Ifthikar Mohamed

WIS CONTRACTOR MORTGAGES LTD

C/O WIS Accountancy Ltd,

 4, Imperial Place,

Maxwell Road,

Borehamwood,

WD6 1JN

Date {date}

{title}{Initials}{surname}[INSERT CLIENTS TITLE, INITIAL OF FIRST NAME AND SURNAME] & INSERT CLIENTS TITLE, INITIAL OF FIRST NAME AND SURNAME

[INSERT 1ST LINE OF CLIENTS ADDRESS]

[INSERT 2ND LINE OF CLIENTS ADDRESS]

[INSERT 3RD LINE OF CLIENTS ADDRESS]

[INSERT 4TH LINE OF CLIENTS ADDRESS]

INSERT CLIENTS POSTCODE]

**Dear [INSERT CLIENTS FIRST NAME] & [INSERT CLIENTS FIRST NAME],**

**Report of Suitability**

Further to our meeting, during which we discussed and recorded your financial circumstances, I would like to take the opportunity to outline my recommendations, confirming the suitability and reasons for them. If you have not disclosed any information which you feel could affect my advice, you should contact me immediately.

**Current Situation**

During our meetings we discussed various aspects of your personal and financial situation. Your situation is as follows.

INSERT: CLIENTS CURRENT AND FUTURE SITUATION

**Priorities, Objectives and Basis of Advice**

At our meetings we discussed the benefits and importance of reviewing all aspects of your personal and financial planning needs.

Whenever advice is provided, I prefer to review all areas of personal and financial needs to ensure the most comprehensive levels of cover and protection are in place to protect the interests of my clients. It was your decision however to limit my advice to your priorities and objectives as follows;

· Insert priorities regarding mortgage application and clients’ needs and preferences

As the information about your personal circumstances is limited to this/these area(s) my advice is limited also and may have been different otherwise. This letter sets out my recommendation(s) to you based on the information you provided to me.

I recommend you review all other areas of your personal protection and financial circumstances at the earliest time possible to ensure you are not financially disadvantaged in the event of an unforeseen circumstance. You told me that you did not want to review this area and were comfortable with the associated risks if your cover is not suitable for your needs.

OR

you told me that you are going to research this area yourself and do not wish further advise in this matter and you are comfortable with the associated risks if your cover is not suitable for your needs.

**My Recommendation to you**

**PORTING**

I have recommended that you port your existing mortgage of INSERT: THE AMOUNT OF MORTGAGE BEING PORTED with INSERT: LENDER NAME. For details relating to this existing mortgage please refer to the original mortgage offer. I have also recommended that you have apply for additional borrowing from the same lender, the details of which are set out in this letter.

**Existing Loan – Early Repayment Fees**

You have confirmed that you currently hold existing mortgages that you are not redeeming at this time. These mortgages may carry early repayment charges for full or part redemption. For further information please refer to the lenders original mortgage offer.

OR

You have confirmed that a sum of INSERT: £x is payable for repaying your existing mortgage before INSERT: DATE WHEN EXISTING ERC ENDS. You have confirmed that you are willing to pay this charge and accept that you may not recoup all of this charge from the savings you may make on your new mortgage deal.

**BUY TO LET MORTGAGE - RISK FACTORS**

Please be aware that there are a number of risks to take note of when considering a Buy to Let mortgage.  These include the following:

It is possible that you may not achieve the estimated rental income for the property.

There may be periods when you are unable to rent the property; however, you will still be required to make the monthly mortgage payment to the lender.

You may incur higher maintenance or agent’s costs than anticipated thus reducing the return you make on renting the property out.

**REMOVE IF NOT A FIRST TIME LANDLORD**

As this is your first buy to let property, I have advised you to discuss the legal responsibilities of becoming a landlord with your solicitor.  I also recommend that you speak to an accountant to ensure you fully understand the tax implications of renting out a property.

You confirmed you were acting wholly or predominantly for the purposes of business and as such the advice I am providing is unregulated.  The routes for recourse under the Financial Ombudsman Service (FOS) or the Financial Compensation Scheme (FSCS) may not therefore be available to you.

**MY RECOMMENDATIONS**

Considering all the factors contained in this letter, the information I collected, and research conducted, I recommend the mortgage product detailed in the mortgage illustration attached, which best meets your objectives and preferences, as outlined above.

