



SKIPTON INTERNATIONAL

If you have an interest only mortgage it's vital you have a plan to pay it off.

If you don't, you may have to sell your home.

If your mortgage is conducted on an interest only basis, or part interest only/part capital repayment, you will have an outstanding mortgage balance at the end of your mortgage term. It is therefore vitally important that you have a plan in place that will fully repay the outstanding balance. Failure to do this could leave you with no alternative but to sell your home to repay your mortgage. Time is of the essence – follow the steps below to ensure you're on track.

If you don't have a plan...

Act now! Even if you're years away from needing to repay your mortgage, the longer you leave it the fewer options you'll have to get a plan in place and the greater the impact on your budget. You may be able to make changes to your mortgage at any time, even if you're locked into a fixed rate.

Don't forget that it's your responsibility to ensure your chosen repayment plan will cover your mortgage.

Follow these steps:

- 1** Add up any savings you have already – decide if you could release any to reduce the loan. All Skipton International mortgages offer the ability to make overpayments. Simply contact us to determine your options.
- 2** Contact us and ask about switching to a capital and interest repayments – this means you will start repaying your original mortgage balance.
- 3** If your budget is tight, ask about switching to part repayment and part interest only to start with or possibly extending the term of your mortgage to give you extra time to pay more towards the original loan.
- 4** Or speak to a financial adviser to see how much you'd need to start investing now to cover the mortgage by the end of the term – remember the value of investments can rise or fall.

Have a plan already?

That's great news! However, it's important to check regularly that it's still on track to cover your mortgage. If it's underperforming, the sooner you act, the easier it will be to make up the difference.

Follow these steps:

- 1** Check how many months and years your mortgage has to run.
- 2** Contact your investment provider, fund manager or financial adviser and ask if your investments are on track to repay your mortgage at the end of the mortgage term.
- 3** If they're not, ask for an estimate of how much extra you need to invest in order to have enough to repay your mortgage when its due to end.
- 4** Remember, Skipton International offer the ability to make full or partial capital repayments to your mortgage on a monthly basis and also one off lump sum repayments – Just call us to determine your options.
- 5** Should you have any questions about your mortgage and the repayment options available please call us. We're here to help.

Please turn over for the FAQs



Frequently Asked Questions

How does an interest only mortgage differ from a capital and interest mortgage?

With an interest only mortgage the payments you make only cover the interest and you do not repay the original loan amount until the final date. For example, if you borrow £100,000 for 25 years, the full £100,000 will be payable at the end of the 25 year term. With a capital and interest mortgage, part of your monthly payments go towards repaying the loan, and the mortgage balance is repaid in full at the end of the term.

Why have I received a letter regarding my interest only mortgage, when I am keeping up with my payments?

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I'm worried that I won't be able to pay off my mortgage – what should I do?

Talk to us first – We'll discuss your situation with you and help you work out what options are available.

Will my home be repossessed if I can't repay my mortgage when I am supposed to?

Repossession is only ever a very last resort – we will always do our utmost to work with you to find a better solution. However, you may have to sell your home to repay your mortgage if you don't have an alternative repayment plan.

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



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Registered Office: Tudor House, The Bordage, St Peter Port, Guernsey, GY1 6DS, Great Britain. Minimum age 18 years. All mortgages are subject to status and valuation. Skipton International Limited requires a first charge on the property.
To help maintain service and quality, telephone calls may be recorded and monitored.