



MORTGAGE ESSENTIAL INFORMATION



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

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HELLO AND WELCOME

Taking out a mortgage is a big decision for anyone. Before you commit yourself, it's important to make sure you understand the details of your agreement.

This booklet explains important aspects of our mortgage agreements, including the likely costs and your responsibility in the contract you make with us.

You may need to refer to this guide during the mortgage application process, or after, so we advise that you keep it in a safe place.

For up-to-date details on our current range of mortgages see our Mortgage Product Guide leaflet.

More information is available from any of our branches, by calling us on **0330 123 0773** or by visiting **www.ibs.co.uk**.



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The likely costs of your mortgage

We think it's important to be clear, right from the start, about all the fees which you may be charged when you buy a home.

Some fees are payable by everyone, and others will depend on your requirements and our agreement with you.

There are fees which are charged by the Society as the lender, and others, for example, charged by your solicitor or surveyor, if you have instructed one.

In any event, it's better to have budgeted for these costs at the outset.

Some fees may be deferred by adding them to your mortgage account, but you will pay more as interest will be charged.



Application Fee

Our mortgage products may have an application fee. This fee is payable up-front with the mortgage application and is non-refundable. The details will be explained to you and included in your European Standardised Information Sheet (ESIS).

Valuation Fee

The Society will need to obtain a valuer's report on your property. The charges vary depending on the purchase price or estimated value and the type of report required. The details will be explained to you and included in your ESIS.

This fee is non-refundable and payable up front with your application. Our current scale of charges is on page 7.

Revaluation/Re-inspection Fees

Should the Society's valuer need to carry out a further inspection or revaluation of your property the following fees will apply:

Revaluation fee:	£60
Re-inspection fee:	£40

Reference Enquiry Fees

In some circumstances lenders and landlords may charge a fee to provide information to the Society which will be added to your mortgage account at completion.

Higher Lending Charge (HLC)

The Higher Lending Charge is levied to pay for insurance that the Society may take out for its own protection in case, at some future stage, you fall significantly behind with your mortgage payments and the Society has to repossess your property and sell it. This applies to loans over 80% Loan to Value

(LTV), however from time to time the Society may offer mortgage products where the Higher Lending Charge is paid for you. Please discuss this with your mortgage consultant. This fee can be added to the mortgage.

This fee, if applicable, will be detailed on your ESIS.

Conveyancing Fees

Conveyancing fees are the legal costs associated with buying a home. The fees are variable and depend on a variety of factors, including the size of the loan, and are payable directly to the conveyancer.

Completion Fee

Our mortgage products will often have a completion fee which can be added to the mortgage. This fee can be higher for products where the funds are reserved or released in stages. The details will be explained to you and included in your ESIS.

Stamp Duty Land Tax (SDLT)

This is a tax levied by the Government on most property purchases in England, Wales and Northern Ireland.

There are different SDLT rules and calculations for corporate bodies, shared ownership properties, multiple purchases, companies, trusts and first time buyers. For more detailed information speak to your solicitor or refer to www.gov.uk/stamp-duty-land-tax.

CHAPS Fee

All advances are made through the banking system by the Clearing House Automated Payments System (CHAPS). This ensures that solicitors have cleared funds on the date proposed for completion.

A £35 fee is charged for this and can be paid upfront or added to the mortgage.

Stage Payments (Self Build Only)

In some cases, particularly where the property is in the course of construction, the advance may be required in stages. The Society may charge up to £100 for each stage payment made. This fee includes the cost of the valuer calling to re-inspect the property and the CHAPS fee.

Insurance Premiums

Careful consideration should be given to insuring your property and your mortgage payments. The Society offers a range of competitive policies. A quotation relevant to your requirements can be obtained from your mortgage consultant through the Society's association with specialist providers. Taking out a suitable Building Insurance policy is a condition of the mortgage.

Additional Borrowing

Many of our borrowers decide to extend or improve their homes rather than move. One of the ways in which this can be funded is to apply for additional borrowing on your existing Ipswich Building Society mortgage. The application fee for this is typically £199. The Society also charges a fee of £160, which covers the valuation, CHAPS and completion of the additional borrowing application.

