

INTEREST ONLY – SALE OF MORTGAGED PROPERTY

Customer Declaration

If any part of your mortgage is on interest only and your chosen repayment vehicle is the sale of the security property, you must read this document and sign the declaration.

If this is a joint mortgage both/all applicants are required to read the document and sign the declaration.

**If you don't understand any of the points in this document,
you must discuss these with your Mortgage Broker.**

Important Information

What an Interest Only Mortgage means

- Borrowing with an interest only mortgage means your balance (including any fees added) will not reduce. Your monthly payment only covers the interest that is required to be paid each month.
- The mortgage amount you borrow (i.e. the capital) will remain outstanding at the end of term. It is your responsibility to repay the outstanding mortgage balance at the end of the term.

You have declared you will sell the security property to repay the capital at the end of term.

What You Must Consider

- Your intended repayment vehicle is sale of your home.
- The value of your home can go down as well as up and this could affect your life plans. For example, it may affect the location, type and cost of the home you want to downsize to in the future.
- If the cost of your home falls, there is 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.

Confirming your future property intentions

- As a responsible lender, we need to understand where you intend to live once the mortgage term ends and the security property is sold.
- Please complete the form and declaration below, confirming the location of the property where you intend to downsize to and minimum number of bedrooms required.
- As part of our assessment of your application we will check the plausibility of the downsizing plans you declare below. This will be the basis on which we decide to provide you with an interest only mortgage.

Town/City	Property Type (flat, house etc)	Minimum No Bedrooms

Your declaration

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

- At the end of my/our mortgage term I/we are responsible for repay the outstanding mortgage balance;
- If the balance is not paid from other sources, I/we would have to sell my/our home and use the proceeds to repay the mortgage, and;
- I/we understand the value of my/our property can go up as well as down and therefore could affect my/our plans to downsize, and;
- I/we have fully discussed this with our mortgage advisor and understand the implications of relying on the sale of our home to repay the mortgage in full at the end of term.

Applicant 1

First name(s)

Surname

Signature

Date

Applicant 2

First name(s)

Surname

Signature

Date

Your home may be repossessed if you do not keep up payments on your mortgage