

your mortgage

Naturally you'll want to know how much your mortgage will cost. This will depend on factors such as the interest rate and any discounts that might apply, the type of mortgage you choose, and the mortgage term you require. These aspects are described below.

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.



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The interest rate

All our mortgages are Standard Variable Rate (SVR) mortgages, which means that the interest rate can increase or decrease – this usually happens around the time the Bank of England changes the base rate, although our change may not always be the same as that of the Bank of England.

Discounts

We offer residential borrowers a range of discounts which once applied remain in place for the mortgage term, thereby reducing the amount of interest you pay and the monthly mortgage payments.

- **C-Change Sustainable Homes** – a range of interest rate discounts dependent on the property's energy rating, which apply to the full mortgage amount.
- **C-Change Energy Improvements** – a 1% interest rate discount on mortgage funds borrowed specifically for the installation of energy saving measures, such as insulation, double/triple glazing, a condensing boiler; and renewable energy devices, such as photovoltaic cells, a wind turbine, or a ground source heat pump.

Full details of our C-Change discounts are set out in our separate *Our C-Change discounts* leaflet.

- **Savers discount** – members who are existing Ecology savers will receive a 0.25% discount as soon as the works to their property have been completed. To qualify, savers must have maintained an average minimum balance of £500 with the Society over the two years prior to their initial mortgage enquiry.
- **Long-term discount** – unless another discount (such as C-Change or the Savers Discount) already applies to the mortgage, all residential owner-occupier borrowers will be eligible to receive a 0.25% interest rate discount after the first two years of the mortgage provided all mortgage conditions have been satisfied, the account has been conducted satisfactorily, all required works have been completed and you have moved in.

Types of mortgages

Repayment mortgages

Most of our mortgages are on the traditional repayment basis, where each monthly repayment includes the interest and a portion of the capital sum borrowed. This means that your debt gradually decreases year after year and, if all repayments are made, the mortgage should be repaid by the end of the mortgage term.

Interest-only mortgages

With interest-only mortgages, the monthly repayment is lower as you're not reducing the capital sum borrowed and only repaying the interest each month.

However, this means that the overall interest payable over the life of the mortgage will be higher than with a repayment mortgage, and you'll need to be sure that you'll be in a position to repay the capital at the end of the agreed term.

Mortgages can either be full or part interest-only. In either case the requirements for repaying at the end of the mortgage term are similar i.e. we'll need up to date illustrations for the maturity value(s) of your savings plan, repayment vehicle or investment scheme, which covers the interest-only portion of the mortgage.

Full interest-only

As your debt is not reduced over time, we need to know that you have an investment scheme in place to repay the capital sum at the end of the mortgage term. We are not in a position to offer any advice on the suitability of such arrangements for investment or other purposes and it's your responsibility to keep up the arrangements to ensure repayment of the mortgage at the end of the term. If you fail to keep up the investment scheme and have no other means of repaying the loan, you may have to sell your property. If it becomes necessary for you to consider cancelling or surrendering your policy or plan, please contact the Society as we'll need to establish how you intend to repay your mortgage and amend your account

accordingly. We expect that you'll have consulted an independent financial advisor before taking any action.

Part and part

If you have an existing savings plan or other repayment plan, but wish to borrow a larger sum than it covers, we're happy to consider your mortgage being arranged with part on an interest-only basis and part on a repayment basis.

Retired borrowers

Retired residential borrowers may have their mortgage on an interest-only basis, without requiring a repayment vehicle, where the loan to value is 50% or less.

Please ask for our separate leaflet regarding mortgages for retired borrowers, if you require further details.



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The mortgage term

Residential mortgages are available for terms from 10 years up to 30 years.

We will allow the mortgage to extend beyond your retirement age, if required, but you must be sure that you are able to continue the monthly mortgage repayments after this date.

Fees

All the fees which apply to your mortgage are detailed in the *Tariff of mortgage charges* leaflet.

Our flexible features

There are times in life where flexibility in your financial commitments can be very useful. Maternity, a child going to college or a career break are perhaps more obvious examples.

- So we offer the facility by prior agreement for our residential owner-occupier borrowers to take a payment holiday or a period of underpayment even where overpayments have not previously been made.
- You can repay up to 10% of the outstanding debt in any one month without incurring a charge.
- You can amend your mortgage term subject to arrangement, to pay off the loan more quickly or more slowly.
- If you decide to move house and take out a new mortgage with the Society, any long-term discount you are entitled to will stay in place.

See the leaflet *After your mortgage completes* for more details.

Summing it all up

As soon as we think we may be able to help you, we'll provide you with a detailed Keyfacts illustration (KFI) showing how much your monthly repayments would be for the amount you want to borrow, over the mortgage term and repayment type you have requested. An alternative form of illustration will be provided if your mortgage is not covered by the Financial Services Authority's regulations.

The KFI will also contain information on other key features of your mortgage such as Early Repayment Charges. More detail on these features can be found in the leaflet *After your mortgage completes*.



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