

Interest Only Repayment Plans

	Definition	Evidence required	Action required
Ad hoc capital	<p>The accrual of earnings (guaranteed or variable) to reduce the mortgage balance or build savings over the mortgage term.</p> <p>Interest Only borrowing against an Ad hoc Capital Repayment Plan is capped at 50% LTV. Any additional borrowing up to the relevant LTV limit must either be on A Capital Repayment basis or on an Interest Only basis with a separate repayment plan(s) other than Ad hoc capital.</p>	<p>For funds to be accrued from a guaranteed or variable income, this should be verified in line with existing evidential documents requirements.</p> <p>For bonus payments, only cash and non-restrictive share options are acceptable. Share options with clauses related to future employment, work performance or restrictions that may/delay them being sold are not acceptable.</p> <p>CARE - Variable income is acceptable if paid weekly, fortnightly, four-weekly, monthly, quarterly, half yearly or annually.</p>	<p>The following will need to be documented;</p> <ul style="list-style-type: none"> • The source, nature (variable or guaranteed) and regularity of income being used • For variable income 25% of the average can be used (i.e. 50% less tax due). The calculation should be documented. <p>The Ad hoc Capital to be accrued must be converted to a monthly amount and input in the '<i>Payment to fund strategy for interest only mortgage</i>' field under monthly costs in the broker platform</p>

Savings	<p>Existing (not future accrual) cash savings held in:</p> <ul style="list-style-type: none"> • A UK savings account • Cash ISA • Premium bonds (100% can be used) • A foreign savings account (50% can be used). <p>This must exclude any cash being used as a deposit.</p>	<p>The customer must provide a statement dated within the last 35 days.</p>	<p>The following will need to be documented;</p> <ul style="list-style-type: none"> • The value of the cash savings are at least 100% of the mortgage loan at the time of application (excluding future intended savings) unless other repayment plans are to be used in conjunction.
Endowments	<p>An endowment policy taken out in the name of the mortgage borrowers using the lowest estimated projection quoted on the latest endowment policy statement.</p>	<p>An endowment policy statement, including endowment projections under surrender value dated within the last 12 months. They must confirm the end of the endowment policy is on or before the mortgage term end date.</p>	<p>The following will need to be documented;</p> <ul style="list-style-type: none"> • The endowment term • Projected maturity value • Confirmation of the names of the policy holders and the maturity date <p>Confirmation of the lowest estimated projection which must be at least 100% of the mortgage being applied for (unless other repayment plans are to be used in conjunction).</p>

			<ul style="list-style-type: none"> The surrender value (only if the applicants intends to redeem the policy immediately). <p>The monthly endowment contributions must be input in the <i>'Payment to fund strategy for interest only mortgage'</i> field under monthly costs in the broker platform.</p>
Stocks and Shares ISA	UK / Foreign Stocks and Shares ISA using a maximum of 50% of the most recent value.	The customer must provide a Stocks & Shares ISA statement dated within the last 35 day. An internet print is acceptable.	<p>The following will need to be documented;</p> <ul style="list-style-type: none"> The current value of the ISA(s) and the calculation of the existing value with the 50% deduction applied. <p>The value of any intended future contributions must be converted into a monthly amount and input in the <i>'Payment to fund strategy for interest only mortgage'</i> field under monthly costs in the broker platform.</p>

Investments	UK / Foreign Share / gilt portfolios, Unit trusts, OEIC and investment bonds using a maximum of 50% of the most recent value.	The customer must provide their latest statement, dated within 35 days. AN internet print is acceptable.	<p>The following will need to be documented;</p> <ul style="list-style-type: none"> • The current value of the investment with the 50% deduction applied. <p>The value of any intended future contributions must be converted into a monthly amount and input under the '<i>Payment to fund strategy for interest only mortgage</i>' field under monthly costs in the broker platform.</p>
Sale - Other property	<p>A second home or a Buy to Let property in the UK already owned by the applicant(s), using a maximum of 75% of the valuation, minus any secured lending.</p> <p>It cannot be a commercial property, the customer's main residence (current or intended), or, for residential applications, the property this mortgage is for.</p>	<p>The latest mortgage statement (dated within the last 35 days) if any secured lending is held. An internet banking print is acceptable.</p> <p>A solicitor's letter confirming ownership of the property OR a register of Title from the Land Registry OR an automated District Land Registry search (DLR).</p> <p>A current independent physical valuation (PV) dated within the last 12</p>	<p>The following will need to be documented;</p> <ul style="list-style-type: none"> • The calculation of 75% of the valuation minus any secured lending • The details of the other property (address and whether 2nd home or BTL).

		<p>months is required OR an AVM of the property can be completed.</p> <p>CARE: where the AVM fails and does not meet lender criteria then a PV <u>WILL</u> be required.</p>	
<p>For joint mortgage applications a repayment plan in the name of one or both applicant's names is acceptable, but where a party who is not named on the mortgage application is one of the holders of the repayment plan, this cannot be used. For sole applications the Shares, Investments, property, savings balances, endowment policies or ISA's must be in the name of the applicant only.</p> <p><u>Care:</u></p> <p>The suitability of any repayment plan will never be recommended by the bank</p> <p><u>*Foreign currencies/investments</u></p> <p>'Foreign / International' is defined as shares / investments which are denominated in a foreign currency e.g. USD or where the customer has directly invested in a foreign company. Shares / Investments in a foreign company that are held in GBP and were invested by a fund manager are not classed as foreign / international.</p> <p>Any documents that are not in English language must be translated to English prior to submission. This should be completed by a recognised translation service and accompanied with headed confirmation.</p>			

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Call our helpdesk on **0345 600 5847**

Lines are open Monday-Friday. 9am-5pm