

IMPORTANT REMINDER FOR INTEREST ONLY BORROWERS

Your mortgage is currently being repaid wholly or partly on an interest only basis. This means that on the interest only part you are only paying off the interest, and the original amount borrowed on that basis will still be outstanding at the end of the mortgage term.

It is your responsibility to ensure that you have the means to repay your mortgage at the end of the term.

What should I do?

Review your plans.

You may have put plans in place when you took out the mortgage, but have you considered whether those plans are still realistic? In order to help you, we have listed below some things below which you may wish to consider.

Repayment Plan	Considerations
Investments and regular savings plans, e.g. <ul style="list-style-type: none">• Endowment• Investments• ISAs	<ul style="list-style-type: none">• Review your last statement(s)• are the rates of growth low on your selected plan – is it growing in line with your expectations?• Do you need to revise your investment or savings plans?
Sale of property and/or downsizing	<ul style="list-style-type: none">• Depending on timing, will the property value still be sufficient to repay the loan?• How long will it take to sell the property?• Will you be able to afford to purchase a new property as well as repay the mortgage?
Inheritance	<ul style="list-style-type: none">• The timing and amount of any inheritance are not guaranteed, and may be affected by other factors, e.g. the need to pay for long term care or the payment of inheritance tax.
Sale of business	<ul style="list-style-type: none">• Will you be able to sell your business?• Depending upon timing, will you be able to sell the business for enough money to repay the loan?• Following the sale of the business, will you still require an income?

If you have any doubts about your current plans for repayment of the outstanding capital at the end of the mortgage term, we strongly recommend that you seek independent financial advice.

Is there anything else I can do?

If there is a gap between your current plans and the amount to be repaid at the end of the mortgage term, there are various other options you may wish to consider.

Repayment Options	This Means
Making capital repayments	<ul style="list-style-type: none"> Any additional periodic lump sum payments (minimum £1,000) made during the remainder of the mortgage term, will reduce the capital balance outstanding. Therefore, a smaller lump sum will be required to repay the mortgage at the end of the mortgage term Less interest will be payable over the term of the mortgage
Making regular monthly overpayments	<ul style="list-style-type: none"> Any overpayments will reduce your overall mortgage balance, therefore a smaller lump sum will be required to repay the mortgage at the end of the mortgage term Less interest will be payable over the term of the mortgage
Switching your mortgage to a repayment basis	<ul style="list-style-type: none"> If you switch all of your mortgage, the outstanding balance will be repaid over the remaining term left on your mortgage. Therefore, you will not be required to pay a lump sum at the end of the mortgage term Monthly payments will increase, and this could be substantial depending on the remaining term of the mortgage, however subject to criteria we may be able to extend your mortgage term. Less interest will be payable over the term of the mortgage
Switching part of your mortgage to a repayment basis	<ul style="list-style-type: none"> If you switch part of your mortgage, the capital balance will decrease over the remaining term left on your mortgage, and a smaller lump sum will be required to repay the mortgage at the end of the mortgage term Monthly payments will increase, depending upon the amount you switch and the remaining term of the mortgage, but will be less than if you switch all your mortgage, however subject to criteria we may be able to extend your mortgage term. Less interest will be payable over the term of the mortgage

It is your responsibility to ensure that you have the means to repay your mortgage at the end of the term. If you are unable to repay the loan at the end of the mortgage term, we may take action to recover the amount owed to us, up to and including repossessing the property and selling it.

Useful websites

The following websites contain information which you may find useful as you consider whether your plans for repayment are realistic and/or the options available if you need to put new plans in place.

<https://www.moneyhelper.org.uk/en>
www.stepchange.org – Tel: 0800 138 1111
www.unbiased.co.uk
www.moneysavingexpert.com/mortgages/
www.citizensadvice.org.uk