

# YOUR CLIENT'S FIRST PAYMENTS

We have created this handy guide to help you explain to your clients the way that first payments work, depending on their completion date.

You may want to pass this on to your clients, or use some of the examples below to help explain their first payment to them.

## First payment date reminders

- No payment is taken in the month the customer completes.
- The chosen completion date will determine the collection date and the amount of the first monthly payment.
- The first payment will always be greater than the regular monthly payment because it includes accrued interest from the completion month. Regular monthly payments are always set to be taken by Direct Debit on the 1st of the month.
- If there is not 16 working days between the day the mortgage completes and the first of the following month, the first payment will be taken 16 working days after the completion date.
- If the payment day falls on a weekend or bank holiday, the payment will be collected on the next working day. If the next working day is in the following month, the payment will be taken on the previous working day.
- The customer will receive confirmation of their first payment amount and regular monthly payments in the welcome letter which is sent post completion.

# Where your client can find their payment information

Section 6 of the ESIS "Amount of each instalment" illustrates that the first payment will differ from the regular monthly payments. However, the variation of the amount will depend on the day of the month the ESIS is generated as the illustration assumes this day is the completion day.

More detailed information on what a customer must pay can be found in section 5 of the Mortgage Conditions "What you have to pay and when you have to pay it".

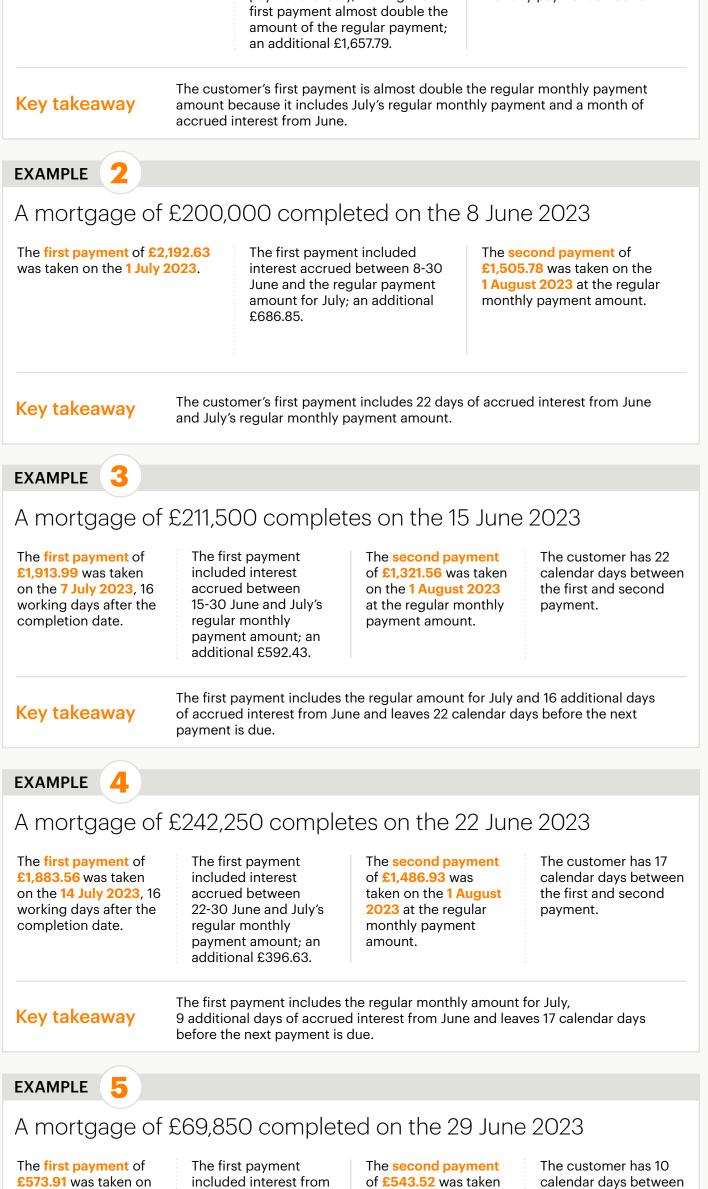
## Completion and first payment date examples

EXAMPLE

#### A mortgage of £301,500 completed on the 1 June 2023

The first payment of £3,671.01 was taken on the 1 July 2023.

The first payment included interest accrued between 1-30 June and the regular payment for July, making the The second payment of £2,013.22 was taken on the 1 August 2023 at the regular monthly payment amount.



Key takeaway The customer has 11 calendar days between 2 payments.			
the <b>21 July 2023</b> , 16	29 to 30 June and	on the <b>1 August 2023</b>	2 payments.
working days after the	July's regular monthly	at the regular monthly	
completion date.	payment amount.	payment amount.	

#### Points to consider if there is any flexibility on the completion date

If a mortgage completes on the first day of the month, the first payment will be almost double the amount of the regular monthly payment. So, whilst the customer will make no payment in the completion month, there will be a large payment due in the second month.

If the mortgage completes on the last working day of the month, the first and the second payment could be due for payment within 7 working days of each other. These payments will still be collected in 2 different calendar months.

If the mortgage completes mid-month there is generally at least 2 calendar weeks between the first and second payment. And although the first payment amount will always be greater than the regular monthly payment amount, it is likely to only be between 9-16 days of accrued interest at this point in the month.

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