**Capital and Repayment Mortgage Term.**

We discussed your mortgage repayment method choices, and you wanted the certainty that your mortgage loan is repaid at the end of term provided you make all your mortgage payments. You will pay interest and capital in accordance with the terms of the mortgage.

We discussed shorter versus longer mortgage terms and I advised that it would be best to pay off the mortgage over the shortest term you could afford, as this would reduce unnecessary interest costs. However, if you reduce the term of the mortgage your monthly mortgage payments will go up.

You told me that you priority was to **EITHER** have a longer mortgage term and commit yourself to a lower monthly payment enabling you to INSERT WHY THEY WANTD A LOWER MONTHLY PAYMENT OR reduce the mortgage term to maximise your disposable income INSERT THE REASON WHY

The term of the mortgage recommended is INSERT: MORTGAGE TERM and ends before your intended retirement age.

**OR**

The term of the mortgage recommended is INSERT: MORTGAGE TERM. In recommending this term you acknowledge that the agreed redemption date of the Mortgage is later than your anticipated date of Retirement. We have discussed this at length, and you will finance the mortgage commitment by means of INSERT HOW THEY WILL AFFORD THE MORTGAGE IN THEIR RETIREMENT

**OR**

**Interest Only Mortgage Term**

Considering all the factors contained in this letter, the information I collected, and research conducted, I recommend the mortgage product detailed in the mortgage illustration attached, which best meets your objectives and preferences, as outlined above.

I have recommended an interest only mortgage as your priority is to capitalise on the monthly rental income that you receive from this investment property. With an Interest only mortgage the term of the mortgage will not impact your monthly payments as you are only repaying the interest payable on the amount borrowed and not the capital. Therefore, the reason for recommending a term of XX years is due to INSERT WHY THE CLIENT WANTS THIS TERM, IS IT WHEN THEY PLAN TO SELL THE INVESTMENT PROPERTY AND REPAY THE LOAN OR IN LINE WITH RETIREMENT ETC?

The term of the mortgage recommended is INSERT: MORTGAGE TERM and ends before your intended retirement age.

We discussed at some length your attitude to mortgage risk. You confirmed to me that you are prepared to fund repayment of the loan by way of INSERT: REPAYMENT VEHICLE. This offers no guarantee the loan will be repaid in full at the end of the mortgage term. You fully understand the implications of this risk and are prepared to continue on this basis.

**OR**

The term of the mortgage recommended is INSERT: MORTGAGE TERM. In recommending this term you acknowledge that the agreed redemption date of the Mortgage is later than your anticipated date of Retirement. We have discussed this at length, and you will finance the mortgage commitment by means of INSERT HOW THEY WILL AFFORD THE MORTGAGE IN THEIR RETIREMENT

**Fixed Rate**

We discussed the different types of mortgage products available, and your priority was to have stability and security in your monthly payments to budget effectively due to INSERT: WHY? CONCERNED ABOUT INTEREST RATE RISES? BUDGET EFFECTIVELY, EG. FTB. Therefore, I have recommended a Fixed Rate mortgage product ending on INSERT: Value BENEFITENDDATE. We discussed the different product terms available to you and I recommended a INSERT PRODUCT TERM year because you told me that INSERT: WHY NOT LONGER AND WHY NOT SHORTER TERM.  If variable interest rates fall below your fixed rate during the initial fixed rate period, you will continue to pay the higher monthly payments.

**Warning**- **You are aware that at the end of the initial benefit period the interest rate will revert to the lender's current standard variable rate applicable at that time which may be higher and involve a substantial increase in your monthly payments. However, at the end of this period (and subject to any early repayment charge) we will be pleased to review your situation with a view to securing a further competitive deal for you.**

**OR**

**Base Rate Tracker**

We discussed the different types of mortgage products available, and I have recommended a Base Rate Tracker mortgage product because INSERT: CLIENT PRIORITIES. We discussed the different product terms available to you and I recommended a INSERT PRODUCT TERM year product because you told me that INSERT: WHY NOT LONGER AND WHY NOT SHORTER TERM.  This mortgage product directly reflects market conditions by linking your mortgage rate to the Bank of England Base Rate.

**Warning- You are aware that at the end of the initial benefit period the interest rate will revert to the lender's current standard variable rate applicable at that time which may be higher and involve a substantial increase in your monthly payments. However, at the end of this period (and subject to any early repayment charge) we will be pleased to review your situation with a view to securing a further competitive deal for you.**

**OR**

**Variable Rate**

We discussed the different types of mortgage products available, and I have recommended a Variable rate mortgage product. You told me that you would like to reflect the current market conditions throughout the term of the mortgage and your priority was to have the flexibility of INSERT: CLIENTS PRIORITIES that this type of product offers.

