

Repayment strategy,
evidence and assessment
guide: Interest only
residential mortgages

The repayment strategies we accept are below with the evidence we need and our assessment methods.

If your client's repayment strategy does not meet these criteria please get in touch with your BDM or our underwriting team before you submit your application.

Our commitment to you

Principality is committed to the intermediary market and assisting your customer to buy or remortgage their residential or buy-to-let (BTL) property.

Principality will always act responsibly as a mortgage lender. We will establish if the mortgage is affordable at the outset and as best we can during the life of the mortgage to ensure it is repaid in full by the maturity date. Any fees will be fair and not excessive and borrowers will be given the opportunity of adding the fee to the mortgage or to pay it separately. We recognise that borrowers may get into financial difficulty for a variety of reasons and we will work with them to find a long term solution. Repossession will always be the last resort.

Repayment strategy	Evidence required	Assessment method
Endowment with profits & unit linked vehicle	Copy projection statement dated in the last 12 months.	Endowment maturity value must be equal to or greater than the interest only capital sum being borrowed. We accept up to 100% of the projected growth rate based on the mid growth projection.
Stocks & Shares ISA (UK)	Copy statement dated in the last 12 months. The strategy must have been in existence for a minimum of 12 months.	Please contact your BDM or the underwriting team. These will be assessed on an individual basis.
Investment Bonds (UK)	Copy statement dated in the last 12 months or confirmation of the opening balance from the deposit holder.	Please contact your BDM or the underwriting team. These will be assessed on an individual basis.
Stocks & Shares (UK)	Copy share certificates or letter from a recognised stock broker confirming the portfolio valuation.	Please contact your BDM or the underwriting team. These will be assessed on an individual basis.
Only shares quoted within the FTSE index held in sterling are acceptable		
Pension (Company or Private)	Copy statement dated in the last 12 months or, in the case of new strategies, we need a copy of the acceptance letter and associated illustration.	25% of the projected pension fund value must be equal to or greater than the interest only capital sum borrowed on the mortgage (based on the mid growth projection) i.e. the maximum cash lump sum available on retirement must be equal to or more than the Interest only balance of the mortgage on maturity.
Savings - Savings accounts offered by UK based banks and building societies, including Premium Bonds	Copy statement dated in the last 12 months. The strategy must have been in existence for a minimum of 12 months.	The total value of the savings/investment must be equal to or more than the interest only capital sum borrowed or the total monthly savings must be equal to or more than the interest only capital balance of the mortgage at the date of maturity. We calculate the level of investment required as: Annual subscription x Mortgage term = Interest only mortgage balance.
Downsizing from main residence	Principality's valuer will assess the security at the time of application.	Principality requires a minimum of £150,000 of equity in the security subject to a maximum LTV of 50%. We will assess this as part of our application process. Please be aware that "downsizing" cannot be used in conjunction with any other repayment strategy.

Important points

- We are not providing advice on your client's repayment strategies or making any guarantee that their strategies will be sufficient to repay the outstanding balance capital at the end of the mortgage term.
- A repayment strategy must be UK based and administered (sterling denominated).
- A repayment strategy will not be accepted if it includes the name of anyone not named on the mortgage.
- More than one repayment strategy can be used to cover the total interest only amount.
- A mortgage offer will only be issued once we have evidence of a suitable repayment strategy that meets our criteria. Documentary evidence of the repayment strategy should be provided with all other supporting documentation as soon as possible after the application has been submitted.
- It is essential that we are presented with an application that details the full and accurate expenditure and personal financial commitments of your client(s) at the time of submission. Only then can we make a full and accurate assessment of the application. Principality is committed to acting responsibly as a mortgage lender and will assess all cases on an affordability basis. To know how much we will consider lending your clients, log onto [principality.co.uk/intermediaries](https://www.principality.co.uk/intermediaries) and click on the affordability calculator.



ONLINE

[principality.co.uk/intermediaries](https://www.principality.co.uk/intermediaries)
f t i @principalityBS



EMAIL

intermediary@principality.co.uk



CALL US

New Business Enquiries
0330 333 4021*
Conveyancing Updates
0330 333 4029*

- To help us maintain our service and security standards, telephone calls may be monitored and recorded.

Principality Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, reference number 155998. Principality Building Society, Principality House, The Friary, Cardiff, CF10 3FA.

Many buy-to-let mortgages will not be regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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