The way to your new home

Introduction

At Trusted Novus Bank, we understand that buying a property is one of the most important financial decisions you will ever make and we are here to help.

We have prepared this brochure to help you understand which options are available to you and what
the mortgage process normally entails. We invite you to read this brochure and to come and discuss with us how we can help with your future plans.

Please note we do not provide advisory services but outline the various options open to you, and we are able to discuss these with you. We will not recommend a specific product to you.

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

Type of mortgages we provide

What can you borrow for?

We can provide you with a mortgage to purchase a property or to release equity against your existing property. We will generally provide mortgages up to a Loan to Value (LTV) of 70% but could consider a higher LTV in exceptional circumstances.

What types of mortgage do we offer?

Most loans are offered on a capital and interest repayment basis, where you pay the amount borrowed over the life of the loan. This can either be as:

A serial repayment mortgage: You pay the capital in regular, equal amounts over the life of the loan, plus separate regular interest payments, the amount of which varies over time as the loan capital amount reduces.

An amortising repayment mortgage: The cost of repayment of capital and interest is equally distributed over time so you repay the capital and interest by way of regular equal instalments.

The main differences between these two types of loan are (assuming like for like conditions):

With an amortising Loan, unless there is a change in interest rates, the regular repayment cost will be the same throughout the life of the loan, and you may find that this makes them easier to manage.

With a serial loan the combined cost of the regular capital and interest payments is initially greater than the regular cost of repaying an amortised loan. (So with a serial loan you will initially have to budget more for the regular repayments than you would for an amortised loan). However, as you repay the capital faster with a serial loan, the cost of the regular interest payments will reduce over time (in line with the reduction in the loan capital amount outstanding) until eventually the combined cost of the regular repayments will be less than the cost of the regular amortised repayment. You will therefore pay less interest over the entire life of the loan.

Interest only mortgages: In certain circumstances, and on a case-by-case basis, we may also consider offering a mortgage loan on an interest payment only basis.

1. For an initial interest only period, then followed by scheduled capital and interest repayments, or

2. Interest only for the full term with capital repayment as a bullet payment at the end of the loan (for instance, with payment to come from a maturing endowment policy). In these circumstances, the Bank will need to satisfy itself that you will have the means to meet the cost of repaying the mortgage in full at maturity. Overall, you will pay more interest on an interest payment only loan than had you been reducing the loan capital over time.

Interest rate type

We can offer you

A variable interest rate which, for loans made in Pounds Sterling, is linked to the Bank of England base rate.

With a variable rate linked to a base rate, the interest rate payable will go up or down in line with increases/decreases in the agreed base rate.

You need to consider the very real possibility that interest rates will rise at some point, and your ability to meet the additional cost of the repayments when they do. For instance a 1% rise in the Bank of England base rate would result in an additional monthly cost of approximately GBP 42.50 for every GBP 50,000 borrowed.

Mortgage illustration

Below is an illustrative example of two different mortgage types offered by Trusted Novus Bank

	Example 1	Example 2
Mortgage type	Capital and interest (Serial loan)	Capital and interest (Amortising loan)
Max. loan to value	70%	70%
Amount borrowed	£200,000	£200,000
Term	20 years	20 years
No. of monthly instalments	240	240
Other costs - Arrangement fee - Valuation fee - Legal fees	 £1,000 £500 £1,500	 £1,000 £500 £1,500
Borrowing rate	4.75% (variable*)	4.75% (variable*)
APRC	4.8%	4.8%
Initial payment	£1,583	£1,265
Total interest payable	£90,375	£103,671
Total amount repayable	£290,375	£303,672
Security required	Mortgage over property	Mortgage over property

(*based on the Bank of England base rate (assuming 0.75%) + 4% margin. Overall rate subject to change in line with base rate)

Please note that the above examples are for illustration only, and the borrowing rate offered will depend on borrower circumstances. In some instances additional security may be required (for instance, a guarantee provided by a guarantor), however, this will also depend on the circumstances of the mortgage.

