

INTEREST ONLY CUSTOMER DECLARATION

Where any part of your mortgage is on an interest only basis you must read this document and sign the declaration. Please note, if it's a joint mortgage both of you need to read this document and both sign the declaration.

Important information

If any part of your mortgage on an interest only basis you need to be aware of some important implications and considerations.

Implications

- An interest only mortgage means your mortgage balance will not reduce. Your monthly payment will only cover the interest that has to be paid on your mortgage and the amount you borrow (the capital) remains outstanding.
- At the end of your mortgage term, it's your responsibility to repay the outstanding mortgage balance.

Considerations

The value of investments and other repayment vehicles can fluctuate. You should regularly monitor the value of these to ensure sufficient funds will be available at the end of the mortgage term.

Repayment by sale of property

- As you plan to repay your mortgage by selling your home, please consider that the value of your home can go down as well as up and therefore could affect your plans – for example the type, location and cost of a home you might want to downsize to.
- If your home is leasehold, its value could also fall as the term remaining on your lease reduces.
- If the cost of your home falls, there's a risk you may not receive enough money from the sale to repay your outstanding mortgage balance in full. This could place you in 'negative equity'.

Advice

If you are unsure if this is the best repayment option for you or you do not fully understand the implications of signing this declaration please obtain independent financial advice.

Declaration

I/We understand the following implications of taking an interest only mortgage where my/our home will be sold to repay the outstanding mortgage balance at the end of the term:

- An interest only mortgage means my/our mortgage balance will not reduce. My/our monthly payment will only cover the interest that has to be paid on the mortgage and the amount I/we borrow (the capital) remains outstanding.

AND

- At the end of my/our mortgage term, I am/we are responsible for repaying the outstanding mortgage balance. If I/we do not have anyway to repay the outstanding mortgage balance I/we would have to sell my/our home and use the money from the sale to repay the outstanding mortgage balance.

AND

- If I/we plan to repay my/our mortgage from the sale of my/our home, I/we understand that the value of our home can go down as well as up and therefore could affect my/our plans including the type, location and cost of any home I/we might want to downsize to.

If there's anything you don't fully understand please speak to us before signing the declaration.

Applicant 1 name

Applicant 1 signature

Date

Applicant 2 name

Applicant 2 signature

Date

For office use only

Case reference number

YOUR HOME MAY BE AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

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