**OR**

**Capped Rate**

We discussed the different types of mortgage products available, and I have recommended that you take a rate where the lender places an upper limit on the interest rate in the early years of your mortgage. I have recommended a capped mortgage product because INSERT: CLIENTS PRIORITIES. You should also be aware that your future mortgage payments with this type of mortgage may be higher than under other mortgage contracts.

**Warning- You are aware that at the end of the initial benefit period the interest rate will revert to the lender's current standard variable rate applicable at that time which may be higher and involve a substantial increase in your monthly payments. However, at the end of this period (and subject to any early repayment charge) we will be pleased to review your situation with a view to securing a further competitive deal for you.**

**OR**

**Discounted Rate**

We discussed the different types of mortgage products available, and I have recommended that you take a rate where the lender offers a discount from their standard variable rate in the early years of your mortgage. I have recommended a discounted mortgage product because INSERT: CLIENTS PRIORITIES. You should also be aware that your future mortgage payments with this type of mortgages may be higher that under other mortgage contracts.

**Warning - You are aware that at the end of the initial benefit period the interest rate will revert to the lender's current standard variable rate applicable at that time which may be higher and involve a substantial increase in your monthly payments. However, at the end of this period (and subject to any early repayment charge) we will be pleased to review your situation with a view to securing a further competitive deal for you.**

**Residential Lender recommendation**

I researched all mortgage lenders and products available to me today, with the exception of those that are only available to you directly, and I recommend INSERT MORTGAGE LENDER NAME for the following reasons:

INSERT REASONS FOR CHOICE OF LENDER HOW THIS MEETS THE CLIENTS NEEDS

INSERT: WHY NOT ALL LENDERS WHO SOURCED HIGHER.

Full details of the mortgage, including the fees and charges, are contained within the Key Facts Illustration (KFI) or European Standardised Information Sheet (ESIS) provided. This will also explain the circumstances in which the lender can increase its mortgage rate at times other than an increase in the Bank of England base rate or after any initial discounted or fixed rate period.

This also confirms the risk to your home if you do not keep up repayments. Please ensure that you read this document carefully. If there are any points on which you are unsure or require further clarification, please contact me and I will be pleased to explain in greater detail.

OR

**BTL Lender recommendation**

You were made aware that Buy to Let mortgages entered into by the way of business are not regulated as a residential mortgage and therefore the provision of our service does not hold the additional level of consumer protection as for residential mortgages.

Based on your requirements above I have conducted my research and I recommend INSERT PROVIDER for the following reasons:

INSERT REASONS FOR CHOICE OF LENDER HOW THIS MEETS THE CLIENTS NEEDS

INSERT: WHY NOT ALL LENDERS WHO SOURCED HIGHER.

Full details of the mortgage, including the fees and charges, are contained within the Lender’s Illustration which has been provided. This will also explain the circumstances in which the lender can increase its mortgage rate at times other than an increase in the Bank of England base rate or after any initial discounted or fixed rate period.

This also confirms the risk to the property if you do not keep up repayments. Please ensure that you read this document carefully. If there are any points on which you are unsure or require further clarification, please contact me and I will be pleased to explain in greater detail.

You should seek separate legal and tax advice regarding your responsibilities of owning this type of property.

**Affordability Emergency Fund in Place**

We discussed in detail your current income and expenditure and established that you have a disposable monthly income of £Insert disposable monthly income. The initial mortgage repayment is £Insert PRODUCT.PAYMENT per month. At the end of the initial period, based on the lender’s current standard variable rate, your mortgage repayments will change to £Insert PRODUCT REVERSION COST per month. It is likely the base rate of interest will increase during the term of your mortgage. Examples of how this will affect your payments are confirmed in the illustration provided to you. However, based on your current and future foreseen circumstances these repayments are affordable both now and in the future.

It is important to ensure that you have sufficient capital available immediately or at short notice to meet the cost of any unforeseen short-term emergencies. You confirmed you have sufficient emergency funds in place.