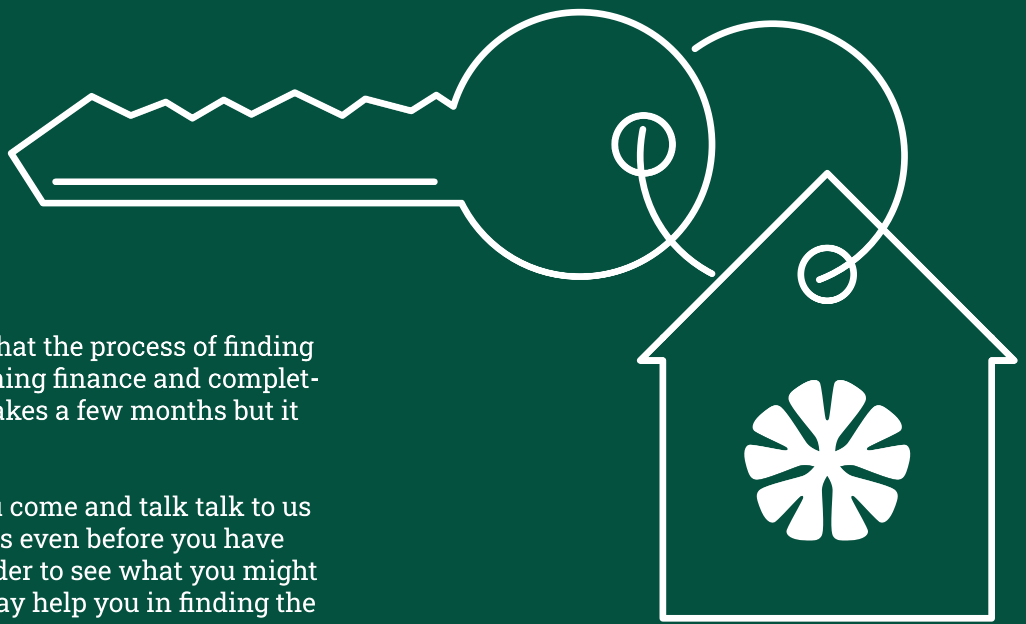
Other costs to consider

In addition to the above costs, you will also be liable to pay the Bank's legal costs, which will depend on the mortgage amount. A written estimate of the Bank's legal costs will be made available to you upon request and when your loan application is approved.

You should also bear in mind that you will have your own legal costs and expenses (for instances, taxes) to meet in respect of your purchase of the property. You may also have the opportunity of using the same law firm as the Bank, and they may be able to offer you a discounted price. Please contact us for more information.

Suitable property insurance will be a condition of the mortgage, but is not arranged by the Bank and is your sole responsibility. Whilst we do not usually make life insurance a condition of the mortgage, you should consider if you would like to arrange cover to repay the loan in the event of death or loss of income due to illness. There are various types of life cover available, but this is not arranged by the Bank and you should take your own independent advice.

Types of mortgages we provide



Our experience tells us that the process of finding the right property, obtaining finance and complet-ing the purchase often takes a few months but it may happen quicker.

We recommend that you come and talk talk to us at an early stage, perhaps even before you have found the property in order to see what you might be able to afford. This may help you in finding the right property.

Key steps
Some of the key steps which you can expect in the mortgage process are therefore as follows:

- Come and talk to us about what you can afford and we will give you an indicative amount you may be able to borrow based on your circum-stances
- Find the right property and make an offer
- Make a formal mortgage application and provide all the supporting documentation required
- We will make the credit decision and issue documents which provide you with clear information about the key terms and conditions of our mortgage
- If you agree to proceed, we will instruct a valuer to survey the property
- We issue you with a facility letter and give you a seven day reflection period before you have to accept the offer
- We will instruct a lawyer to review the title and arrange for the mortgage to be put in place
- A completion date is agreed, the mortgage will be drawn down, and you get the keys to the property

How we assess your ability to repay

We are committed to both responsible lending (from us) and to responsible borrowing (by you).

