

Important information about your outstanding mortgage balance

Thank you for contacting us about your interest only mortgage and the remaining capital balance.

I've detailed below a summary of our meeting, including the options available to you.

We have given you time to think through the options available to you before you commit to a decision. We're here to help provide you with information in order for you to come to a decision on how to repay your interest only mortgage at the end of the mortgage term.

Please remember that it's your responsibility to make sure the mortgage is repaid at the end of this term, as failure to do so, may result in you having to sell your home or face your home being repossessed.

What we discussed

We went through the following options available to you to repay the remaining capital balance on your mortgage:

- **Using your savings and investments** or selling other assets to repay some or all of the of your outstanding interest only mortgage balance.
- **Selling your property** or any other property to pay off your interest only mortgage.
- **Taking out a Lifetime mortgage.** There are certain qualifying criteria for Lifetime Mortgage equity release plans. Santander cannot provide advice on these however in order to support our customers we have partnered with Legal & General and have arranged preferential terms. If you wish to know more about Legal & General Lifetime Mortgages and whether you may be eligible for one, more information can be found at www.santander.landhomefinance.com, or we can put you in touch with them. Alternatively you can visit www.unbiased.co.uk to find a financial adviser near you that can give you independent advice on Lifetime mortgages.
- **Changing to a repayment mortgage** for some or all of your remaining interest only mortgage so you repay capital and interest.

Getting additional advice

We strongly recommend you seek independent legal advice before making any decision in relation to your options and selling your property at the end of the term. You can do this by consulting a local firm of solicitors in the area where you live. Alternatively you can find details of solicitors that can provide you with independent legal advice from the Law Society website (solicitors.lawsociety.org.uk)

Please remember that you can get free independent advice from the following organisations:

- StepChange Debt Charity: **0800 138 1111** or stepchange.org
- The Money Advice Service: **0300 500 5000** or moneyadvice.service.org.uk
- Citizens Advice: **08444 111 444** or citizensadvice.org.uk
- National Debtline: **0808 808 4000** or nationaldebtline.org.uk

You can also speak to an Independent Financial Adviser (IFA), but some may charge a fee for their services. To find out more and to find an IFA in your area visit www.unbiased.co.uk

Implications and considerations of an interest only mortgage

As you have an interest only mortgage, there are some important implications we want you to be aware of.

Implications

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

Considerations

- You'll need to consider how you'll pay the capital balance at the end of your mortgage term.
- If you plan to repay your mortgage from the sale of your home, please consider that the value of your home can go down as well as up and therefore this could affect the type, location and value of the home you intend to downsize to.
- As your mortgage balance won't reduce, if the value of your home falls, there's a risk the value of your home may be less than your outstanding mortgage balance which could place you in a 'negative equity' situation.
- If you plan to use an investment vehicle to repay your mortgage balance, please consider that the value of your investment could go up or down over its term. It's your responsibility to regularly review the investment to make sure it's on track to repay your mortgage balance.
- If you have no arrangements in place or haven't considered your interest only capital repayment arrangements recently, we recommend you review the value(s) of any endowments, investments, savings or other plans you have to check whether you're on track or potentially have a shortfall.
- A potential shortfall is when the money you expect to get back from any investments, savings or other plans are less than the capital you need to repay the outstanding mortgage balance.
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- This list is not exhaustive. Please make sure you fully explore all aspects before going ahead.
- Please note it's your responsibility to repay the mortgage at the end of the term.

What you need to do next

Please read this letter and carefully consider what we discussed in order for you to come to a decision on what to do next. We strongly recommend that you:

- Take action now please don't delay
- Consider all your options carefully
- Seek independent legal advice before making a decision
- Talk to money and debt charities and to trusted family or friends or professionals to help you make your decision
- Contact us on the above number once you have arrived at your decision, in order for us to help you move your plans forward.

What to do if you're worried about keeping up repayments

Firstly let us know and we will provide you with help and support. You can also get free advice from any of these independent organisations you can contact them as follows;

- Step change debt charity **0800 138 1111** (calls to step change are free from all mobile networks) or visit www.stepchange.org
- National debt line **0808 808 4000** or visit nationaldebtline.org.uk
- Pay plan **0800 917 7823**
- Citizens Advice **08444 111 444** or visit citizensadvice.org.uk
- Free information is also available from mortgagehelp.direct.gov.uk