

Intermediaries and investment  
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# Residential interest only repayment vehicle guide

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This guide shows you about interest only mortgages and repayment vehicles as well as how to submit these type of mortgages in Introducer Internet.

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-  Information that you'll need to know when completing the application form.
-  Top tips for completing the application form.
-  Important information that you must be aware of when completing the application form.

Information

01

## Existing customers moving home

Existing Santander mortgage customers who have any part of their existing loan on an interest only basis can port their existing deal subject to our current lending criteria. You can submit these applications to us through Introducer Internet.

If there is no increase in any interest only loan part and the existing vehicle was previously (but no longer) acceptable to the Company, we may consider their new application where the existing mortgage is being simultaneously redeemed and already falls outside of the current interest only policies stated. This is subject to:

- maximum LTV 75%
- maximum age not to exceed 75th birthday of any borrower.

This is subject to no further increase in either the existing LTV or term. Lending into future retirement cannot continue where the borrowers require an increase in lending.

## Interest only eligibility

We allow residential interest only applications provided there is an acceptable source of funds to repay the capital at the end of the mortgage.

We accept the following repayment vehicles where any part of the mortgage is on an interest only basis:

- **Sale of the mortgaged property** (cannot be topped up by another repayment vehicle).
- **Acceptable investment vehicles** (mortgage-related endowment, mortgage-related ISA or investment portfolio (shares, unit trusts, open ended investment companies ('OEICs'), investment bonds).

We'll consider applications where a repayment vehicle is held in a foreign currency, on a case by case basis, for existing Santander mortgage customers moving home.

**Maximum age at maturity** must not exceed any applicant's 70<sup>th</sup> birthday.

### Exclusions

Here are some things we don't accept:

- Pensions
- Sale of other properties (including BTLs)
- Bonuses
- Overpayments
- Cash savings (including cash ISA)
- Inheritance

## Minimum income requirements

- There are no minimum income requirements.
- Income may be a combination of primary and secondary incomes.
- Please see our residential lending criteria for more information.

## Part interest only and part capital and interest

- The maximum lending on an interest only basis is 50% LTV.
- Any lending over 50% LTV must be on a capital and interest basis to a maximum of 75% LTV.

## Affordability

For all interest only applications we'll continue to assess affordability on a capital and interest basis.

**Please use our affordability calculator on [santanderforintermediaries.co.uk](https://santanderforintermediaries.co.uk) to see how much your client could borrow.**



## Interest only – sale of mortgaged property

Repayment vehicle	Maximum loan term	Minimum equity	Introducer Internet
Sale of mortgaged property	25 years	For <b>interest only</b> : minimum of £150,000 equity in the property <b>at application</b> . For <b>part and part</b> (i.e. where combined with capital & interest): minimum of £150,000 equity in the property <b>at end of mortgage term</b> .	Select 'Interest only – Pure'

### Sale of mortgaged property (repayment vehicle) Introducer Internet FMA questions

#### 'What are your future plans following the sale of this residential property?'

- Purchase a new residential property
- Move into rented/serviced accommodation
- Move into another property that I own already
- Live with relatives

#### 'Is the equity sufficient to fund your future plans?' If 'No'...

- What other funds will you use?
- Are your total funds sufficient to carry out your plans?

#### Where the loan term is less than ten years and 'Purchase a new residential property' has been selected:

#### 'Do you plan to purchase in your current location?' If 'No'...

- Where do you intend to purchase (drop down list)?
- What type of property do you intend to purchase?
- Number of bedrooms

### The Interest Only – Sale of Mortgaged Property Customer Declaration

This is a mandatory document and must be uploaded via Introducer Internet immediately following the application submission. You can access this via the 'Introducer Internet Repayment Strategy' screen or under the Literature section of our website.

Evidence of this information should be retained on file. We undertake regular checks to assess the plausibility of your client's repayment strategy and we may request further information or evidence.

