

Intermediaries and investment  
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# Residential interest only repayment vehicle user 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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# Criteria

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# 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. This is subject to our current lending criteria. You can submit these applications to us through Introducer Internet.

If there's no increase in any interest only loan part and the existing vehicle was previously (but no longer) acceptable to us, 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 85%
- 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 can't continue where the borrowers require an increase in lending.

## Criteria

# Interest only eligibility

We allow residential interest only applications as long as there's 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** (can't 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. This is on a case-by-case basis and for existing Santander mortgage customers moving home.

**Maximum age at maturity** mustn't exceed any applicant's 70th birthday.

### Affordability

For all interest only applications we'll assess affordability on a capital and interest basis up to 25 years. Where the term exceeds 25 years, we'll assess affordability on the actual term.



Please use our [affordability calculator](#) on our website to see how much your client could borrow.

### Minimum income requirements

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

### Part interest only and part capital and interest

- Where any part of the mortgage is on an interest only basis, the maximum LTV for the overall lending is 85%.
- Where 2 applicants have a combined gross income of £200,000 or more, any lending over 75% LTV must be on a capital and interest basis. For 2 applicants with a combined gross income of less than £200,000, any lending over 50% LTV must be on a capital and interest basis.

### Exclusions

Here are some repayment vehicles we don't accept:

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

# Interest only – sale of mortgaged property

## 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 10 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

Repayment vehicle	Sale of mortgaged property
Maximum loan term	40 years (for <b>part interest and part repayment</b> , no loan part can exceed the interest only term).
Minimum equity	For <b>interest only</b> : minimum of £300,000 equity in the property <b>at application</b> . For <b>part interest and part repayment</b> : minimum of £300,000 equity in the property <b>at end of the mortgage term</b> .
Introducer Internet	Select 'Interest only – Pure'

### Customer declaration - interest only sale of mortgaged property

This is a mandatory document and must be uploaded via Introducer Internet immediately after 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 kept on file. We carry out regular checks to assess the plausibility of your client's repayment strategy and we may request further information or evidence.

## Criteria

# Acceptable repayment vehicles

Repayment vehicle	Maximum loan term	How we'll assess plausibility	Introducer Internet
Mortgage-related endowment <sup>1</sup>	40 years or 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>	40 years or 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)	40 years or 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

In all cases, we need the most recent annual statement<sup>1,2</sup> 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 mustn't be more than 12 months old.

### Important

- Evidence should be uploaded via Introducer Internet and/or MATS when the mortgage application is submitted.
- Should be retained on file for a minimum of 2 years from the date of application.
- We carry out checks to assess the plausibility of your client's repayment strategy and we may request further information or evidence.

### Quick tips!

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

# Introducer Internet


02

# 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

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


£ 811000

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

Yes No

Customer declaration

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

 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

**Repayment Type \***

Interest Only - Investment Linked	▼
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 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 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.

 Choose the repayment vehicle from the drop-down 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) \* ?

£



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