

## Nottingham Building Society announces changes to its interest only mortgage terms

- The Nottingham announces it will accept the Sale of Mortgage Property as an approved method of repayment for interest-only mortgages
- The latest mortgage criteria changes aim to support both borrowers and brokers alike, allowing for greater flexibility during the current difficult financial climate

**17 August 2023:** Nottingham Building Society has today announced a significant update to its mortgage offerings, introducing the Sale of Mortgage Property (SOMP) as an approved method of repayment for interest-only mortgages. This latest mortgage criteria change opens up new opportunities for brokers, and provides borrowers with increased flexibility and access to a wider range of options in challenging financial times.

Interest-only mortgages have become a popular choice for many borrowers, offering lower monthly payments by paying only the interest accrued on the loan. However, at the end of the mortgage term, borrowers must repay the capital amount. To support borrowers in fulfilling their obligations, various repayment methods are traditionally available, including pension plan lump sums, stocks and shares ISAs, and the sale of investment properties or second homes.

The Nottingham is now including Sale of Mortgage Property (SOMP) as an approved repayment method following the end of the interest-only mortgage term, giving brokers and borrowers greater choices in managing their mortgages effectively. This innovative approach allows borrowers to sell their current property and use the proceeds to pay off the mortgage, while also providing the opportunity to purchase a smaller property. The flexibility and financial benefits of SOMP create a valuable avenue for borrowers seeking alternative ways to meet their mortgage obligations.

Nottingham Building Society has a maximum loan-to-value (LTV) of up to 80% for interest-only mortgages. There's the flexibility of having part repayment mortgages and part interest-only in addition to solely interest-only.

Under the new offering, for borrowers who choose SOMP as their primary repayment method, The Nottingham sets the maximum LTV at up to 60%, with borrowers having at least £200,000 equity in their property (or £300,000 in London and the South-East) ensuring a prudent approach while still enabling borrowers to leverage their property equity effectively.

Adding an even greater level of flexibility borrowers can use more than one repayment method, for optimal financial planning. This allows borrowers to still go to 80% LTV on interest-only, using one of The Nottingham's other stated repayment vehicles or SOMP up to 60% **plus** one of their stated repayment options.

**Commenting on the latest changes, Sales Director Alison Pallet said:** "The Nottingham remains committed to strengthening its relationships with brokers and empowering borrowers through innovative solutions and continues to evolve its services to meet the dynamic needs of customers effectively. We are always ready to adapt our offering to the changing demands of the market and economic climate, and this latest update will provide customers with a wider range of solutions that work for them."

Providing an industry view of the change, SimplyBiz Director of Strategic Relationships (Mortgages), Richard Merrett, said: “It is great to see the interest-only enhancement from The Nottingham, at a time when costs are rising for all borrowers. Interest-only, which allows flexibility over when and how a customer repays the debt, has become increasingly attractive. In allowing Sale of Mortgage Property to 60% LTV, alongside the ability to mix and match with other repayment vehicles to 80% and, crucially, no minimum income requirement, The Nottingham are offering a true differential proposition to some of the other criteria requirements in the market.

“This follows a raft of other positive recent improvements including the ability to secure rates at DIP stage. All of these combine to demonstrate they are putting both broker and customer at the heart of their strategy.”

**ENDS**