

Interest Only Declaration - Sale of mortgaged property

Interest only applicants must read this document and sign the declaration where any part of an FCA regulated mortgage will be on an Interest Only basis and sale of the mortgaged property will be the repayment vehicle.

Important Information

- 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 is your responsibility to repay the outstanding mortgage balance.
- 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 property 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 its sale to repay your outstanding mortgage balance in full. This could place you in 'negative equity'.

Declaration

I/we understand:

- 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 repay the balance from other means, I/we would have to sell my/our property and use the sale proceeds to repay the mortgage.

AND

- If I/we plan to repay my/our mortgage from the sale of my/our property, I/we understand that property value can go down as well as up.

For your own benefit and protection you should read these implications and considerations carefully before signing the declaration. If you require any assistance or do not understand please ask your Mortgage Consultant/intermediary for further information.

Applicant 1 name

Applicant 2 name

Mortgage application number

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Applicant 1 signature

Applicant 2 signature

Date

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Date

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