

## Molo Home product guide

This product guide should be read alongside Molo's residential lending criteria and our tariff of charges, which you can find on [molofinance.com](https://molofinance.com). All products are subject to availability of funds and may be withdrawn at any time.

**We only offer our own Molo products, as set out in this guide.**

### Available product types

**NOTE: Molo currently offers the FlexLife long-term fixed rate products only.**

#### Fixed rate products

Fixed rate products have an interest rate that stays the same for the period that it is fixed. You have certainty about how much you will pay each month. If interest rates drop, you will not benefit from the lower rates. But if interest rates rise, the increase will not be passed on to you. Your payments will remain the same throughout the fixed period.

**Can I repay early?** Capital repayments of up to 10% of the mortgage balance outstanding can be made each year without incurring any early repayment charges. An early repayment charge MAY apply if you repay more than 10% in any one year or if you repay your fixed rate mortgage early in full.

For our long-term fixed rate products, you will have to pay an Early Repayment Charge when, in any year, the amount, or amounts, you repay early is, or are in total, more than 10% of the original Loan.

You will not have to pay an Early Repayment Charge when:

- You repay the Loan in full using your own resources without borrowing from another lender,
- The loan is repaid in full after your death or critical illness,
- The property is sold, and the net proceeds of that sale are applied in or towards payment of the total sum outstanding,
- The proceeds of a claim under the insurance of the property are applied in or towards payment of the total sum outstanding.

(See our [Tariff of Charges](#) for details of the early repayment charges that could apply.)

#### How long is the rate fixed?

**Molo currently offers long-term fixed rate products only but will be offering shorter term products soon.**

Shorter fixed periods (2 years and 5 years) give you the ability to review and change your mortgage after a shorter period. But you will also have a shorter period of protection against potential interest rate rises.

A shorter period also means remortgaging sooner and that's likely to involve costs (for example, legal, valuation and product fees). If interest rates rise, you may also be remortgaging into a higher-rate environment, when products may be more expensive, and you may not be eligible for a similar product.

Fixed rate products with longer initial periods, or products with rates that are fixed for the entire term of the mortgage (between 10 years and 40 years), give you a longer period of protection against interest rate rises and a longer period of certainty about your mortgage payments. But you are going to be locked into your mortgage for a long time. You MAY have to pay an early repayment charge if you decide to end the mortgage early, and that's more likely to happen the longer the initial fixed period. (See our [Tariff of Charges](#) for details of how much those early repayment charges could be.)

No-one can know for certain what might happen to interest rates over the next 10 or 40 years. The question is whether you want to fix your mortgage payments at a set rate now and then not have to worry about it for some time.

**What happens at the end of the fixed rate period?** If you have a product that has an initial fixed rate period, at the end of that period, your rate will go on to our base rate which is set at 4.31% above the Bank of England Base Rate which is

currently 1.00%. This may be a higher rate and therefore lead to an increase in your monthly payments. However, before the end of the initial fixed period, we will be in touch so that we can review your situation with a view to offering you a further competitive Molo product if appropriate.

If you have a fixed for term product, the fixed rate remains the same until the end of your mortgage term.

## Other product types available

There are other types of residential mortgage products available in the market. The main types are:

- Tracker mortgages - These are variable rate products with the rate set at a percentage above the Bank of England Base Rate. This means that if the Base Rate rises, your monthly repayments and the total cost of borrowing will be higher. If the Base Rate is reduced, your monthly repayments (and total cost of borrowing) will also reduce.
- Discount mortgages – also a type of variable rate mortgage. You pay the lender’s standard variable rate (SVR) with a fixed discount applied. For example, the SVR is 5% and you have a 1.5% discount, the rate you will pay is 3.5%. If the lender raises the SVR to 5.5%, you will pay 4%.
- Offset mortgages – allows you to link your mortgage account and savings account together. The amount of your savings is ‘offset’ against the amount of your mortgage, and you pay interest on the balance only rather than the full mortgage amount.
- Guarantor mortgages – allows a family member or friend to take on financial responsibility for making payments if they are missed. They are not parties to the mortgage but guarantee the monthly mortgage payments.
- Flexible mortgages – allow you flexibility to overpay, underpay, take a payment break, and borrow back any overpayments.

It’s important you get the type of product that suits you best. Take time to research your options fully. You can search for more information online or go to [unbiased.co.uk](http://unbiased.co.uk) to find a mortgage adviser to help you.

## Repayment methods

**Molo currently does not offer interest-only residential mortgages.**

All Molo’s residential products are capital repayment only. This means that your monthly payments will consist of both capital and interest. By the end of your mortgage term, assuming all payments have been made, the capital sum will have been repaid in full. The ratio of capital to interest you pay in each monthly instalment varies throughout the mortgage term. Initially, the interest element is higher, but this reduces over time as the capital is gradually paid off until the capital element becomes the higher element.

Interest-only mortgages are available in the market. An interest-only mortgage means you pay only the interest element of the sum you’ve borrowed each month. The full capital sum is not repaid until the end of the term. You need to be confident that you have a repayment plan, for example, downsizing or using investments, which will be sufficient to repay the capital sum borrowed in full by the end of the term. Your lender will need to understand and be happy with your plans for repaying the capital before agreeing to an interest-only mortgage.

A capital repayment mortgage will give you a guarantee and peace of mind that your mortgage debt will be repaid by the end of your mortgage term.

## Molo’s current product range

Products with a £1,000 Product fee:

Molo Home FlexLife with a Product Fee		Maximum Term Length (Years)					
		15	20	25	30	35	40
Maximum Loan to Value %	60%	3.92%	3.94%	3.95%	4.00%	4.06%	4.19%
	75%	4.15%	4.17%	4.18%	4.24%	4.28%	4.40%
	85%	4.29%	4.39%	4.40%	4.45%	4.50%	4.61%
	90%	4.48%	4.58%	4.59%	4.64%	4.68%	4.79%
	95%	4.70%	4.80%	4.81%	4.87%	4.90%	5.01%

Additional Product Elements of Molo Home FlexLife with Product Fee	
Product Fee	£1,000
Types	Purchase/Remortgage/Remortgage plus Additional Borrowing
Valuation Fee	Valuation fees apply, see our Tariff of Mortgage Charges for details
Legal Fee	Legal fees apply, see our Tariff of Mortgage Charges for details
Cashback	None
Early Repayment Charges	ERCs apply, see our Tariff of Mortgage Charges for details

Products with no Product fee:

Molo Home FlexLife without a Product Fee		Maximum Term Length (Years)					
		15	20	25	30	35	40
Maximum Loan to Value %	60%	4.05%	4.05%	4.05%	4.09%	4.15%	4.27%
	75%	4.28%	4.28%	4.28%	4.33%	4.37%	4.49%
	85%	4.42%	4.50%	4.50%	4.54%	4.58%	4.70%
	90%	4.61%	4.69%	4.69%	4.73%	4.77%	4.88%
	95%	4.83%	4.91%	4.91%	4.96%	4.99%	5.09%

Additional Product Elements of Molo Home FlexLife without Product Fee	
Product Fee	£0
Types	Purchase/Remortgage/Remortgage plus Additional Borrowing
Valuation Fee	Valuation fees apply, see our Tariff of Mortgage Charges for details
Legal Fee	Legal fees apply, see our Tariff of Mortgage Charges for details
Cashback	None
Early Repayment Charges	ERCs apply, see our Tariff of Mortgage Charges for details

**YOUR HOME MAY BE REPOSSESSED IF YOU DON'T KEEP UP REPAYMENTS ON YOUR MORTGAGE**

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