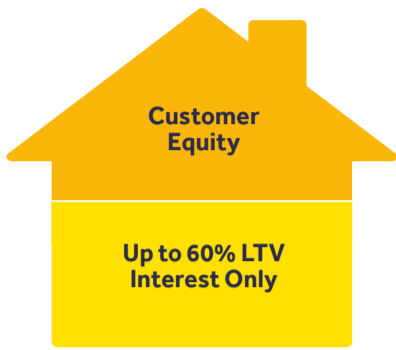


A Quick Guide to Interest Only borrowing.

Our Interest Only mortgage range gives your customers more flexibility in how they buy a new property or start to pay down the capital on their existing Interest Only mortgage.

Your customers are able to borrow up to 75% LTV, with a maximum of 60% on Interest Only and the remainder on capital repayment. Or they can take out up to 60% LTV Interest Only product.



How customers may choose to borrow



Some Key Features:

- ✓ Sale of main residence accepted as form of repayment strategy subject to plausibility check
- ✓ No minimum income required
- ✓ Customers can choose to take a Part & Part approach for any combination, eg. 25% on Interest Only, 25% on capital repayment
- ✓ Free standard valuations up to £999
- ✓ Credible repayment strategy needed

Who may these products be suitable for?

Asset Rich Customers



Asset rich customers who may be looking to make the most of their current investments.



Investments may include a shares portfolio, cash savings, sale of another property or a pension.



Part & Part borrowing allows them to make more of their current assets.

Interest Only Remortgagors



These customers may have taken out an Interest Only mortgage at the peak of their popularity in the mid 2000s and may now be looking to refinance existing loans or borrow additional money.



May have initially borrowed at a higher LTV (90%+). Due to house price increases, may now qualify for 75% LTV or less.



Our Part & Part range allows them to start reducing the capital they owe, without the payment shock of moving to a full repayment mortgage.

'Endowment Shortfall' Borrowers



May have taken out an endowment policy in the 1980s or 1990s when they were often the most popular mortgage repayment vehicle, in 1988 83% of new mortgages were endowment linked.*



A changing economy and tax laws meant many endowment policies matured well below their target value.

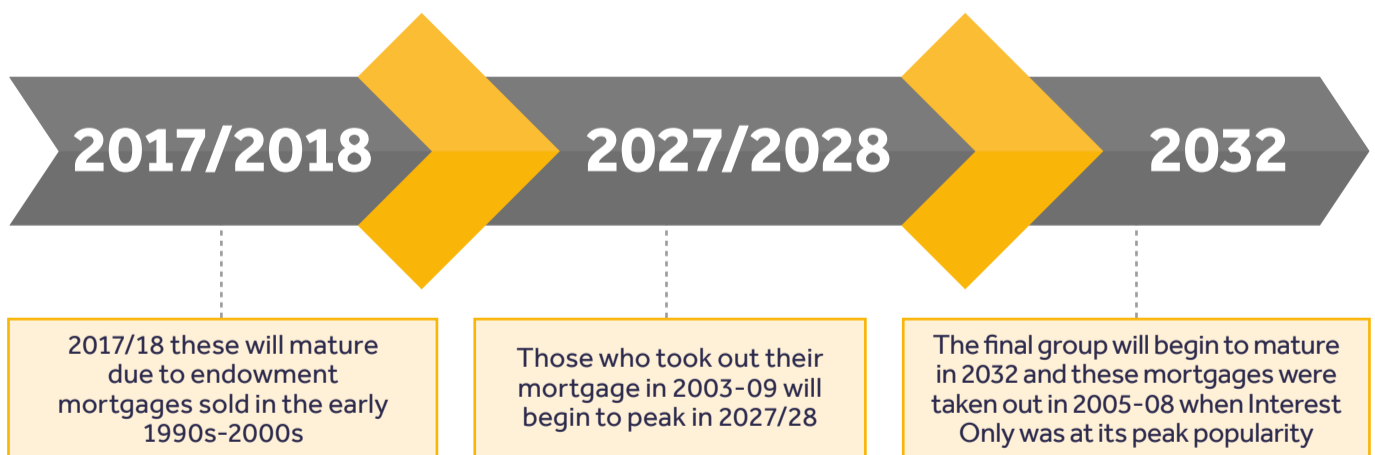


Part & Part could allow them to cover the shortfall and convert a portion of their mortgage to capital repayment.

Interest only lending:

- Interest Only stock in the UK currently stands at £283 billion - £208 billion purely Interest Only, with £75 billion in Part & Part¹
- 53% of 2015 gross lending was in the remortgage space with home movers accounting for another 45%²
- House prices are increasing and borrowers' LTVs are decreasing – only 17% of Interest Only borrowers had a LTV of over 75% meaning many borrowers qualify for our Interest Only (60% LTV) or Part & Part mortgage (75% LTV)³

But did you know that according to the FCA⁴ there are three tranches of Interest Only mortgages due to mature,



Each of these tranches will mature and they will need to make sure they have a viable repayment method in place. A number of factors mean they may now qualify for one of our Interest Only Part & Part products illustrated above which could help them reduce the capital they owe.

Source ¹ May 2016. James Tatch. Interest Only: Taking Stock - [Link](#).

² Sep 2016. Council of Mortgage Lenders. Repayment methods for regulated mortgages outstanding, UK. P5 - [Link](#).

³ 2015. Council of Mortgage Lenders. Chart 3: Pure interest only loans outstanding, September 2012 versus December 2015 - [Link](#).

⁴ 2013. Experian. Residential interest only mortgages: volumes, concentrations and maturity horizons - [Link](#).



Find out more
Contact your local Business Development Manager or visit our website.

leedsintroducer.co.uk

This information is for use by FCA authorised intermediaries only and must not be distributed to potential borrowers.

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The above features and permitted LTV percentages may be subject to change.