***OR***

**Affordability No Emergency Fund in Place**

We discussed in detail your current income and expenditure and established that you have a disposable monthly income of £Insert disposable monthly income. The initial mortgage repayment is £Insert PRODUCT.PAYMENT per month. At the end of the initial period, based on the lender’s current standard variable rate, your mortgage repayments will change to £Insert PRODUCT.REVERSIONCOST per month. It is likely the base rate of interest will increase during the term of your mortgage. Examples of how this will affect your payments are confirmed in the illustration provided to you. However, based on your current and future foreseen circumstances these repayments are affordable both now and in the future.

It is important to ensure that you have sufficient capital available immediately or at short notice to meet the cost of any unforeseen short-term emergencies. You confirmed you will commit to saving regularly for this purpose.

**OR**

**BTL Affordability Emergency Fund in Place**

It is anticipated that the rental income will be sufficient to cover the monthly mortgage repayments. However, if you are unable to find a suitable tenant you will be required to meet the repayments yourself. We therefore discussed in detail your current income and expenditure and established that you have a disposable monthly income of £Insert disposable monthly income. The initial mortgage repayment is £Insert PRODUCT.PAYMENT per month. At the end of the initial period, based on the lender’s current standard variable rate, your mortgage repayments will change to £Insert PRODUCT REVERSION COST per month. It is likely the base rate of interest will increase during the term of your mortgage. Examples of how this will affect your payments are confirmed in the illustration provided to you. However, based on your current and future foreseen circumstances these repayments are affordable both now and in the future.

It is important to ensure that you have sufficient capital available immediately or at short notice to meet the cost of any unforeseen short-term emergencies. You confirmed you have sufficient emergency funds in place.

**OR**

**BTL Affordability no Emergency Fund in Place**

It is anticipated that the rental income will be sufficient to cover the monthly mortgage repayments. However, if you are unable to find a suitable tenant you will be required to meet the repayments yourself. We therefore discussed in detail your current income and expenditure and established that you have a disposable monthly income of £Insert disposable monthly income. The initial mortgage repayment is £Insert PRODUCT PAYMENT per month. At the end of the initial period, based on the lender’s current standard variable rate, your mortgage repayments will change to £Insert PRODUCT REVERSION COST per month. It is likely the base rate of interest will increase during the term of your mortgage. Examples of how this will affect your payments are confirmed in the illustration provided to you. However, based on your current and future foreseen circumstances these repayments are affordable both now and in the future. You confirmed you will commit to saving regularly for this purpose.

**Residential mortgages Our Charges**

Confirmation of the commission we will receive is shown in Key Facts Illustration (KFI) or European Standardised Information Sheet (ESIS) provided.

**OR**

**BTL mortgages Our Charges.**

Confirmation of the commission we will receive is shown in the Mortgage Illustration - Non-Regulated Product.

**Wills**

You have confirmed you currently have (a) valid Will(s) in place. You should always review your Will(s) whenever your circumstances change.

**OR**

**Wills**

You advised me that you do not have (a) valid Will(s) in place. I strongly recommend that you have (a) Will(s) written as soon as possible as there can be tax-planning advantages from Will writing. This can ensure that as much as possible of your estate is distributed according to your wishes.

I therefore recommend that you seek advice from a solicitor to implement this.

**Buildings & Contents Cover in Place**

We discussed your need to protect this property and its contents.  You confirmed suitable cover is/will be in place to cover this property.

**Product Fees**

We discussed the fact that adding the fee to the mortgage will cost more in interest over the term of the mortgage. You told me that you want to keep your upfront costs to a minimum so wished to add the product fees to the mortgage. OR you told me that you wanted to pay the product fee upfront rather than adding it to the mortgage balance.

**Conclusion**

I trust that this letter provides an accurate summary of our discussions, however, should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact me.

We strive to provide you with a first-class professional service and hope that we can continue to be of service to you for many years to come. Should you require advice at any time about any aspect of your financial planning, please do not hesitate to contact me and I shall be pleased to assist.

**OR**

**Conclusion**

I trust that this letter provides an accurate summary of our discussions, however, should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact me.

We strive to provide you with a first-class professional service and hope that we can continue to be of service to you for many years to come. Should you require advice at any time with regard to any aspect of your financial planning, please do not hesitate to contact me and I shall be pleased to assist.

Our advice relates to the recommendation of a Buy to Let mortgage and not the suitability of a Buy to Let investment property. To understand the risks and your responsibilities for calculating and reporting tax, you should speak to your tax adviser.

Thank you,

Yours sincerely,

Ifthikar

**Ifthikar Mohamed**

**WIS Contractor Mortgages**