Santander

If you borrow more than 90% loan to value (LTV)

What you need to know and things to think about

What you need to know

- Loan to value (LTV) is the percentage of your home's value that you borrow. If you borrow more than 90% LTV, there's more chance of going into 'negative equity' if property prices go down.
- Negative equity can happen when property prices fall and your mortgage balance is more than your home is worth. For example, if the value of your home is £100,000, and your mortgage balance is £120,000, you have £20,000 of negative equity.
- It's more likely you could fall into negative equity if you buy a new build. You might pay more for it and the value could go down in the first few years you own it.
- If your home's in negative equity, you might not be able to remortgage it with another lender.
- Negative equity might limit the mortgage deals you can get when the deal you have now ends.

Things to think about

- To avoid negative equity, you could make overpayments. These will help lower your mortgage balance, and your LTV. To find out more, go to **santander.co.uk** and search for 'mortgage overpayments'.
- If you're in negative equity, don't sell your home unless you have to. If you do sell it, you'll have a shortfall. You'll need to pay us back any balance that's not covered by the money from the sale.
- The more you borrow, the more interest you'll pay. Your monthly payments will also be higher.
- If you borrow more than 90% LTV, you might not be able to borrow more on the same mortgage until your LTV has reduced.
- If you're not sure what your home would sell for, or think the price might fall, get an estate agent to value it. Or check the local housing market.

Put simply

- When the value of your home is less than the mortgage balance, this is known as negative equity.
- If you borrow more than 90% of your home's value, there's more risk you could end up in negative equity.
- A new build home can come with a higher risk of negative equity.
- If your home's in negative equity, and you need to remortgage, you might be limited to fewer products or lenders.
- You might not be able to borrow more if you have a high loan to value (LTV).
- To lower your mortgage balance, you could make overpayments.
- Don't sell your home while it's in negative equity.
- Check your home's value often.

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

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