

## Notification regarding updates to previous mortgage illustration

Before you enter into a second charge mortgage with Optimum Credit, we would like to draw your attention to two changes to the Mortgage Illustration documentation previously provided to you and which will be relevant to your second charge mortgage with Optimum Credit.

### What has changed?

#### 1. The first change relates to the variable rate of interest you will be charged.

Your interest rate will be variable (or will become variable after an initial fixed-rate period). This means we may vary your interest rate in accordance with changes in our cost of funding.

Our cost of funding was previously affected by changes to the London Interbank Offer Rate (LIBOR). However, moving forwards, our cost of funding will now be affected by changes in an alternative replacement reference rate called Sterling Overnight Index Average (more commonly referred to as SONIA). This change reflects the requirement by the Financial Conduct Authority to ensure that LIBOR is no longer used in connection to new mortgages, due to LIBOR being discontinued at the end of 2021.

The Mortgage Illustration that was previously provided to you referred to a reference rate set by Optimum Credit known as "Optimum Base Rate" (OBR), which was affected by changes in LIBOR. We have decided to call the new reference rate set by Optimum Credit, the "Lender Base Rate" (LBR), which will be affected by changes in SONIA in the same way that the OBR was affected by LIBOR.

This means at the point your interest rate becomes variable, it will be varied in line with LBR. More details of the LBR can be found at [www.optimumcredit.co.uk/rates](http://www.optimumcredit.co.uk/rates).

#### 2. The second change relates to the inclusion of an interest rate floor.

Optimum Credit Limited has introduced an interest rate floor for all new second charge mortgages, this means that the LBR will never be less than 0%. The sections of the Mortgage Offer titled "Main features of the second charge mortgage" and "Interest rates and other costs" confirm this.

### Do I need to do anything?

Please take the time to read the updated Mortgage Illustration document that is included with this letter to ensure that you are aware of and comfortable with the changes we have made since you received your previous Mortgage Illustration.

Optimum Credit is committed to minimising the disruption that our customers experience as a result of the upcoming change to LIBOR. If you have any questions or require further clarity on what these changes mean, please contact our customer service team on 0333 014 3125.

Kind regards  
**Optimum Credit**

**Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it,**

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