USEFUL INFORMATION ABOUT OUR MORTGAGES

Kensington

Our identity and the geographical address

Kensington and Kensington Mortgages are trading names of Kensington Mortgage Company Limited, which has its registered office at: Ascot House, Maidenhead Office Park, Maidenhead SL6 3QQ. Kensington Mortgage Company Limited is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 310336).

The purposes for which the credit may be used

Our mortgage loans may be used to buy a residential property for occupation or as an investment.

We also provide remortgages and allow money released from a remortgage to be used for a variety of reasons including home improvements, debt consolidation, buying a car, paying for a wedding, going on holiday etc. However, please note that money raised from a remortgage may not be used for cash injection into a business.

The forms of security

We require a registered first legal charge over a residential or an investment immovable property as security for any loan we make to you. Your mortgage adviser will have access to our lending policy, which details the types of property on which we are unable to lend.

We may also take a personal guarantee for some specialist buy to let mortgage products.

Possible duration of mortgage contracts

Our mortgages are available for a term of between 5 and 40 years depending upon individual circumstances and product terms.

Types of available borrowing rate

Our mortgages will either be a variable rate or fixed rate.

During the initial fixed period the mortgage will usually carry an early repayment charge, which means if you want to repay your mortgage in full or part during this period you will need to pay a charge for doing so. This charge is usually a percentage of the loan balance you want to repay but will depend on your mortgage product. Details of any early repayment charge or other fees we charge you for repaying your loan early will be set out in the mortgage offer.

Full details of the borrowing rate during the term of the loan will be detailed on any illustration or mortgage offer provided to you.

Product Types

Variable – If the interest rate is variable, it may increase or decrease in accordance with the terms and conditions of your mortgage or loan agreement. The interest rates for variable mortgages are typically based on a variable base rate plus a set product margin. See below for a fuller explanation of these features.

Fixed – If the interest rate is fixed, it will not increase or decrease even when the variable base rate associated with the product changes and depending on loan type will have an initial fixed rate period of 1, 2, 3, 5 or 10 years. This means you know how much your repayments will be during this time. After the fixed rate period ends the mortgage will revert to a variable rate for the rest of the term of the mortgage.

Variable Base Rates

Unless your mortgage is currently in a period where an initial rate applies (see Product Types above), the calculation of your interest rate typically involves the use of a variable base rate. Your interest rate will be recalculated at regular periods throughout the life of your mortgage or loan. Depending on when you take/ took out your mortgage, your interest rate may be recalculated with reference to one of the following (please consult your mortgage terms and conditions for details).

KMC/DM/0025/015/OCT2020

Kensington currently tracks products using the Kensington Standard Rate (KSR). KSR is a variable interest rate, set by us on a quarterly basis, based on the Bank of England Base Rate (BBR) plus an adjustment of between 0% (zero) and 1% to take account of our costs in funding your loan. KSR will never be lower than BBR (or 0%, whichever is greater), nor more than 1% above BBR at each date on which it is set. If BBR is lower than 0% (zero) at the time we set KSR we shall deem BBR to be 0% (Zero). KSR may vary in accordance with our mortgage terms and conditions.

Kensington previously tracked products using the London Inter Bank Offered Rate (LIBOR). This is the rate at which banks borrow funds from each other in London. As there are different types of LIBOR rate, it is important that you check your mortgage terms and conditions or loan agreement to be sure which variation of LIBOR your mortgage or loan is set against. Details of historic LIBOR rates can be found at https://www.theice.com/marketdata/reports/170

LIBOR is expected to cease to be available for use by mortgage lenders after December 2021. When this occurs we will replace LIBOR with an appropriate alternative external rate. We will tell you which alternative rate we will use at least 1 month before we make the change.

Product Margin

Your total borrowing rate may include an additional amount charged on top of the variable base rate called a 'product margin'. This product margin rate is dependent on the mortgage product you take out and your circumstances. It is usually higher where the product carries more risk, for example if you are borrowing a higher amount of the property value or the property will be occupied by tenants. The product margin is fixed for the term of the product.

