

# 3 Year 2.45% Discount Floored Offset 80% LTV Existing Borrower



OF13	Is this product right for you?	05/2024
<p><b>What are the key features of this product?</b></p>	<p>This is a variable rate mortgage product which means monthly payments can go up or down during the term of the discount period. This is different to a fixed rate product. The rate of interest is linked to the Society's Standard Variable Rate (SVR) for mortgages. During the first 3 years, the interest rate charged will be 2.45% below the Society's SVR – this is the discount period and rate.</p> <p>The lowest interest rate you might pay during this period will be 2.50% which is called the “floored” rate. This means that if the Society's SVR is below 4.95% at any time during the period of the product, you will not benefit from the full rate of discount of 2.45%.</p> <p>Three months before this product ends, we will contact you with the options available. If you do nothing at the end of the product period, you will move to the Society's SVR which may mean your payments increase.</p> <p>This product is available on:</p> <ul style="list-style-type: none"><li>• A Capital &amp; Interest repayment basis. This means your monthly repayments will contribute to paying back the initial loan as well as the monthly interest on the remaining balance. Over time, this will mean the amount owed will reduce and the interest will also reduce.</li><li>• An Interest-Only repayment basis. This means that your monthly repayments will only pay back the interest on your initial loan amount. The capital balance will not reduce. You will need to agree with us up front, a suitable method of repaying the initial loan at the end of the mortgage term.</li></ul> <p>This product is available for properties in England and Wales.</p> <p>This product is only available for customers who already have a VBS offset mortgage.</p> <p>There is a no fee payable for setting up this mortgage.</p> <p>This product is suitable for existing loans of at least £25,000 outstanding at the date of the product switch.</p> <p>This product is suitable for existing loans with a term of at least 3 years remaining at the date of the product switch.</p> <p>This product does not require a revaluation of your property or a credit or affordability assessment to be completed.</p>	
<p><b>Who is this product designed for?</b></p>	<p>This product is designed for customers with an offset mortgage who:</p> <ul style="list-style-type: none"><li>• want to switch to a new mortgage product.</li><li>• have at least 20% equity in their property.</li><li>• have surplus monthly income to manage their finances if the Society's SVR goes up which would mean an increase to the monthly repayment amount.</li><li>• do not intend to make overpayments of more than 10% in any of the first 3 years.</li></ul>	

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

VERNON BUILDING SOCIETY, 19 ST PETERSGATE, STOCKPORT, SK1 1HF. TELEPHONE NUMBER: 0161 429 6262

VERNON BUILDING SOCIETY IS AUTHORISED BY THE PRUDENTIAL REGULATION AUTHORITY AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY AND THE PRUDENTIAL REGULATION AUTHORITY (REGISTRATION NO: 195475).

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<p><b>Who is this product NOT intended for?</b></p>	<p>This product is not intended for customers who:</p> <ul style="list-style-type: none"> <li>want or need the certainty of a fixed monthly repayment for the term of the product.</li> <li>plan to repay more than 10% of the loan in any year within the first 3 years as this will result in a charge.</li> </ul>
<p><b>Does this product deliver "fair value" for customers?</b></p>	<p>Being a mutual building society, all our products are priced to balance the needs of our Member savers and borrowers and the Society's operating costs to support the Society's long-term future.</p> <p>We support our mortgage customers by providing each applicant with a bespoke, personal, and individual approach. We largely deal with people whose circumstances do not fit into the standard requirements of automated decision-making processes used by larger lenders.</p> <p>We believe this product represents fair value for the customers it was designed for considering the customer support provided before, during and after the application.</p>

## Product Sheet

<p><b>Interest Rate*</b></p>	<p>5.65% which includes a 2.45% discount from our Standard Variable Rate for 3 years, followed by our Standard Variable Rate for the remainder of the term, currently 8.10%. The interest rate for this mortgage is 'floored', which means that while the rate may increase, it will never fall below 2.50%.</p>
<p><b>Overall Cost for Comparison**</b></p>	<p>7.50% APRC</p>
<p><b>Arrangement Fee</b></p>	<p>No fee.</p>
<p><b>Maximum loan to value (LTV)***</b></p>	<p>80%</p>
<p><b>Minimum Balance</b></p>	<p>£25,000 or more outstanding at the date of the product switch.</p>
<p><b>Minimum Term</b></p>	<p>3 years or more remaining on the existing mortgage at the date of the product switch.</p>

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<p><b>Availability</b></p>	<p>This product is available to existing mortgage customers with an owner-occupied residential property who are switching to a new mortgage product on the same property. Any customer(s) identified as being in arrears will need to receive mortgage advice from us, their broker or other financial advisor before taking a product.</p> <p>A revaluation of your property is not required and there are no credit or affordability assessments required as long as you are not making any other changes to your mortgage.</p> <p>This product is only available if you are already on an offset mortgage. You can reserve this product and agree to take it out if you are within 3 months of the end of your current product. The new product would then apply from that maturity date. If your previous mortgage product has already matured, this product is available immediately.</p> <p>The Society reserves the right to withdraw this product at any time prior to signed agreement.</p>
<p><b>Portability</b></p>	<p>This mortgage product is portable to a new residential mortgage on a different property when the new mortgage is taken out simultaneously with the repayment of the existing mortgage. You would need to meet our credit and affordability requirements for the new mortgage, the new property would need to be acceptable to us, and approval of a new mortgage would be subject to our prevailing Lending Policy.</p>
<p><b>Repayment Method</b></p>	<p>Capital &amp; Interest or Interest-Only*</p> <p>Interest-Only is only available for this product when an Offset product is already in operation on an Interest-Only basis.</p> <p>*For an Interest-Only mortgage you are required to confirm your Repayment Strategy is unchanged (from when you last informed us) and that it remains on track to repay the amount you owe on or before the end of the mortgage term. If your Repayment Strategy has changed you will need to provide details for our consideration and agreement.</p>
<p><b>Early Repayment Charge</b></p>	<p>A full or partial capital repayment, which exceeds 10% of the capital balance amount in any one year during the discount period, will attract an early repayment charge of:</p> <p>3% in the 1<sup>st</sup> year 2% in the 2<sup>nd</sup> year 2% in the 3<sup>rd</sup> year</p>

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## Representative Example

A mortgage of £63,636.00, payable over 19 years, on a capital and interest repayment basis, with an initial payable rate of 5.65%, which includes a 2.45% discount from our Standard Variable Rate (SVR) for 3 years and then on our SVR, currently 8.10%, for the remaining 16 years. The initial term would require 36 monthly payments of £445.81, followed by 192 monthly payments of £535.44.

The total amount payable would be £119,313.64, made up of the loan amount (£63,636.00), plus interest (£55,577.64), and a Mortgage Exit Fee (£100).

**The overall cost for comparison is 7.50% APRC.**

This information may not be representative of your personal circumstances and your payments may differ from this. Representative data as of 1<sup>st</sup> January 2023.

\* Once the product matures, the interest rate will revert to our Standard Variable Rate (SVR) unless a new product is taken out. Our SVR is currently 8.10%. This is set by us and may go up or down in the future.

\*\* The Overall Cost for Comparison is given as the Annual Percentage Rate of Charge (APRC) and includes all charges incurred relating to the mortgage/product. The APRC enables you to compare the cost of different products.

\*\*\* The LTV is calculated by us using your current mortgage balance and our current assessed valuation of your property.

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