

REMEMBER TO GIVE US FULL INFORMATION

- We need to know all your financial commitments so we can work out what you can afford
- If you need a mortgage on which you only pay the interest (an 'interest only' mortgage), we need you to tell us how you plan to repay the balance.
- If you are not giving us proof of your income , we need you to be accurate and realistic when you tell us how much you earn

If you have any questions about this leaflet or any part of our service, please contact us.



When you do business with us we want you to feel confident that you are being treated fairly.

We want you to understand all the parts of the product you are buying.

If you are not sure about something we want to make it easy for you to ask for an explanation.

OUR AIMS



WE WANT TO MAKE IT ABSOLUTELY CLEAR WHAT WE ARE OFFERING

For example, the conditions of the business, including rates, charges, likely timescales and so on

WE WANT TO DELIVER WHAT WE SAY WE WILL DELIVER

We want you to get exactly what you are expecting without surprises

WE WANT TO SORT OUT ANY PROBLEMS THAT MAY ARISE ALONG THE WAY

If anything goes wrong, we want you to feel confident that we will do everything we can to put it right

WE WANT TO BE FAIR AND NOT TAKE ADVANTAGE

We do not expect you to be an expert on mortgage or insurance products. We will make sure you understand the product before you buy it



OUR DUTIES TO YOU

WE WILL ONLY RECOMMEND PRODUCTS WHICH MOST CLOSELY FIT YOUR NEEDS

We will not recommend products based on how much money they will make us, but on how suitable they are for you

WE WILL ONLY RECOMMEND PRODUCTS WHICH YOU CAN AFFORD

We will not sell you a product if we do not think you can realistically keep up with the payments

WE WILL MAKE IT EASY FOR YOU TO COMPLAIN IF YOU ARE NOT HAPPY

We encourage all customers to give us feedback, whether it is good or bad. We want to be the best we possibly can be and can only improve if you tell us when we get it wrong

INTEREST ONLY MORTGAGES

WHAT IS AN INTEREST ONLY MORTGAGE?

As its name suggests an interest only mortgage is one where you only repay the interest each month. This means that you never reduce the amount outstanding. For example; if you borrow £100,000 over a 25 year period and keep up to date with all of the interest payments you will still owe £100,000 at the end of the 25 year term

HOW DO I PAY OFF MY INTEREST ONLY MORTGAGE AT THE END OF THE TERM?

Here are some typical options but by no means all.

a) Endowment Policy.

You can take out an investment policy with an insurance Company known as an “endowment policy”. You will have to pay a monthly premium; the amount will depend on various things including the size of your mortgage, your health and your age. The premium you pay will be used by the Insurance Company in 3 ways;

- 1) For life insurance so that your mortgage will be paid off if you die.
- 2) Administration charges to the Insurance Company.
- 3) To make investments on your behalf in order to grow the policy value.

There is no guarantee that the value of the policy will be enough to pay off your mortgage at the end of the term.

b) Changing to a repayment mortgage at a later stage.

A repayment mortgage is one on which you pay the interest due each month and in addition an amount towards paying off the balance. Changing to a repayment mortgage at a later date will mean your payments will become higher than if you had started with a repayment mortgage from the beginning.

c) Inheritance/Investments.

Some people rely on inheritance they may be due to receive or other investments such as stocks and shares.

Whatever your own circumstances it is important that you have a plan for how you intend to pay off your mortgage at the end of the term. All of the above options carry an element of risk and you should discuss all of your circumstances with your financial adviser so that you can make an informed choice on what is best for you.

The following examples are based on a £100,000 mortgage taken over 25 years assuming a constant interest rate of 5%. (5.0% APR)

a) CAPITAL REPAYMENT MORTGAGE:

£584.59 per month

Amount Outstanding after:

5 years



£88,580

10 years



£73,924

15 years



£55,116

20 years



£30,978

25 years

£0

b) INTEREST ONLY MORTGAGE:

£416.67 per month

Amount Outstanding after:

5 years



£100,000

10 years



£100,000

15 years



£100,000

20 years



£100,000

25 years



£100,000

SELF-CERTIFICATION MORTGAGE

WHAT IS A SELF-CERTIFICATION MORTGAGE?

Self-certification mortgages are offered so that self-employed people or those with incomes from more than one source can get a mortgage. Instead of providing evidence of your income (for example, by providing paystubs), you will sign a legal declaration to confirm your income, although some lenders may still ask for proof of your income.

IS A SELF-CERTIFICATION MORTGAGE APPROPRIATE FOR ME?

If you are self-employed and your up-to-date business accounts are not available, or if you have incomes from different sources (for example, income from investments, overtime or bonuses, income from extra work or from renting out property), a self-certification mortgage may be for you. If you can provide proof of all your income, a self-certification mortgage is not appropriate for you.

WHAT ARE THE DANGERS?

- If on an application or declaration you say that your income is higher than it really is, this would be considered as fraud. You want to be able to afford your monthly payments and other household expenses.
- If you fall behind with your mortgage payments, you could lose your home.
- You should not rely on income that you will not regularly receive over the long-term.

WHAT ARE THE ADVANTAGES?

- It allows customers with complicated financial circumstances to get a mortgage.
- It can help self-employed customers get a mortgage if their business accounts are not up to date.
- It makes allowances for customers who have changing or irregular incomes.