

Interest only sale of mortgaged property



Where any part of the loan is on an Interest Only basis and sale of the mortgaged property has been selected as the repayment plan, each applicant must read and sign this declaration.

Important

If you are taking any part of your loan on an Interest Only basis, you need to be made aware that:

- An Interest Only mortgage means your balance will not reduce as your monthly repayments only cover the interest. The original amount borrowed will remain outstanding.
- It is your responsibility to have a plan in place to repay the outstanding mortgage balance at the end of the loan term.

You have declared you intend to sell your property to repay the balance at the end of the term. Please note the following;

- Property valuations can go up and down and could affect your plans e.g. to the type, location and cost where you want to live i.e. if your plan is to downsize.
- If the value of your home reduces, there's a risk that you could be placed in 'negative equity'. This means you may not receive enough money from the property sale to repay your outstanding balance in full at the end of the term.

Applicant 1 Name	
Applicant 2 Name	
Applicant 3 Name	
Applicant 4 Name	
Case reference	

Intentions. Please complete.

Please confirm how much equity you have in this new property? (Purchase price/Valuation – Loan amount)	
Please confirm the type of property you intend to downsize to at the term end (e.g. Bungalow).	
Please confirm the anticipated value of the property you intend to downsize to at the term end (based on current market values).	
Please confirm the anticipated location of the property (or postcode if known) you intend to downsize to at the term end (e.g. North NE1, London SE1 etc).	

Declaration

I/We confirm our intent to sell the mortgaged property to repay the capital balance at the end of the mortgage term. I/We understand the following implications and considerations of taking an interest only mortgage.

- An Interest Only mortgage means the balance will not reduce. The monthly payment will only cover the interest.
- At the end of the mortgage term, it is mine/our responsibility to 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.
- As I/we are planning to use the sale of mortgaged property to repay the loan at the end of the term, I am aware that property valuations can go up and down and this could affect mine/our future plans.

Signed (Applicant 1)		Date	
Signed (Applicant 2)		Date	
Signed (Applicant 3)		Date	
Signed (Applicant 4)		Date	

We may contact you throughout the life of the mortgage to ensure the repayment strategy remains on track. If you do not understand any of these points please seek independent financial advice.

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