

Davidsons IFA – Mortgage Fee Agreement

This document is issued on behalf of Davidsons Independent Financial Advisers Ltd (Davidsons IFA) of 23 Fore Street, Okehampton, Devon, EX20 1AN. We can be contacted at this address or on 01837 53855, or at advice@davidsonsifa.com.

Within this document, we aim to set out who we are and what we offer to our clients. This is a three page document and should be read in conjunction with one other document:

Terms of Business – *code DIFATOB112018*

Authorisation Statement

Davidsons IFA is Authorised and Regulated by the Financial Conduct Authority. The Financial Conduct Authority regulates the financial services industry in the UK and their address is 12 Endeavour Square, London, E20 1JN. You can check this on the FCA's Register by visiting the FCA's website www.fca.gov.uk/register quoting our FCA number of 224407 or by contacting the FCA on 0800 111 6768.

Fee Statement

Mortgage advice is not free – we are not subsidised by any lenders or the government. Our only income is what we charge clients for doing the work we do. However, there are different ways of charging fees, some being offset by commission others being on top of commission. Historically, lenders have received most of their business from brokers and in return they have paid “introducer fees” (commission). However, each lender pays a different amount. That creates a bias when brokers are choosing the right deal for you.

In our view, your fee should take into account what the lender pays us. When a mortgage is placed with a lender, if there is commission payable by that lender, it will be paid regardless of whether or not the broker charges a fee. So if your broker charges a fee they will actually earn that PLUS the commission – which obviously doesn't solve the bias problem.

So, we have a fee arrangement where our fee is a fixed percentage of the amount you are borrowing. Where commission is paid by a lender, we use that to reduce the amount you pay on completion. That way we avoid the commission bias and you benefit if a lender is willing to pay – in effect the lender is subsidising part of your fees. Most lenders do pay an introducers fee, although the amount varies, so in most cases there will either be very little or nothing to pay on completion.

Should you wish, you can request to view the commission rates from each of the lenders we have considered at the time we make our recommendation.

The Advice Process

Our advice process is detailed in our Terms of Business document. With regards to mortgages, we will research the whole market and make a recommendation based upon criteria agreed with you at the start. We will use independent research tools and help you assess the possible mortgage deals. We will help you complete any application forms and submit your mortgage application on your behalf. We will work with the lender, and any other third party, to bring your mortgage to a satisfactory conclusion.

Our Fees

Our mortgage fee is expressed as a percentage of the amount you are borrowing. This can sometimes penalise larger mortgages, so we have a banded fee, where the percentage reduces as the mortgage amount increases. In addition, it is important to note that many lenders pay an introducers fee to Davidsons IFA upon completion of a mortgage. We will use any fee received to reduce the fee payable by you.

Residential Mortgages – Including Equity Release

New Mortgage: 0.6% of the first £200,000 borrowed. **Reduced by commission received – see below.**
0.4% of the next £200,000 borrowed. **Reduced by commission received – see below.**
0.2% on borrowing above £400,000. **Reduced by commission received – see below.**

All loans are subject to a minimum of £500. Fees are split; £250 payable upon application (non-refundable) with the balance due upon completion.

Re-Mortgage: 0.6% of the first £200,000 borrowed. **Reduced by commission received – see below.**
0.4% of the next £200,000 borrowed. **Reduced by commission received – see below.**
0.2% on borrowing above £400,000. **Reduced by commission received – see below.**

All loans are subject to a minimum of £500. Fees are split between a Research Fee of £100 payable before we undertake our research (non-refundable), £150 payable upon application (non-refundable) and any balance due upon completion.

Product Transfer: 0.2% of the loan amount plus a research fee of £100. **Reduced by commission received – see below.**

All loans are subject to a minimum of £100. Fees are split between a Research Fee of £100 payable before we undertake our research (non-refundable) and 0.2% of the loan due upon completion.

As a working example, for a mortgage of £100,000, our fee would be £600. This would be payable in two instalments, with £250 paid upon application and £350 paid on completion of the mortgage. A typical lender would pay us 0.3% of the mortgage amount. That would mean in this example a lender payment of £300, leaving you with a fee on completion of only £50.

As an alternative example, for a mortgage of £500,000, our fee would be £2,200. This would be payable in two instalments, with £250 paid upon application and £1,950 paid on completion of the mortgage. A typical lender would pay us 0.3% of the mortgage amount. That would mean in this example a lender payment of £1,500, leaving you with a fee on completion of only £450.

Commercial Lending

New Loan: 0.75% of the first £200,000 borrowed. **Reduced by commission received – see below.**
0.5% of the next £200,000 borrowed. **Reduced by commission received – see below.**
0.3% on borrowing above £400,000. **Reduced by commission received – see below.**

All loans are subject to a minimum of £500. This minimum is payable upon application (non-refundable) with any balance due upon completion.

As a working example, for a loan of £100,000, our fee would be £750. This would be payable in two instalments, with £500 paid upon application and £250 paid on completion of the loan. However, a typical lender would pay us 0.5% of the mortgage amount, £500, leaving you with nothing to pay on completion.

As an alternative example, for a loan of £500,000, our fee would be £2,700. This would be payable in two instalments, with £500 paid upon application and £2,200 paid on completion of the loan. However, a typical lender would pay us 0.5% of the mortgage amount, £2,500, leaving you with nothing to pay on completion.

Law

This fee agreement is governed and shall be construed in accordance with English Law and the parties shall submit to the exclusive jurisdiction of the English Courts.

Termination

The authority to act on your behalf may be terminated at any time without penalty by either party giving seven days notice in writing to that effect to the other, but without prejudice to the completion of transactions already initiated. Any transactions effected before termination and a due proportion of any period charges for services, shall be settled to that date.

Client consent

By instructing us to act on your behalf, you understand and consent to the above terms. This fee agreement will come into effect from the date of issue.

Signatures

Client Name

Client Name

Date

Client Signature

Client Signature

Date