

Interest only – sale of mortgaged property



Customer Declaration

If you plan to sell your home to pay back your interest only mortgage, there are some important implications you should be aware of.

Important information

All account holders must read the declaration. You only need to sign and return a copy if we've asked you to. In that case everyone named on the mortgage will need to sign below.

Implications

- An interest only mortgage means your mortgage balance won't reduce. Your monthly payment will only cover the interest that has to be paid on your mortgage. All or part of the amount you borrow (the capital) is still outstanding.
- At the end of your mortgage term, you'll still need to pay back the outstanding mortgage balance.

Considerations

- As you plan to pay back your mortgage by selling your home, please consider that the value of your home can go down as well as up. This could affect your plans – for example the type, location and cost of a home you want to move to.
- If your home is leasehold, its value could also fall as the term left on your lease reduces.
- If the value of your home falls, there's a risk you won't get enough money from the sale to pay back your outstanding mortgage balance in full. This could place you in 'negative equity'.

Declaration

I/we understand the implications of taking an interest only mortgage where my/our home will be sold to pay back the outstanding mortgage balance at the end of the term:

- An interest only mortgage means my/our mortgage balance will not reduce. My/our monthly payment will only cover the interest that has to be paid on the mortgage. The amount I/we borrow (the capital) remains outstanding.

AND

- At the end of my/our mortgage term, I am/we are responsible for paying back the outstanding mortgage balance. If I/we can't pay back the outstanding mortgage balance I/we would have to sell my/our home and use the money from the sale to pay back the outstanding mortgage balance.

AND

- If I/we plan to pay back my/our mortgage from the sale of my/our home, I/we understand that the value of our home can go down as well as up. This could affect my/our plans including the type, location and cost of any home I/we might want to move to.

If there's anything you don't fully understand please speak to us before signing the declaration.

Applicant 1 name

Applicant 2 name

Applicant 1 signature

Applicant 2 signature

Date

Date

For office use only

Case reference number

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

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