

To assist you we have provided the different types of mortgage options available to you. From this information, you will then be able to make an informed decision as to what you feel is the most appropriate way forward.

Repayment Mortgages

With a repayment mortgage, every payment you make reduces the amount you owe, as it includes some capital as well as interest on the loan. You will have paid off the mortgage by the end of the term provided you maintain the payments (which may vary throughout the term). This type of mortgage contains no savings element.

It is recommended that you consider taking out protection life cover to ensure that the remaining mortgage will be paid off in the event of death before the end of term. It will be your responsibility to ensure that premiums are maintained on the Life Assurance Policy. If they are not, the life cover will cease.

Interest Only Mortgages

Interest only mortgages are normally available for terms of between 10 and 35 years, although terms may occasionally be outside this range. Your monthly mortgage repayments consist of interest only. The capital element of the mortgage remains level and is not paid off until the end of the mortgage term. Therefore, you will need to make suitable arrangements to repay the capital. If you do not make these arrangements and maintain them throughout its intended term, you may not be able to repay the loan capital at the end of the mortgage term, putting your home at risk.

Repayment vehicles for interest only mortgages include:

- Endowment Plan
- Personal Pension Plans
- ISAs

You make two payments each month. One is to the lender to cover the interest on your loan and the other is your premium to one or more of the above savings vehicles. At the end of the mortgage term, the money accrued in the investment(s) should pay back the money you originally borrowed to purchase your property. If there are surplus funds, they are yours, but if the investment proceeds are less than what is required to repay the outstanding mortgage, you will need to find the balance from other sources. Please note that it is your responsibility to ensure that premiums are maintained on the savings vehicles. Failure to do so could result in the vehicle not meeting its intended repayment target.

In addition, unless you already have adequate life cover, you will need a Life Assurance Policy to partially or fully repay the mortgage on death before the mortgage matures. If you choose an endowment mortgage, this will include an element of life cover. Again, please note that it is your responsibility to ensure that premiums are maintained on the Life Assurance Policy. If they are not, there is unlikely to be sufficient life cover.