

MORTGAGE SCHEMES EXPLAINED

Variable rate

- You always pay the lender's current rate - no hidden extra charges
- You may benefit from rate reductions
- You are unlikely to have any arrangement fees or early repayment charges

BUT...

- You may find budgeting difficult
- You are not protected from rate increases



Graph for illustrative purposes only

Base rate tracker

- Similar to variable
- Follows an interest rate that is usually set in line with the Bank of England base rate for a certain period of time
- Payments more accurately reflect underlying interest rates of the time
- You may benefit from immediate rate reductions

BUT...

- You may have to pay an arrangement fee
- You may find budgeting difficult
- You are not protected from rate increases
- Immediately follows base rate increases
- You may have early repayment charges



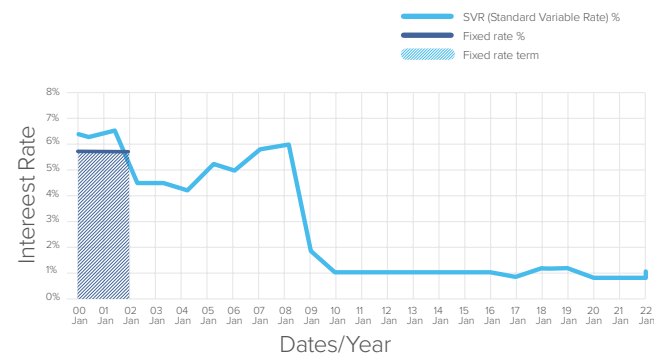
Graph for illustrative purposes only

Fixed

- Helps you to budget – exact cost known
- You are protected from rate increases (during fixed period)

BUT...

- Likely to have early repayment charges and arrangement fees
- You will not benefit from rate reductions (during fixed period)



Graph for illustrative purposes only

Payment shock explained

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MORTGAGE SCHEMES EXPLAINED

Discount*

- You may benefit from rate reductions

Capped

- Helps you to budget - maximum payment known
- You are protected from rate increases above the capped rate during the period of the cap
- Benefit from interest rate falls

Flexible/offset mortgages*

- Ability to decrease or increase monthly payments
- Ability to take payment holidays
- Option to reduce loan by paying off a lump sum
- Ability to release capital
- Interest calculated daily/monthly
- Ability to offset savings against borrowings (offset mortgage)

BUT...

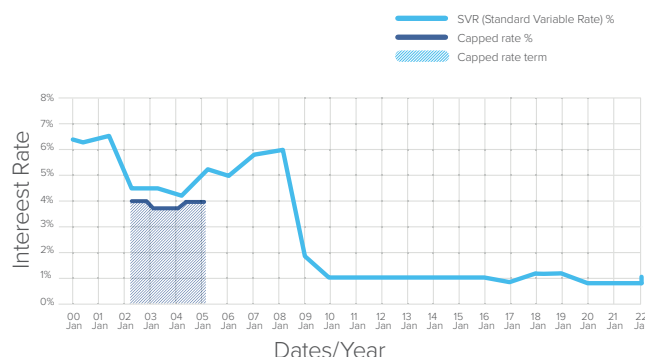
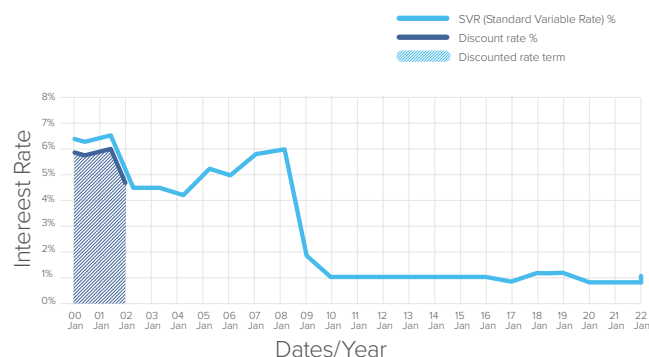
- You may have early repayment charges
- You may find budgeting difficult
- You may have to pay an arrangement fee
- You are not protected from rate increases

BUT...

- Has early repayment charges and arrangement fees
- Interest rates can still go up, albeit only up to the maximum capped rate
- Capped rates can be more expensive at the outset than some of the other options available

BUT...

- Interest will be payable on payment holidays
- Limited lenders currently offer this facility
- Potential loss of savings interest if you offset



* Payment Shock Definition: An increase in the payment on an adjustable rate mortgage that may surprise the borrower at the end of an incentive period.

Source: www.bankofengland.co.uk

A BROKER FEE MAY BE PAYABLE UPON MORTGAGE APPLICATION AS WELL AS AN ADMINISTRATION FEE. THE TOTAL FEE PAYABLE WILL DEPEND ON YOUR CIRCUMSTANCES. YOUR MORTGAGE CONSULTANT WILL EXPLAIN ANY FEES APPLICABLE IN YOUR INITIAL APPOINTMENT.

YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

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