Where a solicitor is required to complete legal work relating to your additional borrowing, you will be required to settle their fees direct. Your solicitor may be required if you have a second charge registered against your property. In this situation the Society will require the second charge to be postponed in favour of the additional borrowing. In some cases the Society may carry out the postponement on your behalf, for which there is a £100 fee. This can be added to your mortgage advance.

The minimum additional borrowing for home improvements is £10,000. The maximum is £500,000.

In some circumstances it may be possible to provide additional funds for personal use (for example, to consolidate debts, purchase a caravan or boat etc). Please speak with one of our mortgage consultants if you wish to borrow more money on your current mortgage.

Early Repayment Charges

Where your mortgage product has a condition which requires the payment of an Early Repayment Charge, the estimated amount of that charge will be shown in your ESIS and Mortgage Offer. If you have an existing Ipswich Building Society mortgage and an Early Repayment Charge applies, and you take out a new mortgage with the Society, if the new mortgage completes at the same time as the current mortgage redeems, the Early Repayment Charge will not be charged.

If there is a delay between the redemption of your current mortgage and the completion of your next mortgage with the Society, we will charge the Early Repayment Charge in full on the redemption of the existing mortgage. We will then refund this amount in full if your new mortgage with the Society completes within six months of redemption of your previous mortgage.

If the reason for the redemption of the mortgage is a relationship split, and the new mortgage will be in the name of one of the borrowers, then each returning borrower will be refunded their share of the Early Repayment Charge when their new mortgage starts. To qualify for a partial Early Repayment Charge refund, a new mortgage must complete within six months of redemption of the previous joint mortgage.

Please speak to one of our mortgage consultants for more information.

Interest Applied to Fees

All fees charged to a mortgage account will accrue interest on a daily basis.

About surveys and valuations

A Valuation for Mortgage Purposes

To decide how much can be advanced on the property, the Society will have to have a Valuation Report prepared. A copy of the Report may be made available to you, for information only, if an Offer of Advance is made.

It is important that you should understand the limitations of the Report.

The Society may use alternative valuation methods, which include the use of limited external appraisals, or use computer based data to assess the property. Remortgage customers and existing customers applying for additional borrowing will not receive a copy of the assessment.

The Valuation Report is made solely to enable the Society to decide how much to lend on the security of the property and on what terms. It is not a survey and it is not based on a detailed examination of the structure. You should not therefore assume that there are no defects in the property besides those (if any) mentioned in the Report. Also, some points which might be important to you, as a purchaser intending to occupy the property, may not be mentioned in the Report, because they are unlikely to affect the adequacy of the property as a security for mortgage purposes.

It is for you to satisfy yourself as to the condition of the property and that it is good value for money. The fact that the Society grants a loan will not imply any warranty that the price you are paying is reasonable. You should consider, and discuss with your solicitors, whether to have a further inspection or survey carried out. Without advice of that nature you will be taking the risk yourself of any defect or matters adversely affecting the value of the property.



The Society operates a panel of valuers and instructs one to carry out our Valuation Report. Neither the Society nor the Society's valuer will accept any liability to you for the contents or accuracy of the Valuation Report (even if the Valuer is negligent in relation to the Report).

The valuer is also able to undertake a Royal Institution of Chartered Surveyors' (RICS) Homebuyer's Report or a full structural survey for you in addition to the Building Society Valuation.

The fee for a full structural survey will be payable directly to the valuer concerned. If you have an independent survey carried out, the Society will not be able to use this for mortgage purposes. Our usual valuation fee will be payable.

Homebuyer's Report

If you require a more detailed examination of the property the Society can ask the Valuer to carry out for you the RICS Homebuyer's Report.

This covers an inspection of the parts of the property which are readily visible or accessible and includes the surveyor's opinion of the open market value of the property.

The Report describes the condition of the property. Any major defects are listed in general terms with recommendations.

The surveyor examines the roof space if there is an easily accessible hatch. He cannot inspect flooring if it is covered by furniture, fitted carpets, etc. Whilst the surveyor looks at the electrical wiring and lifts the drain covers, he does not test either of them.

If you require such a Report the Society will still need its own Valuation Report, but if the two inspections are carried out at the same time, the fee for the Homebuyer's Report will be reduced.

Building Survey

Neither of the Reports referred to above is a full building survey. A building survey is a very detailed inspection of the property and provides a comprehensive report on its condition, describing in detail any defects.

