

# MCD Offer Example

<b>This document was produced for:</b>	Mr Simon Smith & Mrs Jane Smith
<b>Property Address:</b>	5 The Drive, Abington, Northampton, NN1 4RY
<b>The information was produced on:</b>	21 March 2016
<b>Reference:</b>	12014889/01
This document was produced on the basis of the information that you have provided so far and on the current financial market conditions.	
<b>The information remains valid until 21<sup>st</sup> April 2016.</b> After that date, it may change in line with market conditions.	
This mortgage offer is only valid if signed by all applicants and returned to us within two weeks. You then have three months to complete the mortgage.	

<b>1. Lender</b>
Red Offsetter Finance, a division of The Badger Mortgage Group 25 Queen Street London W1 1MN Telephone: 01111 123456 Website: <a href="http://www.redoffsetterfinance.co.uk">www.redoffsetterfinance.co.uk</a> Contact name: Jemma Smith – Mortgage Advisor
We recommend, having assessed your needs and circumstances that you take out this mortgage.

<b>2. Main features of the loan</b>					
Amount and currency of the loan to be granted:					£150,000.00
Fees payable that have been added to the loan amount:					No fees have been added to the loan amount
Loan Amount plus fees added to the loan:					£150,000.00
Total cost of credit:					£75,642.16
Total amount payable:					£225,642.16
Duration of the loan:					10 years
This mortgage is provided by Red Offsetter Finance. As this mortgage is made up of more than one part, these parts are summarised below:					
<b>Part</b>	<b>Loan Amount</b>	<b>Term of Loan</b>	<b>Repayment Method</b>	<b>Initial Rate Payable</b>	<b>Interest Rate Description</b>
1	£100,000.00	10 years	Interest only	3.99%	A variable rate, currently 5.29% with a discount of 1.30% giving a current rate payable of 3.99% for 3 years. After the discount rate period ends, Red Offsetter Finance's Standard Variable Rate, currently 5.29%, will apply for the remaining term of your mortgage.
2	£50,000.00	10 years	Repayment	5.45%	A fixed rate of 5.45% for 5 years. After the fixed rate period ends, Red Offsetter Finance's Standard Variable Rate, currently 5.29%, will apply for the remaining term of your mortgage.
<b>Total</b>	<b>£150,000.00</b>				
Total amount to be reimbursed:					£225,642.16
This means that you will pay back:					£1.50 for every £1 borrowed
<b>This amount is for illustrative and may vary in particular in relation with the variation of the interest rate.</b>					
Value of the property assumed to prepare this information sheet is:					£200,000.00
Maximum available loan amount relative to the value of the property:					50%
Minimum value of the property required to borrow the illustrated amount:					£120,000.00
Maximum theoretically possible to borrow would be:					

This mortgage would be secured on the following property:	1 The Street The Town The City ZA1 2FG.
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**Part of this is an interest only loan. You will still owe £100,000.00 at the end of the mortgage term.**

### 3. Interest rate and other costs

This annual percentage rate of charge (APRC) is the total cost of the loan expressed as an annual percentage. The APRC is provided to help you to compare different offers.

The APRC, for comparison purposes, applicable to your loan is:	4.96%
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#### It comprises:

Part 1	A variable rate, currently 5.29% with a discount of 1.30% giving a current rate payable of 3.99% for 3 years. After the discount rate period ends, Red Offsetter Finance's Standard Variable Rate, currently 5.29%, will apply for the remaining term of your mortgage.
Part 2	A fixed rate of 5.45% for 5 years. After the fixed rate period ends, Red Offsetter Finance's Standard Variable Rate, currently 5.29%, will apply for the remaining term of your mortgage.

#### Costs to be paid on a one-off basis:

Arrangement fee payable to Red Offsetter Finance, payable on submission of your application	£295.00
A non-refundable legal fee to your conveyancer before the loan starts. The figure quoted here is an estimate – the total fee for conveyancing may be higher	£117.00
You will need to pay a fee to register the mortgage. This is likely to be	£140.00

#### Costs to be paid at the end of the mortgage term:

Mortgage Exit Fee payable on redemption of this Mortgage, currently	£150.00
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#### Costs to be paid regularly:

(none)

**This APRC is calculated using assumptions regarding the interest rate. Because part of your loan is a variable interest rate loan, the actual APRC could be different from this APRC if the interest rate for your loan changes. For example, if the base interest rate rose to 7.5% the APRC could increase to 12.8%.**

Please make sure that you are aware of all other taxes and costs associated with your loan.

#### 4. Frequency and number of payments

Part	Repayment Frequency	Number of Payments
1	Monthly	119 payments
2	Monthly	84 payments

#### 5. Amount of each instalment

These payments are based on a loan of £150,000.00. This offer assumes that the mortgage will start on 3 July 2015.

