

Interest Only – Sale of main residence customer declaration

Where any part of the mortgage is on an interest only basis and the sale of the main residence is to be the repayment vehicle, all applicants must read and understand the declaration below.

Applicant name (1)

Applicant name (2)

Application number

IMPORTANT INFORMATION for applicant(s) - by completing the below, you **DECLARE AND CONFIRM** that you:

- Understand that borrowing on an interest only basis means you are responsible for repaying the money you borrow at the end of the mortgage term, unless it is repaid prior to this.
- Understand that an interest-only mortgage means your mortgage balance will not reduce during the term of your mortgage. 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.
- Understand that your repayment strategy is to sell your home by the end of the mortgage term to repay the amount outstanding.
- Agree that selling your home is an appropriate repayment strategy because by the end of the mortgage term you intend to either buy an alternative suitable property to live in or don't intend to buy a new property but have suitable alternative accommodation to move to.
- Understand that the value of your home could go up or down, which could affect the amount of equity you have which, in turn, could have a bearing on the type, location or size of property you may be able to move to. In addition, if the value of your home reduces, there is a risk that you could be placed in "negative equity", meaning that you may not receive enough money from the property sale to repay your outstanding balance in full at the end of the mortgage term.

I/we understand the above implications and considerations of taking an interest only mortgage where the sale of the main residence will be used to repay the capital at the end of the mortgage term.

Note for applicant(s) – It's important you fully understand the above points. If you don't understand any of these, or their implications, please discuss these with your Mortgage Advisor.

Date

AS A LAST RESORT, YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP WITH PAYMENTS