There is no standard scale of charges and the actual cost is subject to negotiation with the surveyor.

If you wish to have a building survey, the Society can put you in touch with a qualified surveyor.

Valuation Charges

The cost of the more detailed RICS Homebuyer's Report is when it is carried out at the same time as the Society's Mortgage Valuation.

Purchase Price /Estimated Value Not Exceeding (£)	Standard Mortgage Valuation (£)	Standard Remortgage Valuation (£)	Homebuyer Report (£)
50,000	80	135	230
100,000	115	135	305
150,000	125	135	365
200,000	160	135	420
250,000	180	135	475
300,000	200	135	525
350,000	240	135	575
400,000	270	135	615
450,000	290	135	660
500,000	315	135	775
Over 500,000	On request	On request	On request

Revaluation fee: £60

Re-inspection fee: £40

How Direct Debit makes life easier

What is Direct Debit?

Direct Debit is a more convenient way to make your monthly mortgage payments to Ipswich Building Society. With Direct Debit there are no cheques to write, no routine paperwork or postage costs. There's also no need to worry about whether your payment has been received by us on time. We will arrange payments for you with the bank or building society which holds your current account.

What payments can be made by Direct Debit?

Your monthly mortgage payment will be made by Direct Debit.

Will I still be in control of my payments with Direct Debit?

Yes. The Direct Debit Scheme is operated under strict rules to ensure that only authorised payments can be collected from your bank or building society account. Payments made under the scheme are also covered by the Direct Debit Guarantee.

The Direct Debit Guarantee

- The Guarantee is offered by all banks and building societies that accept instruction to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit we will notify you (normally 10 working days) in advance of your account being debited or as otherwise agreed. If you request us to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit, by us or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society.
- If you receive a refund you are not entitled to, you must pay it back when we ask you to.
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

Can any organisation collect payments by Direct Debit?

No. Banks and building societies only permit organisations with known integrity, sound financial and administrative capabilities to collect payments by Direct Debit.

Does signing a Direct Debit Instruction mean Ipswich Building Society can take payments out of my account as they like?

No. We can only collect the authorised amount. If this, or the date of collection changes, we will tell you at least 10 working days in advance so that you have time to query the payment if necessary.

When will payments be made from my current account?

Payments will be taken from your bank or building society account on (or shortly after) the 1st of each month.

How will I know payments have been made?

Payments made by Direct Debit will be shown on your regular current account statements.

We will send you a mortgage statement annually in December, giving details of all payments and charges affecting your mortgage account.

What if I have insufficient money in my account to pay a Direct Debit?

Where a Direct Debit payment is returned unpaid the Society will charge an administration fee.

We will write to tell you that the payment was not received and inform you of the charge that has been added to your account. We will also request that you forward the missed payment by cheque to our Mortgage Department or your local branch, or you can make a payment via a UK Credit or Debit Card by calling us on 01473 278510.

What sort of bank or building society account do I need to use for a Direct Debit?

Most current accounts at banks or building societies can be used to make Direct Debit payments. There are also some special deposit accounts which allow them. If you are uncertain as to whether your account will accept Direct Debits, please ask your bank or building society or check details on the Financial Conduct Authority website www.fca.org.uk

At present it is not possible to pay Direct Debits from an investment or savings account with Ipswich Building Society.

What do I have to do to use Direct Debit?

All you need to do is complete the Direct Debit Instruction Form and return it to the person or department that is dealing with your mortgage.

Direct Debit Instructions MUST be returned to Ipswich Building Society. Please do not send the form directly to your bank or building society, as we will be in contact with them before any payments are due to be made.

What if I am receiving Benefits Agency assistance with my payments?

We are not able to offer Direct Debits if the Benefits Agency is assisting you with interest payments made direct to your mortgage account. In these circumstances, the Society will help you to arrange an alternative method of making payments to us. Please contact our Mortgage Department on 01473 278510.



Higher Lending Charge & mortgage indemnity

What is the Higher Lending Charge?

The Higher Lending Charge is levied to pay for insurance that the Society may take out for its own protection in case, at some future stage, you fall significantly behind with your mortgage payments and the Society has to repossess your property and sell it.

If the property is sold for less than the amount of your outstanding mortgage, the Society can claim on the insurance policy, called a mortgage indemnity, to recover some (or all) of its loss.

