

A suitable mortgage to suit your life



PART OF THE
SANTANDER GROUP

Flexible Offset mortgage and your options

Do you want a mortgage that gives you lots of options? The Flexible Offset mortgage changes with your lifestyle; it can save you interest and enable you to pay it off quicker.

Our Flexible Offset mortgage could be exactly what you're looking for. Pay more, pay less, pay off a lump sum. You can take a payment holiday or offset your savings – it's your choice.

And by combining your savings and mortgage, you could make your savings work harder.

How does it work?

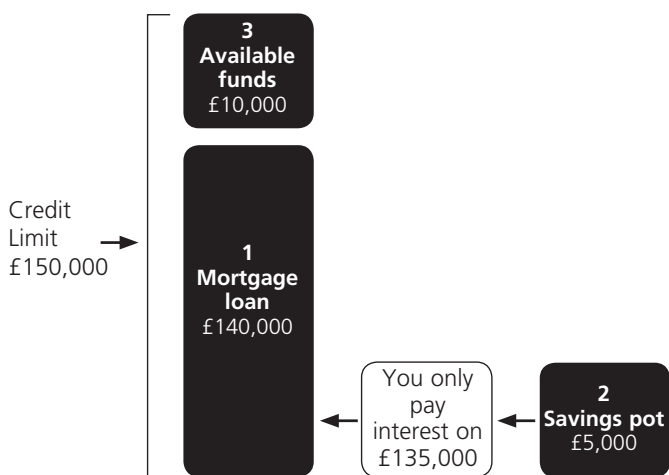
Your Flexible Offset mortgage is made up of three parts:

1. your mortgage loan;
2. your savings pot; and
3. your available funds.

In this example, the property is worth £200,000 – with a credit limit of £150,000. In this example your credit limit is a maximum of 75% of the value of your house.

Assuming you have a mortgage of £140,000 and savings of £5,000, which you use to reduce the amount of interest charged on your mortgage, you will only be charged interest on £135,000 (£140,000 mortgage – £5,000 savings).

The available funds are simply the difference between your mortgage loan and the credit limit, in this example, £10,000.



Your monthly payment is still based and collected on the £140,000 mortgage.

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

What options do I have?

Put money in your savings and reduce the interest on your mortgage

The more money you've got in your savings pot, the less interest we'll charge on your mortgage (as it is offset against your mortgage loan).

The result? You could save thousands of pounds in interest, and pay your mortgage off earlier.

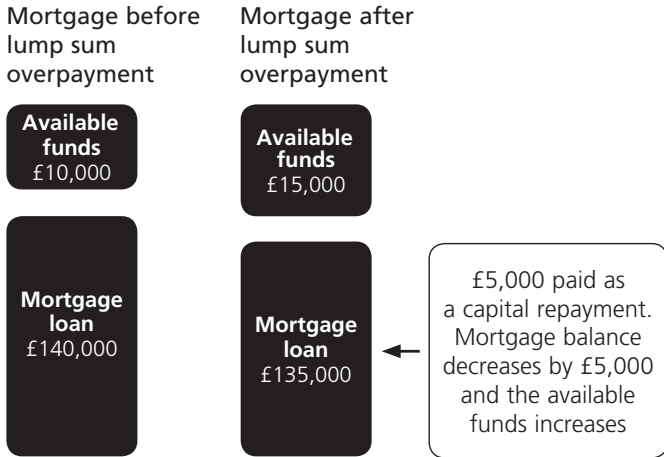
Freedom to pay more

Pay a little extra each month or a big lump sum – you decide.

You have two choices when making overpayments:

1. Make regular overpayments or a lump sum payment into your savings pot, which is offset against your mortgage loan. The result? Less interest is charged on your mortgage loan, so you could pay your mortgage off early. In this instance your monthly payments remain the same.
2. Lump sum overpayments can be made as a capital repayment to your mortgage loan. This increases the available funds element, and reduces the mortgage loan. The result? Your monthly mortgage payments will go down. See the example on the next page.

Here’s an example based on making a £5,000 capital repayment off your mortgage loan.



Please read the ‘Important information’ section.

Freedom to take a payment holiday or pay less each month

You can choose to take a break from your monthly payments or choose to pay less each month. This must be funded using the money from either your savings pot or your available funds. If you use your savings pot, your monthly payments will stay the same.

If you use your available funds, then your subsequent monthly payments will increase, as in effect you’re borrowing more.

If you choose to take a payment holiday, although no repayments will be made during **this period interest will continue to be charged on your mortgage.**

Please read the ‘Important information’ section.

What else do I need to know?

Three easy ways to manage your Flexible Offset mortgage

1. Online at santander.co.uk

You can register for e-mortgage by calling **0845 600 0346**.

For a demonstration of how our e-mortgage service works, visit santander.co.uk, select ‘Online Banking log’, ‘View Demo’ then ‘Online Mortgage Demo’.

You can then manage your account online, move money between your savings pot and your mortgage, or move money to the bank account where your mortgage Direct Debit is paid from.

Transferring your money out takes one working day.

