

Co-operative Financial Services



News Release

THE CO-OPERATIVE BANK LAUNCHES TWO-YEAR DISCOUNT RATE MORTGAGE WITH NO TIE-INS

The Co-operative Bank today (6 August, 2003) launched a two year discounted rate mortgage, with an initial interest rate of just 3.34 per cent, and no redemption penalties. It offers borrowers flexibility in repayments, plus ecologically friendly features.

The new mortgage offers borrowers an initial 1.5 per cent discount on the Bank's Standard Variable Rate (SVR), currently 4.84 per cent.

The discount rate mortgage is available for house purchase and for re-mortgaging, with a maximum advance of 95 per cent of the property value. For re-mortgages, the Bank will pay legal and valuation fees. Interest on the mortgage is calculated on the more borrower friendly daily basis, rather than by the traditional annual method.

The new mortgage provides considerable repayment flexibility. Borrowers can create a 'flexible fund', which can then be used to pay off the mortgage balance each year without penalty, therefore reducing the total amount of interest paid. Alternatively, borrowers can withdraw all or some of the fund at anytime, or use it to take a repayment holiday.

The mortgage has a number of positive environmental features. House purchasers get a free home energy rating report with their property valuation. This assesses the energy efficiency of the property, and identifies ways in which it can be improved, therefore giving both financial and environmental benefits.

For the duration of the mortgage, the Bank will also make an annual donation to Climate Care to help tackle global warming. This scheme was developed after extensive consultation with the environmental community, including WWF and Forum for the Future. Houses are one of the largest sources of carbon dioxide emissions in the UK and, by using the Bank's annual donation on reforestation, Climate Care will be able to offset around one quarter of an average home's carbon dioxide emission each year for the duration of the mortgage.

Paul Rumbold, Head of Mortgage Services at The Co-operative Bank, said: "With interest rates at a fifty year low, it is a good time for many borrowers to switch to a more competitive mortgage product. With our new two-year discount mortgage, borrowers will get an initial low rate and have the peace of mind that if interest rates rise in the short term they will not be tied in to the deal by penalties."

Anyone wanting further information about a high quality mortgage service with both financial and environmental benefits, should call The Co-operative Bank free on 08000 288 288 between 8 am and 9 pm, Monday to Friday, and 9 am to 5 pm Saturday.

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For further information, contact:

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