Ecology Building Society

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 overleaf.

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

your mortgage

The interest rate

All our mortgages are currently Standard Variable Rate (SVR) mortgages, which means that the interest rate can increase or decrease.

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 retrofit** – a 0.25% interest rate discount for each grade improvement within the Energy Performance Certificate (EPC) rating. For example, an increase in the rating from the E to C would attract a 0.5% discount.
- **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.

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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 any savings plan, repayment vehicle or investment scheme, which covers the interest-only portion of the mortgage.

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. We expect that you'll have consulted an Independent Financial Advisor before taking any action.

If all or part of your mortgage is to be on an interest- only basis the loan-to-value (LTV) available may be lower. See our *Current residential mortgage rates and charges* leaflet for details.

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.

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 *Current residential mortgage rates and charges* leaflet.

your mortgage

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.

- 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.

See the leaflet *After your mortgage commences* 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 Key Facts Illustration (KFI) showing how much your monthly repayments would be for the amount you want to borrow. An alternative form of illustration will be provided if your mortgage is not covered by the Financial Conduct 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 commences*.

Representative example:

A mortgage of £95,300 payable over 25 years on our Standard Variable Rate, currently 4.90%, would require 300 monthly payments of £551.58.

The total amount payable would be £166,014 made up of the loan amount plus interest (£70,174) and a mortgage application fee of £300 and a valuation fee of £240 (assuming a purchase price of £200,000).

The overall cost for comparison is 5.1% APRC representative.

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