



A GUIDE TO YOUR
OFFSET MORTGAGE

WHAT IS OFFSET?

It's a simple way to use the interest from your savings to reduce what you owe on your mortgage. By paying less interest on your mortgage now you really do save money in the future.

HOW DOES A COVENTRY OFFSET MORTGAGE WORK?

Our Offset links your mortgage to a dedicated instant access savings account. There are no restrictions on how much can be paid in or taken out.

The Offset savings account receives the same rate of interest as your mortgage and because your savings interest is paid direct to the mortgage each month, there is no tax to pay meaning you get 100% of the benefit. Due to tax rules surrounding the receipt of interest from a savings account, we can only pay interest on any savings balance that is less than the outstanding mortgage balance.

You will start to earn a savings benefit as soon as any amount is paid into your Offset savings account. The savings benefit is transferred to your mortgage account at the close of business on the last day of each month. It will not reduce your monthly payment needed until the following month if this option is chosen. Interest on your Offset mortgage is calculated at the beginning of each month and will vary as it is charged on the balance that you actually owe for that month.

Depending on the repayment method you choose for your mortgage, you can use your savings benefit to either reduce what you owe on the mortgage, reduce your normal monthly payment or reduce the overall term of your mortgage. The option you choose is an individual choice, and as the options are flexible, you can change this at any time during your mortgage. Separate fact sheets are available which explain the repayment and benefit options in more detail.

MAKING THE MOST OF YOUR OFFSET MORTGAGE

Once your mortgage has started, we will automatically open your dedicated Offset savings account and link it to your mortgage. You should deposit savings into the account as soon as possible to fully benefit from Offset. You will need to transfer funds into this account, and set up any further automatic arrangements yourself.

Information on how to operate your Offset savings account will be given to you when you apply for your Offset mortgage, and at offer stage. These fact sheets and booklets contain all the information you will need, including online access and security.

There are no restrictions on how much can be paid in or taken out of your savings account. You can make cash or cheque deposits and withdrawals at any of our branches or by using the CashLink card issued with the account for ATM withdrawals. You can transfer money from any bank or building society account using the details we will supply on completion, and use the account to pay standing orders and Direct Debits. Cheque withdrawals can also be requested by writing to us. You will be sent a CashLink card for ATM withdrawals on your savings account. If you lose your card, it's stolen or you suspect that someone else may know your Personal Identification Number (PIN), you must let us know straight away by phoning 0845 122 1140, and we'll arrange for a new card and PIN to be sent to you.



KEEPING UP TO DATE WITH YOUR ACCOUNTS

We will send you an annual mortgage account statement each January showing details of your mortgage account including any further borrowing. We will send an Offset savings account statement each quarter detailing your recent transactions. You can also view your accounts online at any time, once you have registered for our Online Services.

We will also send you a summary of all the savings accounts you hold with us, including Offset, each April.

PAYMENT BREAKS

An Offset mortgage is flexible and allows you to take payment breaks of up to three months in each calendar year. All we ask is that your regular payments are up to date, and that you have already made at least six months' payments. We need to authorise a payment break in advance, so please contact us before you require a break and stop making payments to your mortgage. During a payment break, interest will continue to be added to the account – increasing the overall amount that you owe.

BORROWING MORE

If you want to borrow more after your mortgage has completed, just contact us to apply for a further advance (you must have made a minimum of six months' mortgage payments first, and specific terms and conditions may apply to some products). Your advisor will discuss the options available to you at that time.

MOVING HOME WITH YOUR OFFSET MORTGAGE

If you want to move house, but keep the mortgage product you currently have ('porting' your mortgage), you should refer to the specific terms and conditions of your mortgage account. Our leaflet 'Moving your mortgage to a new property' also explains our porting process.

WHAT HAPPENS TO MY OFFSET SAVINGS ACCOUNT ONCE MY OFFSET MORTGAGE HAS BEEN REPAYED?

Once your mortgage has been paid off, the linked Offset savings account will be transferred to an instant access account in the same name(s) as the borrower(s) who are named on the mortgage. The savings account number will stay the same, and you can continue to use your ATM card. This new account will pay interest, but you can ask us for details of other accounts that may be more suitable. When this transfer has taken place, net interest for the whole of the month of redemption will be paid.

ANY QUESTIONS?

If you have any questions about the Offset mortgage, or the linked savings account, just ask an advisor in your local branch, or call our Customer Service Centre on 0845 7665522.

Your home may be repossessed if you do not keep up repayments on your mortgage.

Coventry Building Society is authorised and regulated by the Financial Services Authority [reference number 150892].

Lines open Monday to Friday 8am-8pm, Saturday 9am-5pm, Sunday 10am-4pm. Contact your service provider for details of charges, as call costs may vary. To maintain a quality service, calls made to and from Coventry Building Society may be monitored and recorded.

The information in this leaflet is provided for information only and is not legally binding. Whilst every effort is made to ensure the contents of this leaflet are up to date, accurate and complete, Coventry Building Society does not accept any liability for action taken in reliance on the information contained in it. For specific guidance you should refer to the terms and conditions of your savings product or speak to an advisor in a branch or by telephone. Information correct at time of going to print (May 2010).

For further details, call into your local branch, or visit us at

www.thecoventry.co.uk

or call our Customer Service Centre on

0845 7665522



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Coventry Building Society

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