



Product Transfer Process

Background

The Product Retention process is predominantly an automated process, with a small amount of manual processing attached to it. There is no new underwriting as it is simply an option to move onto a new product instead of reverting to the SVR rate of the product the client originally completed on. All new products have a 1% arrangement fee that is capitalised to the loan at the time of the switch to the new product. The borrowers have the option of choosing a new product on an 'execution only' basis or seeking advice from their broker, whose details are provided to us and the broker (and packager) if they were the original introducers of the client to Axis Bank are then paid a fee of 0.35% (of which 0.28% is paid to the broker by the packager where a packager was originally involved.)

Process

An automated letter is sent to the borrower on the 5th of the month, **3 months** prior to the scheduled expiry date of the fixed term advising that they will have an option to select a new product (**NB. No new products are advised at this time as there is a possibility they could change before the due date and will no longer be available**).

Another automated letter is sent to the borrower on the 5th of the month, **2 months** prior to the scheduled expiry date, enclosing a copy of the Retention products available (attached) and an option form for them to complete with their choice, to either sign on execution only basis, or seek broker advice and detail the brokers name on the form. The form is signed and returned to Axis Bank Servicing Team.

ABST will key the information into the system, checking the borrower has selected from the correct product range (it is not uncommon for them to try and get a lower LTV / rate product as in their opinion the property has gone up in value but no new valuation is carried out and we rely on the original valuation figure).

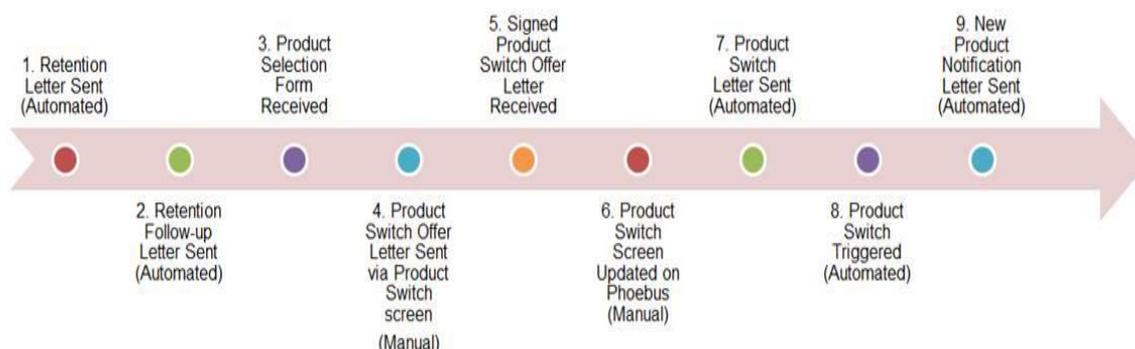
An Offer letter detailing the new rate, monthly payments, product expiry date and fees (arrangement and proc fees) is automatically generated and sent, this requires signing and returning by the borrower.

This Offer letter must be sent back to Axis Bank for us to complete the Retention product process by 14th of the month prior to rate expiry (this is due to the way that interest is calculated and charged on Axis Bank loans)

Once ABST complete the process, a further letter confirming the information and the new expiry date is issued.

Finally, on the date of the switch to the new rate, an automated letter is issued confirming the switch has completed.

Summarised below are the key stages of the retention process.



It is not possible for the borrower to start the process earlier, or complete the process earlier, as the products that are available could potentially change and no longer be available at the time of Product Rate Expiry (PRE). i.e. the date the existing arrangement finishes, and the loan will switch back to SVR. If they were seeking to switch a product prior to PRE, then they are effectively breaking their existing contract and could incur ERC's.

As described above, it is the borrower's choice as to whether they seek advice or whether they select the retention product themselves. Where the borrower indicates that advice has been sought a retention proc fee will be paid to the original introducing broker once the product switch has been completed. It is the responsibility of the borrower and the broker to detail the brokers information on the return form at the time of seeking advice (cases where declarations of execution only are received, no retention proc fee will be paid). Axis Bank can only pay the original introducing broker / packager via the same route of the original payment.

If you have any questions, the ABST are available on 0333 006 3680.