



THE MULBERRY MORTGAGE COMPANY

How We Search For Mortgages



A Bewildering Choice

If you have spent any time at all looking at mortgages, you will have already seen that there are a seemingly endless array of mortgage products, all carrying different fees. Some products offer free property valuations, whereas others require you to pay for your survey. Some products carry arrangement or booking fees, whereas others do not. Not to mention the fact that the interest rates on all of these different mortgage products will be different as well!

The Industry Standard for Comparing Mortgages

The industry standard for comparing one mortgage with another is known as **Annual Percentage Rate**, or **APR**. This is defined the yearly interest payable on the amount borrowed, plus any other applicable charges all expressed as an annual rate charge. This figure will allow you to compare one

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mortgage against another to determine which is the least expensive. Where one mortgage has a lower APR than another mortgage, the mortgage with the lower APR is the cheaper one. You'll find the APR for any mortgage product we recommend in section five of the "Key Facts About This Mortgage" document that we will provide you with at the time of making the recommendation.

The actual rate available will depend upon your circumstances. Ask for a personalised illustration.

Introducing the "Total To Pay" Comparison

At The Mulberry Mortgage Company, we go one step further to cut through the muddle by sourcing all of our fixed and tracker rate mortgages on a "Total to Pay" basis. We don't use this calculation for discount, capped or standard variable rate mortgages, as we cannot be sure that the interest rates that apply to these mortgage products won't change, or if they do change, that they will change by the same amount as other products in the same category. Fixed and tracker rates, however, are easier to compare. In the case of fixed rate mortgages the interest rate is guaranteed. In the case of tracker rate mortgages, we know that the interest rates payable on all the tracker products we are researching are defined by the same base interest rate- The Bank of England Base Rate. Please take a look at "Our Guide to Mortgages", also available for download from our website, for more information on the different types of mortgage products available.

The "Total to Pay" calculation means that we add up all the costs involved with each fixed rate or tracker mortgage, including all fees and mortgage payments, over the period of the initial product rate. Let's look at an example. Say we are researching a **two-year fixed rate mortgage***, and are looking at two different mortgage products. One carries a lower rate of interest, meaning payments of £500 per month, but includes an arrangement fee of £999. The other product carries a higher rate of interest, meaning payments of £550 per month, but includes no fees. We add all costs involved in the products over a two year period, like so:

Lower Interest Rate, £999 fee

24 monthly payments (i.e. two years' worth of payments) at £500 per month = £12,000

+ Arrangement fee of £999

= Total to Pay of £12,999 over two year fixed rate period.

Higher Interest Rate, no arrangement fee

24 monthly payments (i.e. two years' worth of payments) at £550 per month = £13,200

No fees to add

= Total to Pay of £13,200 over two year fixed rate period.

In this instance, we can see that the product with the lower interest rate and the arrangement fee is actually cheaper over the fixed rate period, even allowing for the £999 fee being paid. Using this logic to compare mortgages allows us to rank dozens of mortgage products in terms of their total cost over the initial fixed or tracker rate period.

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When we recommend a mortgage for you, you will receive a mortgage illustration which breaks down all of the detail of the mortgage. That is, the loan amount and property price, the monthly payments, the APR, and any fees involved with the mortgage. You will also receive a research "league table", showing the total cost of each mortgage in that product category. For example, where we have researched **two-year fixed rate products for you***, a column marked "2yr Cost Inc Fees Ex ERC" will show the total cost of each of those products over the two year fixed rate period.

By using the "total to pay" calculation, we are able to clearly establish what will be the cheapest deal for you overall. That way, our clients will always know why we are recommending a specific mortgage for them. Simple!

***We are using a two-year fixed rate mortgage as an example only- see "Our Guide to Mortgages" for a full breakdown of all the different mortgage types available. We will establish the most suitable mortgage for you after discussing your needs in detail.**

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