

Pepper Finance Corporation (Ireland) DAC Residential Mortgage Variable Interest Rate Policy Statement

Warning: We may change the interest rate on this loan. This means the cost of your monthly repayments may increase or decrease.

About us

Pepper Finance Corporation (Ireland) DAC trading as Pepper Advantage, Pepper Asset Servicing, Pepper Money and Harbour Credit is regulated by the Central Bank of Ireland.

We are the legal title holder and lender of record on residential mortgage loans. We do not provide residential mortgage loans. We manage and administer mortgage loans on behalf of companies that own the beneficial interest in the loans. 'Beneficial interest' means the right to receive the benefits from the loan and the related security. These companies are known as the 'beneficial owner' and they are typically investment companies.

Our management of residential mortgage loans includes changing variable interest rates.

What do we consider when setting variable interest rates?

We do not set variable interest rates. However, we consider a range of factors and may change variable interest rates on the residential mortgages that we manage. These include the following.

- **Interest rate at acquisition**

This is the variable interest rate which applied to your loan before it was purchased by the beneficial owner and we became the legal title holder.

- **Cost of funds**

These are the costs that the beneficial owner of your loan will have to pay as a result of continuing to provide your loan.

- **Your terms and conditions**

The variable interest rate applied to your loan will be in line with the terms and conditions of your loan.

The variable interest rate on your loan will always be a positive rate, unless the terms and conditions of your loan state otherwise. A positive rate means your interest rate will never go below zero.

The terms and conditions of your loan may state that the variable interest rate can only be changed by your original mortgage lender. If this is the case, you should check the Residential Mortgage Variable Interest Rate Policy Statement on your original lender's website for information on how and why your interest rate may change.

Where your variable interest rate can only be changed by your original mortgage lender:

- The original mortgage lender will notify us of a change to the variable interest rate.
- We will tell you about the change before applying it to your mortgage.
- We will only change your interest rate based on an instruction from your original mortgage lender.

- **Credit risk**

With any loan, there is a risk that a borrower will not repay their loan or the interest on it. If a loan is not repaid, the beneficial owner of the loan will lose income and have additional expenses when seeking to recover the money.

- **Market conditions**

We consider the external market conditions such as events in the economy that can affect the beneficial owner. These include, for example, changes made by the European Central Bank to its main interest rate (the ECB base rate).

- **Commercial strategy**

We consider the competitive position of the beneficial owner of the loan in the market, to support its objective of a sustainable and profitable business and product offering.

Changes to any of these factors could result in changes to the variable interest rates. We may also consider additional factors from time to time. We will write to you about any changes to this policy. The updated policy will also be available on the Pepper website (www.pepper-advantage.ie).

How do we make decisions on changing variable interest rates?

Our operating committee meets regularly to review how mortgage loans are managed. When proposing changes to variable interest rates, it considers one or more of the factors outlined above. The committee consists of representatives from Pepper and may consult with the beneficial owners of the loans. After considering the factors above, the operating committee makes recommendations to the Pepper Board on changes to the variable interest rates.

Why do we have different variable interest rates?

The mortgages we manage had a range of different interest rates when they were purchased by the beneficial owner. Changes made to interest rates are in line with the terms and conditions for these loans.

Could you get a different type of interest rate or a lower interest rate?

It is possible that a different type of mortgage from another lender might save you money. We encourage you to look at your mortgage options regularly.

For information about switching lenders or changing the type of mortgage, see the Competition and Consumer Protection Commission's website (www.ccpc.ie/).

Customers in arrears or financial difficulties

If you are in arrears (meaning you have fallen behind on your repayments) or if you think you might go into arrears, we may offer you an alternative repayment arrangement (ARA). This could include fixing the interest rate for a period of time or a permanent reduction in the variable interest rate on your mortgage. We would base an ARA on an assessment of your personal situation.

If you are in arrears or financial difficulty, or if you think you might go into arrears, it is important that you contact us at 0818 818 181 immediately.

WARNING: YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

Variable Rate loans

WARNING: THE PAYMENT RATES ON THIS HOUSING LOAN MAY BE ADJUSTED BY THE LENDER FROM TIME TO TIME.