When does the Society require the protection of mortgage indemnity?

The Society would normally lend a maximum of 80% of the purchase price or valuation. If you need to borrow more than this, your mortgage will be a high loan to value advance and the Society will take out a mortgage indemnity policy.

If your loan is more than 80% there may be a Higher Lending Charge applied which the Society uses to reimburse itself for the cost of this indemnity. Payment of this charge, therefore, enables you to borrow more than the Society would normally be willing to lend on the security of the property alone.

Full details can be found in your ESIS or Mortgage Offer.

When must I pay the Higher Lending Charge?

This charge can either be added to the mortgage on completion or paid up front on receipt of your mortgage application. If the charge is added to the mortgage account, interest will be charged on a daily basis and you are able to pay the charge at any time.

From time to time the Society might create products where we will pay the Higher Lending Charge for you - Please discuss with your mortgage consultant.

What happens if the Society has to make a mortgage indemnity claim?

The Society can make a claim if it has had to exercise its power of sale (i.e. to sell a repossessed property) and the price obtained for the property was less than the outstanding mortgage. The difference between the amount the property was sold for and the amount of the outstanding mortgage is called a shortfall.

When you take out a mortgage you make a personal promise to repay all of the money you owe under the mortgage. This promise still applies whether or not the Society makes a mortgage indemnity claim.

In most cases the mortgage indemnity will cover the Society only for part of its loss and, in addition, once the Society's insurer has paid a mortgage indemnity claim, it gains the right of subrogation.

What is subrogation?

Subrogation means that the Society's insurer can reclaim from you any money it has paid to the Society under a mortgage indemnity claim. Insurers always have the right to recover money they pay out under a claim where the loss has been caused by a "third party".

In the case of mortgage indemnity, you, as the borrower are the "third party" whose default led to the Society making the claim.

Either the Society or its insurer can take legal action against you to recover the shortfall if you do not repay it voluntarily, although any action would be taken in the Society's name. In this event, it would be the Society that would contact you to recover the shortfall on behalf of itself and its insurer. This does not mean that the Society is claiming the debt twice; any money paid by the insurer which is collected from you will be passed back to the insurer. In some cases, however, the insurer may contact you direct.

The fact that the Society has effected mortgage indemnity cover does not mean that you are less likely to be pursued for the shortfall than if no mortgage indemnity insurance is in place. In both cases, your promise to repay all of the money you owe applies equally. The Society and its insurer have six years in which to seek recovery from you for all the money that you owe.

SOME PEOPLE SAY:

Mortgage indemnity covers me and enables me to escape from "negative equity" - this is indebtedness caused by the value of the property falling below the outstanding mortgage balance secured on it.

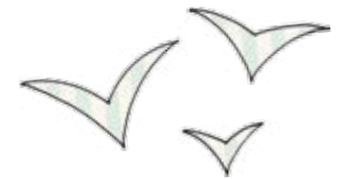
How can I be sure this advice is wrong?

Some advisers have misunderstood the nature of mortgage indemnity and the wording of the mortgage indemnity policies, taking it to mean that mortgage indemnity covers borrowers.

However, it is very clear and has been confirmed by various cases in the courts, that this is not the case, and that mortgage indemnity covers lenders only. It does not affect your personal promise and responsibility to repay the loan.

Consequently, you should be very wary of taking advice offered by any person or company that, by simply handing your property back to the Society (known as "voluntary surrender") you will be covered by the Society's indemnity and so avoid the payment of any shortfall. As you can see, such advice is wrong.

You would remain responsible for repaying any shortfall and your chances of obtaining another mortgage or any other form of credit in the future, may be severely reduced.



The importance of staying in touch

How do we keep you informed?

Every year you will receive a full statement of your mortgage account showing all payments received and all charges made.

Change of Interest Rates - Notice of change in Standard Variable Rate will be displayed in our branches at least 10 working days before the change is effective. A letter will be sent to you detailing the new interest rate payable, together with the revised monthly payment.

Other Changes in Terms - Any changes in terms will be notified to you in writing.

Marketing Information - Ipswich Building Society takes your privacy seriously and will only use your information to administer your account and to provide the products and services that you have requested from us. However, from time to time we would like to contact you with details of other products or services that we provide. We will ask you to complete a form setting out your marketing preferences. You have a right at any time to change those preferences or ask us to stop from contacting you for marketing purposes. If you no longer wish to be contacted for marketing purposes, please contact any of our branches or call, write or email us.

