INFORMATION TO HELP YOU AT THE END OF YOUR ADDITIONAL MORTGAGE PAYMENT DEFERRAL (PAYMENT HOLIDAY)

Newbury
Building Society

You elected to take an additional mortgage payment deferral due to the ongoing impact of Coronavirus (Covid-19). This information sheet outlines the options available to you at the end of your additional payment deferral, the impact of these in general terms on the amount you pay over your mortgage term and monthly repayments. This sheet also has other useful information, especially if you think you will have longer term financial difficulties.

Options available to you
The options available to you depend on whether you can afford to resume your full contractual payments and repay the payments you deferred, or whether you still need assistance due to Coronavirus (Covid-19).

If you can afford to start repaying your mortgage, it is in your best interest to do so. This is because interest will build during the period you do not pay, and you will need to pay back more later. Your monthly repayments will also be higher, or your mortgage will take longer to repay.

However, if you are unable to make your mortgage repayments, we are committed to helping you.

If you can resume full monthly payments immediately
If you can afford to resume your full monthly repayments, your options to repay the amount deferred (including interest accrued) are:

1. **Repay the amount you deferred in full as a lump sum**
   This means that you repay the sum of the deferred payments including the interest accrued during the period. You make a lump sum payment to your mortgage account and resume your previous monthly payments. This has the least impact on the total amount payable over your mortgage term, as it is only the interest accrued during your payment deferral that has affected the overall cost, and your repayments will be the same as your previous payment.

2. **Repay the amount you deferred over a short period**
   The sum of the deferred payments including the interest accrued is repaid over an agreed period, shorter than your remaining term. Your monthly payments will increase and be higher than if you were to capitalise (option 3), however the total amount payable will be less than capitalising (option 3) or extending your mortgage term to repay the amount deferred at the end (option 4) because once you have repaid the deferred amount, interest will stop being charged on it.

3. **"Capitalise" the amount deferred and repay over your remaining term**
   The sum of the deferred payments including the interest accrued is added to your mortgage balance and repaid over the remaining mortgage term. Interest will accrue on the capitalised amount over the term of the mortgage, so this is overall a more costly option than option 1 and 2. Your monthly payments will increase, however they will not be as high as repaying over a period of up to 5 years (option 2), so this may be a better option if keeping your monthly costs low is more important than the overall cost over the mortgage term. This is the option that will apply if we do not hear from you.

   By way of illustration, an example is given at the end of this section.

4. **Extend your mortgage term to repay the amount deferred at the end**
   You resume your previous monthly payment and pay the sum of the deferred payments at the end of the mortgage term. This is not available if you will be aged 70 or over at the end of the extended mortgage term. You need to be aware that with this option you are not paying any of the deferred sum back until the end of your mortgage term and therefore it is the costliest option out of the four.

These options are ordered from least to most impact on the total amount you will pay over the life of your mortgage, option 1 being least impact and option 4 the most impact. By deferring repayment of the amount under your payment deferral, you will pay more in the long term and should your interest rate increase, even more. The sooner you pay the deferred amount plus accrued interest back, the less you will pay.

Representative example of the overall cost of a payment deferral if capitalised (option 3) *

	6 Months
Mortgage balance	£142,000
Mortgage term	21 years
Interest rate	3.95%
Monthly repayment before payment deferral	**£830.02**
Total amount deferred	£4,980.12
Interest on deferred payments (A)	£16.39
Interest on deferred payments over remaining term (B)	£4,144.61
Increase to overall total amount payable (A+B)	**£4,161.00**
Monthly repayment after capitalisation of payment deferral	**£872.71**
Increase to monthly repayments	**£42.69**

*This representative example shows the impact on monthly payments and total amount payable over 6 months relating to a typical mortgage balance of £142,000 paid on a capital and interest basis, with a remaining term of 21 years. It assumes a start date of the 1st of the month and does not include any changes in interest rate.

If you cannot resume full monthly payments
If you are unable to resume your full monthly payments due to the continuing Coronavirus (Covid-19) pandemic or for other reasons, you will need to speak with a payment support specialist to agree the best option for you. Please contact us on 01635 555588 or email paymentsupport@newbury.co.uk to arrange a call back. Please remember that your mortgage should be given priority over unsecured and other debts and that free independent advice is available to you (see later in this information sheet). If future payments are missed, we will refer to them in our communications with you as a payment shortfall or "mortgage arrears" and you should be aware that new arrangements we put in place to assist you are subject to an income and expenditure assessment. We have a household budget planner on our website www.newbury.co.uk/mortgages/problems-mortgage-payments/ which we recommend you complete before we speak with you. Please also be aware that we are unable to stop direct debit payments already in the collection cycle, so ideally you should contact us a couple of weeks before your next payment.

