

Chapter 7A

Additional MCD disclosure:
start of contract and after
sale



7A.1 Application and general

- 7A.1.1** **R** This chapter applies to a *firm* that is an *MCD mortgage lender* or an *MCD mortgage administrator*.
- 7A.1.2** **R** A *firm* must provide the information required by this chapter in a *durable medium*.



7A.2 Notification of interest-rate changes

7A.2.1

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When giving notice to a *consumer* of any changes that the *consumer* is required to make resulting from interest-rate changes for an *MCD regulated mortgage contract*, a *firm* must:

- (1) give notice of the amount of the payments to be made after the new interest-rate change takes effect; and
- (2) where the number or frequency of the payments will change, give particulars of these changes.

[**Note:** article 27(1) of the *MCD*]

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7A.3 Early repayment disclosure

7A.3.1

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- (1) If a *consumer* notifies a *firm* that they wish to discharge their obligations under an *MCD regulated mortgage contract* prior to its expiry, the *firm* must provide the *consumer*, without delay, with the information necessary to allow them to consider that option.
- (2) The information under (1) must:
 - (a) quantify the implications for the *consumer* of discharging their obligations prior to the expiry of the *MCD regulated mortgage contract*; and
 - (b) clearly set out any assumptions that have been used.
- (3) The assumptions under (2)(b) must be reasonable and justifiable.

[Note: article 25(4) of the *MCD*]



7A.4 Foreign currency loans and significant exchange-rate movement disclosure

7A.4.1

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(1) A firm must warn any consumer with a foreign currency loan, on a regular basis, where the value of either:

(a) the total amount payable by the consumer which remains outstanding; or

(b) the regular instalments;

varies by more than 20% from what it would be if the exchange rate between the currency of the MCD regulated mortgage contract and the currency of the EEA State, applicable at the time of the conclusion of the MCD regulated mortgage contract, were applied.

(2) The warning in (1) must inform the consumer of a rise in the total amount payable by the consumer, setting out the right to convert to an alternative currency, where applicable, and the conditions for doing so. It must also explain any other applicable mechanisms for limiting the exchange-rate risk to which the consumer is exposed.

[Note: article 23(4) of the MCD]

7A.4.2

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A firm must disclose to the consumer its arrangements for complying with the obligations in ■ MCOB 7A.4.1 R in the MCD regulated mortgage contract.

[Note: article 23(6) of the MCD]

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7A.5 Notification of changes resulting from auctions on the capital market

7A.5.1

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In relation to an *MCD regulated mortgage contract*, where there is an auction on the capital markets which will, or might reasonably be expected to, result in an interest-rate change, the *firm* must give the *consumer*, in good time before the auction, notice in a *durable medium* of:

- (1) the upcoming procedure for the auction; and
- (2) an indication of how the interest rates could be affected.

[**Note:** article 27(4) of the *MCD*]