## Acceptable repayment vehicles

Repayment vehicle	Maximum loan term	How we'll assess plausibility	Introducer Internet
Mortgage-related endowment <sup>1</sup>	35 years <b>or</b> policy maturity date if sooner	The mid point projection, using the median/middle figure for mortgage-related endowments or mortgage-related ISA at the term end.	Select 'Mortgage-related endowment'
Mortgage-related ISA <sup>1</sup>	35 years <b>or</b> policy maturity date if sooner	The mid point projection, using the median/middle figure for mortgage-related endowments or mortgage-related ISA at the term end.	Select 'Mortgage-related ISA'
Investment portfolio (shares, unit trusts, Open Ended Investment Companies ('OEICs'), Investment Bonds)	35 years <b>or</b> policy maturity date if sooner	Current cash value. Use 100% of the current value only, with no growth projections or added sums, even where future monthly investments are being factored into expenditure.	Select 'Investment portfolio'

### Evidence required

We require in all instances the most recent annual statement from an FCA regulated firm:

1. Mortgage-related endowments and mortgage-related ISAs must be a minimum of 12 months old and be administered by an FCA-regulated financial services firm with 'authorised' or 'EEA authorised' status. Latest annual statement issued by the life company can't be more than 15 months old.
2. Latest annual statement issued by Administering company must not be more than 12 months old.

### Please note:

- All owners of the repayment vehicle must match the names shown on the application.
- The applicants must not have reduced their holding since the last statement.

- This information should be uploaded via Introducer Internet and/or MATS when the mortgage application is submitted.
- Should be retained on file for a minimum of two years from the date of application.
- We undertake checks to assess the plausibility of your clients repayment strategy and we may request further information or evidence.

Introducer Internet

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**Inputting sale of property:** Agreement in principle > Loan required > Loan breakdown

**Loan parts**

Loan Part 1	Loan Amount *	Repayment Type *	Loan Term *	
	£ 250,000	Interest Only - Pure   ▾	15	0



At AIP, select the repayment type as 'Interest only – Pure'.

## Inputting sale of property: Agreement in principle > Loan required > Repayment strategy

What is your reason for preferring an Interest Only mortgage (including part and part mortgages)? \* ?

Explain your client's reason for preferring an interest only mortgage here

Please select the number of repayment vehicles being used to repay this interest only mortgage \* ?

1

Are any repayment vehicles held in a foreign currency? \*

Yes No



If the repayment vehicle is in a foreign currency, you'll need to select the currency from the list.

Vehicle 1

Repayment vehicle \* ?

Sale of property

What are your future plans following the sale of this residential property?

Purchase a new residential property

Deposit / Equity  
£ 250,000

Is the equity from this property sufficient to fund your future plans? \*

Yes No

Customer Declaration



This declaration is mandatory. You'll need to click on it before you can progress.

**Inputting repayment vehicles: Agreement in principle > Loan required > Loan breakdown**

**Loan parts**

Loan Part 1	Loan Amount *	Repayment Type *	Loan Term *	
	£ 250,000	Interest Only - Endowment	25	0

or

Repayment Type *
Interest Only - Investment Linked



At AIP, select the repayment type as 'Endowment' or 'Investment Linked'.

## Inputting repayment vehicles: Agreement in principle > Loan required > Repayment strategy

What is your reason for preferring an Interest Only mortgage (including part and part mortgages)? \* ?

Explain your client's reason for preferring an interest only mortgage here

Please select the number of repayment vehicles being used to repay this interest only mortgage \* ?

1

Are any repayment vehicles held in a foreign currency? \*

Yes No

**i** If the repayment vehicle is in a foreign currency, you'll need to select the currency from the list.

Vehicle 1

Repayment vehicle \* ?

Investment Portfolio

Total monthly cost/contribution to Investment Vehicle \* ?

£

Maturity date of investment vehicle (where Unit Trust - anticipated date of encashment) \* ?

DD / MM / YYYY

Current asset value of investment or endowment plan \* ?

£

Projected value of investment or endowment plan at maturity (maximum of midpoint projection) \* ?

£

**i** Choose the repayment vehicle from the drop down list.

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