We will only approve a mortgage request where you can demonstrate a clear ability to repay the mortgage. This is to ensure that you do not find yourself in a situation where you may face difficulties in paying the mortgage and have an overwhelming financial commitment.

We will therefore ask for some financial information and supporting documentation to help us to assess whether or not you can afford to repay the loan. The information required can vary depending on your specific circumstances.

Information required

- A completed application form which includes:
- A summary of your monthly income and expenditure
- A summary of your assets and liabilities
- Minimum six months' bank statements and three month's payslips
- Last three years tax certificates (P7)
- Other relevant documentation depending on your circumstances
- If you are self-employed we will require copies of your latest tax return and 1-3 years' financial accounts for your business

Ability to repay

Based on your overall financial circumstances, we will then calculate the mortgage cost and, together with you, assess whether or not you can afford to repay the mortgage.

In all circumstances, we will assess your application based on the interest rate for the mortgage, along with a further 3% stress added to the interest rate. This is to factor in how the payment might increase if the Bank of England base rate were to increase by 3% and whether you could then still afford to repay the mortgage. It is important to bear in mind, however, that potentially interest rates could increase by more than 3%.

Furthermore, in the event that your base currency (the main currency of your income) is in a different currency from the loan, there is a risk that a negative development in the rate of exchange between the two currencies could increase the loan repayments. Therefore, we will also apply a 20% stress test to the exchange rate applicable at the time. This is to assess whether or not you could continue to afford to pay the mortgage in the event that the foreign exchange rate were to move against you. Please note that borrowing in any currency other than your base currency entails a high degree of risk and that potentially the exchange rate could move by more than 20%.

Summary of key terms

Term	Definition
Annual Percentage Rate of Charge (APRC)	The total cost of the loan, expressed as an annual percentage of the total amount of credit. This normally takes into account the interest rate of the loan plus other costs, the loan amount drawn, repayments and other charges. By taking all of these factors into account, the APRC expresses the overall loan costs in a way which can be more easily compared across different lenders
Arrangement Fee	This is a fee applicable for setting up the mortgage
Arrears	Payments on your mortgage which have not been made on the date due
Bank	Trusted Novus Bank
Base Currency	This is your main currency or the currency that is most relevant to you. For example the currency in which you receive your regular income
Capital	This is the sum of money you borrow. Interest will be charged on the amount of capital from the date of drawdown
Collateral	This is the security offered to the Bank for the mortgage loan and will normally be the property being purchased but can also refer to additional security offered, including other property, cash or investments
Completion	This is the date when the property legally becomes yours and you receive the keys
Conveyancing	The work carried out by the lawyer when properties are bought and sold
Drawdown	This refers to the release of funds from the Bank, normally for the purchase of the property (or equity release)

Term	Definition
Early Repayment Charge	This is the cost of early repayment of the loan and, where applicable, will be clearly set out in your facility letter with the Bank
Endowment Policy	A savings plan, normally through an insurance company, designed to pay off the mortgage at a later date
Equity	The difference in the value of the property and the borrowing against it
Facility Letter	The legal agreement, which sets out the terms and conditions applicable to the loan
Guarantor	A person who provides a guarantee for your mortgage and agrees to step in and make repayments if you miss repayments. A guarantor will also assume liability for part or the entire capital amount owed to the Bank
Interest Rate	This is the interest rate you will pay on the loan for the duration and is set out in the facility letter.
Loan to Value (LTV)	This is the amount of the borrowing divided by the value of the property and expressed as a percentage, e.g., a loan of GBP 70,000 secured against property valued at GBP 100,000 has a loan to value of 70%
Mortgage	This is the legal charge against your property which provides security to the bank for the amount you borrow
Mortgagee	The lender (us)
Mortgagor	The borrower (you)
Mortgage Term	The amount of time over which you borrow the money
Overpayments	When you decide to pay more than the amount due under the agreement
Redemption	Whenever you pay off the balance of the loan
Repayment	The amount repaid to the bank at the agreed frequency
Survey	The valuation of the property which will need to be undertaken before the loan can be drawn down. Also referred to as the valuation

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