Mortgages: about our mortgage range

NatWest

Essential characteristics of the products proposed

We offer three types of mortgage products and there are risks and benefits associated with each of the mortgage products.

A brief description of each of the product types and of the risks and benefits associated with them is provided below:

1. Fixed

With a fixed rate mortgage, the interest rate remains the same for a set period of time.
This means that your mortgage payment would be the same amount every month during that period.

Risks

If variable rates decrease then you would not benefit from a reduction in your monthly payment. You are tied into the deal so any move away may incur early repayment charges (this will depend on the product as some products may not have early repayment charges). During the time that your interest rate is fixed only limited overpayments of up to 20% of your outstanding balance are permitted in each 12 month period. The first 12 month period runs from the date your mortgage is drawn down and each subsequent 12 month period will run from the anniversary of the initial draw down date. Any additional overpayments that you make during the fixed rate period would incur early repayment charges.

Benefits

You have certainty of your interest rate for a set period of time, so you are able to budget. You are protected from interest rate rises for the fixed rate period, therefore payments will not go up no matter how high rates go.

The fixed rate gives stability and security for a set period of time if changes in your financial situation are expected in the future.

2. Tracker

A tracker mortgage is a type of variable rate mortgage where the interest rate tracks another rate such as the NatWest Bank Base Rate at a set margin above or below that rate.

Risks

Rates can increase at any time increasing the monthly mortgage payments.

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Benefits

Rates can decrease in line with the rate that is being tracked.
You may therefore benefit from lower monthly costs as compared to a fixed rate.

After the completion date of your mortgage up until the end of the tracker rate term you will be eligible to switch the part of your mortgage on the tracker rate to a new fixed rate, without payment of the Early Repayment Charge. You must switch all of the mortgage subject to the tracker rate over to the new fixed rate and this amount may not be increased. You must also pay any product fee(s) that may be applicable to the new fixed rate.

3. Standard variable rate (SVR)

Standard variable rate ("SVR") is a type of variable rate mortgage. When a fixed or tracker rate ends, you would automatically be transferred onto our SVR.

Risks

Rates are variable and can increase at any time.

Benefits

You are able to make unlimited overpayments without facing any early repayment charges. There are no early repayment charges if you change products or your mortgage provider.

Fees & charges

We may charge you fees in conjunction with your mortgage, including the following:

- Product fees when you take out the mortgage;
- Valuation fees; and
- Administration fees for example a fee for transferring the loan funds to you or your conveyancer.

The fees in connection with putting your mortgage in place will be set out in your mortgage illustration. Any fees that may be charged during the term of your mortgage are set out in our tariff of charges leaflet.

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What may happen if you don't comply with the terms of your mortgage

We will expect you to:

- Maintain the regular payments on your mortgage;
- Make and keep to arrangements for repaying the capital outstanding at the end of any interest-only part of the mortgage;
- Look after the mortgaged property and keep it in a good state of repair; and
- Insure the property using an appropriate policy.

Where you fail to meet these (or other) obligations there may be additional costs for you where we have to carry out further work or incur further costs. Details of any fees and charges can be found in our tariff of charges leaflet. In the event of breaches of your obligations the ultimate consequences may be legal action by us to take possession of your property. Your full obligations will be set out in our Loan Terms, Mortgage Deed in England and Wales or the Standard Security in Scotland and the Mortgage Terms in England and Wales or the Security Terms in Scotland and any offer of mortgage that we provide to you. Should you encounter difficulties in making your monthly payments, please contact us straight away to explore possible solutions. **As a last resort, your property may be repossessed if you do not keep up with payments or breach your other obligations under the mortgage contract.**

Mortgage illustrations

Before you apply for any mortgage you will receive a Mortgage Illustration document. This document sets out important details in relation to your mortgage and you should read it carefully and consider whether the mortgage product illustrated suits your needs and circumstances.
Your Mortgage Illustration will include the following information:

- Details of your mortgage product including the interest rates applicable to your mortgage;
- Your projected monthly payments and the number of monthly payments you will make over the term of your mortgage; and
- The total amount you will repay to us over the term of your mortgage(this will include the loan amount plus all interest and charges).