Confidentiality

All information kept regarding our customers is held in the strictest confidence and is not given to any person outside the organisation other than in exceptional cases permitted by law:

- where we are legally compelled to do so
- where there is a duty to the public to disclose
- where our interests require disclosure
- where disclosure is made at your request or with your consent.

Information about your mortgage debts owed to us may be disclosed to credit reference agencies where:

- you have fallen behind with your payments; and
- the amount owed is not in dispute.

Personal information held and processed by the Society will only be used in accordance with the terms of our Privacy Notice. A copy of the Privacy Notice is available on our website or from any of our branches or by contacting DPO@ibs.co.uk.

Payment difficulties

We understand that life has its ups and downs and you cannot foresee events, such as unemployment, illness, relationship breakdowns and the worry that comes with them.

Our staff are always at hand to listen and will take a sympathetic approach to helping ease your financial difficulties.

There are ways in which we may be able to assist in order to ease the monthly financial burden or identify other assistance that you may be eligible for. If at any time, for whatever reason, you find it hard to make your mortgage repayments, you should contact our Mortgage Department as soon as possible on 01473 278457.

You can also get help and advice from debt counselling organisations. At your request and with your consent we will liaise, wherever possible, with debt counselling organisations that we recognise, for example:

- Citizens Advice Bureau
- Money Advice Centres.

Moving home

Most of our mortgage products are portable, meaning if you move home there is the potential to transfer the product you have to your new property, subject to our normal lending criteria. Alternatively, you could take out a new mortgage from the Society's full product range. The Early Repayment Charge will not be made but a fee may be payable.

If your circumstances change

If your circumstances change it is important that you inform us straightaway, eg; change of name, change of employment, etc.

Membership rights

When you take out a mortgage with the Society you are a 'Borrowing Member' which gives you specific rights (eg; voting at an Annual General Meeting). If you are a 'Guarantor' to a mortgage, you do not have 'Borrowing Member' status and are unable to vote at the Society's AGM. Further details can be found in:

- the Society's Rules
- a leaflet published by The Building Societies Association called 'Your Rights as a Member of a Building Society'.

Dealing with complaints

Although we do all we can at Ipswich Building Society to provide a first class customer service, sadly from time to time things do go wrong.

We are keen to be aware of your concerns as they help us to identify ways in which we can improve the quality of service and possible training needs.

We are committed to ensuring all complaints are fully and fairly addressed.

If you have a complaint you should visit or contact your local branch, or any Society office, or call our central telephone number 0330 123 0723. We will try to resolve the problem speedily.

A leaflet is available detailing our complaint procedure. You are at liberty to request a copy of this at any time.

In the event that we are unable to resolve a complaint to your satisfaction, you may be eligible to refer your complaint to the Financial Ombudsman Service (FOS). The FOS will endeavour to resolve your complaint, at no cost to you, as soon as possible. However, they will need our consent to investigate complaints where:

- We haven't had the chance to put things right; or
- We haven't exceeded the 8 week timescale to issue our final response letter.

THE PATH TO YOUR NEW HOME



1. Call us and talk it over

Thinking about a place to buy - get some mortgage help from our team first.

2. Work out your budget

Give us a clear picture of your financial situation and your needs and we'll give you an indication of the kind of mortgages we can offer you. We'll conduct a credit search and affordability check, and then summarise all the information in an ESIS.

3. Get a mortgage certificate and go house hunting!

You can use this document to demonstrate to others the funds you may have available for a purchase.

6. Make me an offer

When we're happy with the information we've received we'll send you a formal offer outlining terms, which you'll need to sign and complete.

8. Completion - the place is yours

All you need to do is collect the keys, and you will receive a letter from us confirming details of your mortgage. Congratulations on your new home!

7. Exchange of contracts

At this point you are legally committed to the purchase, so it's a good time to organise compulsory buildings insurance, and contents and life insurance if you feel you need it.

5. Surveys and valuations

We'll appoint a valuer to visit the property and confirm it as good security for the loan. You may also want to have your surveyor provide a report of the property's condition.

4. Found a place?

To complete your mortgage application we'll ask referees to confirm information about your income or rent history.

