone provider. Mobile calls usually cost more. Landline calls to 0800 numbers are free. Mobile phone providers may charge.



This leaflet is also available in large print, Braille or as an audio tape. Please ask at any of our branches or telephone us on **0800 341 341**.

Write to us at:

Chelsea Building Society

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