Payments in from your e-banking account will be credited next working day.

Payments from your Direct Debit account will be debited and credited to your mortgage account within five working days.

2. By telephone (see note 1)

Call **0845 600 0346**. Transferring your money out will take one working day.

Payments in from your e-banking account will be credited next working day.

Payments from your Direct Debit account will be debited and credited to your mortgage account within five working days.

3. By post

You will receive a ‘Using your Flexible Offset mortgage’ form with your mortgage completion letter. Withdrawal transactions will take seven days by post.

Note 1: Please note your available funds cannot be accessed via the telephone.

Important information

In order to protect our customers, we operate a policy of reviewing every quarter the credit limit on flexible mortgages in line with house price values to ensure that the mortgage balance and funds available do not exceed 90% of the value of your property. Where it does, we reserve the right to withdraw any 'available funds' over the 90% limit which is not being used.

If you are at or approaching 90% of the value of your home, any funds paid off your mortgage balance may not be accessible in the future if your house price falls in value and your 'available funds' amount is reduced in line with the policy above. If this is the case we will write to you to let you know we are reducing your available funds.

Important information for customers who are thinking about making an overpayment

If you have a lump sum that you wish to deposit into your Flexible Offset mortgage savings pot – you will always be able to access it at a later date. (No charges are made for withdrawing funds from the savings pot.) We can't use this to reduce the balance outstanding, even where the property value has been reduced. We would only move monies from the savings pot if the account is in default or if the value of your savings pot is equal to the mortgage balance and you are therefore in a position to pay off your mortgage loan.

If you decide to make a capital repayment to reduce your Flexible Offset mortgage balance, in normal circumstances this would reduce your monthly mortgage payments and also increase the available funds balance. However, potentially your house price could fall, meaning that we could at a later date reduce the available funds balance or remove it altogether. This would mean you would not be able to access this money in the future.

- The Flexible Offset mortgage has a variable interest rate and tracks the Bank of England base rate (also known as the repo rate) at a fixed differential for the term of the loan. From time to time we may also have special offers.
- You can choose three payment options – repayment, interest only or a combination of the two.
- Repayments are made by Direct Debit. You can change your Direct Debit up to three times a year to take a payment holiday, make an underpayment or use your available funds without having to pay a charge. Any additional changes cost £15 each.
- Statements are issued every six months. Your savings will be detailed on a separate page of your mortgage statement. This will help you keep track of all your transactions. If you register for the e-mortgage service, you can keep track of your mortgage account online.
- No future second charges are permitted and existing ones must be redeemed.
- The Flexible Offset mortgage cannot be combined with any other mortgage products.
- The minimum initial loan size for a Flexible Offset mortgage is £25,001.
- Flexible Offset mortgages are not available for self-build properties, business customers, right to buy cases within the first five years, home buyer schemes, shared ownership properties, buy to let, DWP mortgage benefit customers, or customers who have been in arrears within the last 12 months.
- Your savings pot will be automatically opened on completion of your mortgage.

Your questions answered

Can I take out a Flexible Offset mortgage if I have no savings?

Yes you can. But the advantage of this mortgage is that the more you save the less interest you'll be charged on your mortgage loan. What's more, your savings pot is free of income tax.

How do I access my savings pot?

You can use the telephone, internet or post. For the telephone and internet withdrawing money takes one working day and a deposit takes five working days. For postal requests you'll need to allow seven days for withdrawals.

Will I get a savings statement?

Yes, every six months with your mortgage statement, or this can be viewed whenever you want if you register for our e-mortgage service.

How are my available funds calculated?

Your available funds will be the difference between your agreed credit limit and your outstanding mortgage balance.

Do I have to use all of my credit limit to purchase my house?

No you don't. We agree a credit limit with you, up to a maximum of 75% of the value of your home (this will depend on the specific product maximum loan to value, which your mortgage adviser will confirm).

Will the savings in my savings pot reduce my monthly payments?

No, we keep your monthly payments the same, which means any extra you pay increases your savings further so you could pay off your mortgage sooner.

What's the best way of reducing my monthly mortgage payments?

If you make a capital reduction it will reduce your mortgage balance and your monthly payments.

If I make a capital reduction payment will it increase my available funds?

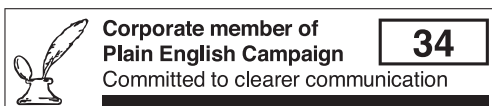
Yes, but this will depend on your current house price value. You must tell us you want to specifically make a capital reduction. Make sure you read the 'Important information' section.

What happens when my savings equal my mortgage?

When your savings equal your mortgage loan we will automatically use your savings to clear your mortgage balance. Once this has happened we will write to you giving you several options. You can choose to leave your mortgage account with a zero balance and use your available funds in the future over the remaining term of the mortgage. Or you can withdraw your savings to fund a new car or pay for that dream holiday. You may also choose to pay your mortgage off early.

If I haven't enough funds in my savings pot, can I still take a payment holiday or make an underpayment?

Yes, as long as you have sufficient available funds.



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