

about you

Taking on a new-build, an extensive renovation or an unusual property can be an exciting challenge! It can also be a daunting prospect for some, particularly when you want to achieve a high environmental standard, so you need to be sure it's for you.

Our Newsletters regularly feature examples of what some of our borrowers have experienced – have a look at the copy accompanying this leaflet.

Mortgage Information Leaflets - Addendum

The mortgage market has seen a lot of change since the end of 2007 and the uncertain economic conditions have had an effect on both house prices and affordability.

We've always made efforts to act in the best interests of existing and potential borrowers and in these difficult times, as a provider of ethical finance, we're doing all we can to help ensure that you're not going to struggle to meet mortgage payments and the other commitments that come with owning a house.

What we'll be doing is looking closely at affordability and linking the total amount you can borrow to your income and the value of your property. If you are buying a property this will affect the amount of deposit you will need to have available.

If you wish to make any of your mortgage payments on an Interest-Only basis the loan available will be 10% less than the maximum.

The table below summarises the options available for our Residential Owner Occupiers Mortgage.

Income Multiple	Maximum loan-to-value (LTV)	
	Repayment Basis	Interest-Only
2.5 times	85%	75%
3 times	80%	70%
3.5 times	60%	50%

There is an additional point to consider should you require your mortgage to be released in stage payments. For example, if you have chosen a repayment mortgage and the total amount released on the mortgage does not exceed 2.5 times joint income, we will allow stage payments up to 85% of the property's current valuation, but, at the point where the outstanding mortgage balance will be more than 2.5 times joint income, the amount released will be restricted to a maximum of 80%.

Please note, therefore, that the amount we'll be able to lend will, for the time being, be based on the income multiples and deposit requirements shown on this 'Addendum' and not those shown in 'about you', 'your mortgage' and 'your property, your project' leaflets.

about you

It's important that you have a clear idea of how much you can afford to borrow and we're keen to ensure that you don't overstretch yourself. For instance the novelty of living in a caravan on-site soon wears off if the project slows due to stretched finances!

Also, we need to understand a bit about you – after all, we're joining forces by lending you the money and we want to be sure the project is achievable.

The following information is designed to let you know how we decide how much we can lend to you and what personal information we require.

Who can borrow?

We lend to individuals buying in sole or joint names, and up to four individuals can be on a mortgage. All borrowers must be aged 18 or over.

How much can I borrow?

We come to this figure by assessing your ability to repay. Your income and expenditure, the loan-to-value (LTV) ratio, the maximum loan amount and your credit history will all be taken into consideration.



Assessing your income

Income multiples

We can generally lend up to **3 times** joint or sole income.

Joint income is the combined income of up to four applicants and sole income is where only one applicant's income is being considered.

The above income multiple is only a guideline – we consider each applicant's income and expenditure separately, in order to assess your ability to repay. For example, for residential borrowers we can consider lending up to **3.5 times** income where the loan-to-value is below 60%.

Assessable income

We expect your income will fit into one of the following:

Employed	gross basic salary
	overtime, bonuses or commission (if regular can be partially considered as income)
Self-employed	Net profit (we'll need to see your last three years' accounts)
Directors	fees/dividends
Retired	pension and investment income

Income and expenditure review

We need to ensure you have sufficient borrowing power and capital to purchase, fund and complete the project.

Within the application form we'll therefore ask you to provide an indication of your income and expenditure. We review this to ensure that you have a sufficient surplus each month to support the payments on the amount you wish to borrow. If your mortgage is to be on a full or part interest-only basis, we'll also need to consider the cost of any new savings plan you may need to take out.

You'll require funds from your own resources to cover the deposit of at least 10% of the purchase price and sufficient working capital to undertake the first stage of any works to the property.

Loan to value

We can lend up to a maximum of **90%** of the value of the property. Further details can be found in our **Current mortgage rates and charges** leaflet.

Maximum loan amount

For details of our current maximum mortgage amounts, please see our **Current mortgage rates and charges** leaflet.



Your financial status and credit history

We'll ask to see the last three years annual statements of any current or recently redeemed mortgages, which will provide us with information on your repayment history.

We'll also conduct a credit check on each applicant. If this uncovers any outstanding County Court Judgments (CCJs), Individual Voluntary Arrangements (IVAs) or undischarged bankruptcy – we'll be unable to lend to you.

Unfortunately, we can't consider lending to you if you have large amounts of outstanding debt that rely on your income for repayment or where there is a history of payment defaults.

Proof of identity

By law, all banks, building societies and financial institutions are required to verify the identity of anyone who opens an account, or takes out a mortgage. This is necessary to protect the organisation, its members and the public from fraud and also to help combat money laundering.

We'll need to confirm both your name and current address. This can normally be done by an electronic search. If for any reason we can't do this, we'll suggest other means by which you might be able to provide suitable identification. In the case of a joint mortgage application, we'll require ID for all applicants.



Ecology Building Society
7 Belton Road, Silsden, Keighley
West Yorkshire
BD20 0EE

T 0845 674 5566 **F** 01535 650780
W www.ecology.co.uk **E** loans@ecology.co.uk

Authorised and regulated by the Financial Services Authority