For full details of any product margin rate which applies to your mortgage or loan see your illustration or mortgage offer.

Repayment Type

We provide mortgages on a Capital and Interest, Interest Only or Part and Part basis.

With Capital and Interest you will make a monthly payment which comprises both a repayment of your loan and an interest payment until you have paid off your mortgage by the end of the mortgage term. It is worth noticing that with an Interest Only mortgage you will only be paying the interest each month and you will still have to make a lump sum payment at the end of the term to pay off your mortgage. We would expect to see evidence of a suitable repayment strategy for our Interest Only mortgages.

Representative Example

A mortgage of £166,268 payable over 21 years initially on a fixed rate for 2 years at 3.20% and then on a standard variable rate of 5.00% for the remaining 19 years would require 24 monthly payments of £922.51 and 228 monthly payments of £1067.47.

The total amount payable would be £259,648.25 made up of the loan amount plus interest of £93,282.25, a Funds Transfer Fee of £18 and a Mortgage Exit Fee of £80.

The overall cost for comparison is 4.70% APRC representative.

This Representative Example is for illustration purposes only. These figures are representative of typical costs and repayments for this type of mortgage based on customer type. The actual costs and monthly repayments will vary depending on the mortgage chosen.

Possible further costs

There may be other costs involved in relation to your mortgage that are not included in a standard Annual Percentage Rate of Change (APRC - the total cost of the credit to the consumer, expressed as an annual percentage). You can find more information about these costs in any illustration that has been issued to you. More information is available in our Tariff of Mortgage Charges.

Ways to repay your mortgage

All our mortgages require you to make regular monthly payments for the duration of the term. Our mortgages are available on a Capital Repayment, Interest Only or Part and Part basis.

With a Capital Repayment mortgage you will make a monthly payment which comprises both a repayment of the amount borrowed and an interest payment, until you have paid off your mortgage. With an Interest Only mortgage you will only be paying the interest each month and you will still have to make a lump sum payment at the end of the term to pay off the original amount borrowed. A Part and Part mortgage contains an element of Capital Repayment and Interest Only, your mortgage offer will set out what proportion of each repayment type applies. We would expect to see evidence of a suitable repayment strategy for any element of your mortgage that is Interest Only.

You can choose to repay all or part of your mortgage at any time, although you may need to pay a fee and early repayment charge if you repay your loan early (see your mortgage offer for details).

There are a number of methods by which you can make your regular monthly payments with Kensington. For more information, please call our customer service team for the options that are available to you.

Valuation of a property

We require a valuation of the property offered as security for every application. Unless we tell you otherwise, you will have to pay the cost of this valuation.

The valuation report will be used solely for Kensington to consider if the property represents suitable security. It is not a market valuation or structural survey to protect your interests and as such you are advised to commission your own independent survey and valuation. If you are shown a copy of the valuation report, it is provided to you as a courtesy only and you must not rely on anything it says in connection with the property for your own purposes. If we agree to make a loan against the property it does not mean that we or the valuer are making any promises about the value of the property, the reasonableness of the price which you are paying for it, its condition or state of repair or its permitted use. We do not accept any responsibility whatsoever for any valuation of the property.

A full list of our valuation fees are documented within our Tariff of Mortgage Charges.

Obligation to take products

Kensington does not offer any ancillary services or products as part of the mortgage process. However, unless the property is commonhold or held under a lease and another party is obliged to insure the property, you will be required to arrange buildings insurance for the property and its fixtures against loss and damage as a condition of the mortgage offer.

It would also be beneficial to landlords to consider the other types of insurance policies available in the market for the additional risks associated with letting a property, such as emergency repair assistance, landlords liability and rental guarantee and ensuring that your tenants understand that they are responsible for insuring their possessions.

Warnings

Please note that if you do not comply with the terms and conditions of the mortgage then it is not guaranteed that the total amount of credit will be repaid by the end of the term.

For Residential mortgages, your home may be repossessed if you do not keep up repayments on your mortgage.

For Buy to Let mortgages, if you fail to keep up with payments on your mortgage, a 'receiver of rent' may be appointed and/or your rental property may be repossessed.