	Monthly Payments
For the first 35 months you will pay a total instalment of (Part 1 £332.50 + Part 2 £554.97)	£887.47
After 3 years your discount on part 1 will end and assuming rates do not change, your new payment on the total loan will be	£995.98
For the remaining term of your mortgage, your new payment on the total loan will be	£993.37

Your income may change. Please consider whether you will still be able to afford your monthly repayment instalments if your income falls.

The interest rate on this loan can change. This means the amount of your instalments could increase or decrease. For example, if the interest rate rose to 12.8% your payments could increase to £1,730.21

**Because part of this is an interest-only loan you will need to make separate arrangements to repay the £100,000.00 you will owe at the end of the mortgage term. Remember to add any extra payments you will need to make to the instalment amount shown here.**

#### 6. Additional obligations

The borrower must comply with the following obligations in order to benefit from the lending conditions described in this document.

- You are required to fully insure your property while you have a mortgage with us. You can choose to buy this insurance from any authorised insurer.
- Please note that the lending conditions described in this document (including the interest rate) may change if these obligations are not complied with

## 7. Early repayment

You have the possibility to repay this loan early, either fully or partially.

Exit charge: There will be a charge during the incentive periods of either part of the mortgage. The charge basis is illustrated in the example below. Please note the early repayment charge for repaying part 1 of the loan is based on current interest rates. Rates may vary and so the amount payable may change subject to the maximum amount shown.

### Cash examples

Part	Loan amount	Basis of charge	The maximum charge you could pay	Year	Charge payable
1	£100,000.00	3% of the capital balance if you redeem before 29 <sup>th</sup> June 2018	£3,000.00	1-3	£3,000.00
2	£50,000.00	5% of the capital balance if you redeem before 29 <sup>th</sup> June 2016	£2,500.00	1	£2,500.00
		4% of the capital balance if you redeem before 29 <sup>th</sup> June 2017		2	£2,000.00
		3% of the capital balance if you redeem before 29 <sup>th</sup> June 2018		3	£1,500.00
<b>Total</b>	<b>£150,000.00</b>		<b>£5,500.00</b>		

Should you decide to repay this loan early, please contact us to ascertain the exact level of the exit charge at that moment.

## 8. Flexible features

You have the possibility to transfer this loan to another property. If you think you might like to do this, please contact us so that we can confirm if this will be possible. We will need to check that at the time you wish to transfer the mortgage you meet our current lending criteria.

Additional features:

Overpayments/Underpayments

- There are no restrictions to making overpayments at any time. If you overpay or make a lump sum repayment, the amount you owe and the amount of interest you pay is recalculated and reduced immediately. You can make underpayments up to the total value of previous overpayments.

Payment holidays

- Payment holidays can be arranged if you have made previous overpayments of at least £500.00

Incentives

- There are no incentives associated with this mortgage.

## 9. Other rights of the borrower

You have seven days after we have given you a binding offer, or confirmed our willingness to be bound by a previous conditional offer, to reflect before committing yourself to taking out this loan.

## 10. Complaints

If you have a complaint please contact our complaints department at:

Red Offsetter Finance  
25 Queen Street  
London  
W1 1MN

Telephone: 01111 123456  
Website: [www.redoffsetterfinance.co.uk](http://www.redoffsetterfinance.co.uk)  
Contact name: Adrian Lewis

You can find full details of our complaints processes by asking for details in any branch or by going to [www.redoffsetterfinance.co.uk/complaintsstuff](http://www.redoffsetterfinance.co.uk/complaintsstuff)

Maximum time for handling the complaint is 8 weeks.

If we do not resolve the complaint to your satisfaction internally, you can also contact:  
The Financial Ombudsman Service at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

## 11. Non-compliance with the commitments linked to the loan: consequences for the borrower

We expect you to:

- Maintain the regular repayments on your mortgage
- Make and keep to arrangements for repaying the capital outstanding at the end of the interest-only part of this mortgage
- Look after the property and keep it in a good state of repair
- 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. Details of any fees and charges can be found in our tariff of fees and charges - [www.redoffsetterfinance.co.uk/feesandcharges](http://www.redoffsetterfinance.co.uk/feesandcharges).

**In the event of severe breaches of your obligations the ultimate consequence may be legal action by us to take possession of your property.**

Your full obligations are spelt out in the Terms and Conditions document we will give you. You can see these online at [www.redoffsetterfinance.co.uk/tandcs](http://www.redoffsetterfinance.co.uk/tandcs). Should you encounter difficulties in making your monthly payments, please contact us straight away to explore possible solutions.

**AS A LAST RESORT, YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP WITH PAYMENTS.**

## 12. Additional information

We will give you a copy of the draft mortgage agreement when we make you a binding mortgage offer.

The Money Advice Service information sheet "You can afford your mortgage now, but what if...?" will help you consider the risks. You can get a free copy from [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk) or by calling 0300 500 5000.

## 13. Supervisor

This lender is supervised by the Financial Conduct Authority – [www.fca.org.uk](http://www.fca.org.uk).

