

International Mortgage Service

Pricing and Criteria Changes

Background

Current market conditions have necessitated a review of the charging structure of our International Mortgage Service. As a result we will be increasing our loan margin and arrangement fees in a selection of the 11 locations in which we lend. The new rates and fees are shown in the table below.

Until now, we have been able to maintain our pricing during a period of unprecedented market turbulence for mortgage and loan providers. The new pricing has been structured to reflect market conditions whilst ensuring that we continue to offer our class leading products at competitive rates across all locations.

All of our other features and criteria remain unchanged including; no early repayment charges, freedom to chose either interest only or repayment and attractive affordability criteria (up to 5 times income coupled with a maximum 50% of net income to cover financial commitments). We can also arrange for the mortgage repayments to be paid by direct debit



You will notice the level of arrangement fee is being increased for loans against properties in the UK, Canada, France, Spain and Portugal.

Key changes

Property Location	Pricing changes
UK	Loan margin increasing from 1% to 1.55% Arrangement fee increasing from 0.5% to 0.75%
US	Loan margin increasing from 1.50% to 2.39% Arrangement fee remains the same at 1% Commitment fee remains the same at 0.3%

Canada	Loan margin remains the same at 1.50% Arrangement fee increasing from 0.5% to 1%
France, Spain, Portugal	Loan margin remains the same at 1.25% Arrangement fee increasing from 0.5% to 1%

Property Location	Criteria Changes
US	<p>Lower the max LTV from 70% to:</p> <ul style="list-style-type: none"> - 50% in California, Florida, Nevada and Orego - 60% in all remaining states <p>Introduce a minimum property value of \$400,000</p>

All other jurisdictions remain unchanged. All loan margins are added to the cost of funds for the chosen currency (base rate fo GBP) to determine the pay rate.

Timings

The new pricing structure will only apply to new business from 11th September 2008. Please ensure all applications for the current pricing are submitted to your local International Mortgage Manager by close of business on **10th September 2008**.

New literature incorporating the new pricing structure will be available from 10th September 2008. If you have problems viewir this email or any questions please don't hesitate to contact your Mortgage Manager.

Regards