

Interest-only loans for retired borrowers

(Residential owner-occupiers only)

Normally for an interest-only mortgage we require evidence of a repayment vehicle - such as a personal pension plan, endowment policy or ISA scheme, which will repay the amount borrowed at the end of the mortgage term.

However, if you are aged 50 or over and your investments have already matured, we may still be able to offer you an interest-only mortgage. Such a loan may suit you if you require a mortgage to purchase a new home or to make improvements to an existing property and wish to keep your payments as low as possible. Of course, you can still apply for a normal repayment mortgage but, if you would prefer the interest-only option, here are the main features of the product:

- You do not need to be contributing to an investment scheme
- You need to be receiving regular income from a company or personal pension
- We may also take into account any state pension you are receiving plus any regular investment income
- We will lend up to 50% of the property's purchase price or value if the mortgage is to be wholly on the interest-only basis. A higher percentage may be available if at least half the loan is on the repayment basis
- The amount which may be borrowed is up to three times the regular income of a sole applicant. However, in the case of joint applicants, we need to be sure that the mortgage payments can continue to be made if one party dies and we may therefore have to base the amount of our loan on the likely income of the surviving party. It would be helpful when applying if you could provide an indication of what this might be
- It is important to remember that with an interest-only mortgage, the capital amount you have borrowed will not reduce over time and will eventually have to be repaid either from your savings or by selling the property
- An early repayment charge is payable if you repay all or part of this mortgage within the first four years

This leaflet should be read in conjunction with our mortgage information pack.

For further information

MF12

Call – 0845 674 5566

E-mail – loans@ecology.co.uk

or write to the address below

May 2008

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE



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