Impact on your credit file
The payment options above will not have a negative impact on your credit file, as long as you keep to the agreed plan, however future payments missed, will do. The marking of payment deferrals and subsequent solutions on credit files is under constant discussion between Credit Reference Agencies and it is possible that this position could change. Remember that there are other ways lenders will be able to tell if you took a payment deferral e.g. reviewing mortgage or bank statements, which could impact future lending decisions.

Household budget planning
Before deciding on a suitable option, we recommend you review your financial position using the "household budget planner" on our website **www.newbury.co.uk/mortgages/problems-mortgage-payments.** This will enable you to understand what you are able to afford and inform your choice.

Managing your financial situation
If you find the taking of any of these options difficult, a debt adviser can help you. See below for organisations you can contact for help regarding debt management. You may also want to look at the Money Advice Service's 'Money Navigator' tool **moneyadviceservice.org.uk/moneynavigatortool/Creditor** which is an online tool to help people navigate their finances in the wake of Covid-19 and avoid financial issues worsening in future.

- If you are coming to the end of a period of partial or full deferred payments with other lenders, make sure you know what happens next. Consider contacting the organisations you make payments to, if you haven't already agreed a way forward with them.
- Make a list of all the organisations you make payments to. Record how much you pay them and whether you have fallen behind on any payments. This includes essential household bills such as electricity and gas, as well as loans and any other debts or payment obligations you may have.
- Understand which of your debts are priority debts. Some debts will be more urgent than others, because the consequences of not paying them can be more serious than for other debts. Your mortgage is a priority debt.

For information on which debts you should pay as a priority, see the Money Advice Service guide 'How to prioritise your debts' at www.moneyadviceservice.org.uk.

Once you have prioritised your debts, you can work out a budget to understand how much money you will have available going forward to pay your commitments. You might wish to use a tool such as the Money Advice Service online budget planner or a tool provided by a debt adviser. As mentioned previously there is a household budget planner on the Society's website.

If you are worried about being able to make future payments, it's important to contact the organisations you make payments to and let them know. They may be able to talk to you about options for changing how or when you pay.

For more information on managing your money during and after the coronavirus pandemic, see the Money Advice Service coronavirus support page or contact the Money Advice Service for help (see below for contact details) for useful information about what taking out a payment deferral might mean for you. You may also find the FCA's information page "Dealing with financial difficulties during the Coronavirus pandemic" useful.

If you find it hard to keep up with payments, or if you are already having trouble managing your debts, you should seek free help and advice. Your rights and options depend on the type of agreement you have, and the law can be complex. However, you can get free independent help and advice from a number of organisations – see below for details. Some things debt advisers can help with are working out your budget and, if necessary and possible, re-arranging your payments with your lenders.

Organisations outside Newbury Building Society that offer help and advice
Here are some organisations you can contact for free, confidential and impartial debt advice:

Money Advice Service: For free, easy-to-use money tools, information and advice, visit **www.moneyadviceservice.org.uk.** You can also phone 0800 138 7777 to speak to a money expert, use typetalk at 18001 0800 915 4622, or add +44 7701 342744 to your WhatsApp to send a message.

Citizens Advice: For advice and information on debt and other topics, contact your local Citizens Advice or go to **www.citizensadvice.org.uk**.

Citizens Advice Wales: If you live in Wales, visit **www.citizensadvice.org.uk/wales**, or you can call Advicelink on 03444 77 20 20 if you want to speak to someone about your debts. Calls cost the same as calls to landline numbers.

StepChange Debt Charity: For free debt advice throughout the UK phone 0800 138 1111 or visit **www.stepchange.org**.

AdviceUK: Member centres offer debt advice including specialist advice for minority communities and people with disabilities.
Visit **www.adviceuk.org.uk**.

Christians Against Poverty (CAP): For free debt advice. Check postcode coverage at **www.capuk.org** then call 0800 328 0006.

National Debtline: If you live in England or Wales phone 0808 808 4000 or visit **www.nationaldebtline.org** for debt advice and information.

Business Debtline: If you are self-employed or a small business owner, phone 0800 197 6026 or visit **www.businessdebtline.org** for debt advice and information.

Mortgage repossessions
We will not enforce possession proceedings against any borrower before the end of the possession moratorium of 31 January 2021, as agreed with Government and the Financial Conduct Authority. This applies to all borrowers at risk of repossession, whether or not their incomes are affected by Coronavirus (Covid-19).

You may choose for your home to be repossessed if you believe it is in your best interests. However, this is an important and potentially life changing decision and does not release you from any financial obligations, so we recommend you seek independent advice, from organisations such as Citizen's Advice, if you are thinking of doing this and before you contact us.

Repossession is always a last resort for lenders. However, you should be aware that if your financial situation does not improve and you are unable to pay your mortgage in the long term, repossession is a possibility. You should also be aware that remaining in your property could mean a reduction in equity should property values deteriorate. We will, of course, work with you to ensure the right outcomedo what we can to prevent this happening.