

Abbey Intermediary Buy-to-Let Lending Criteria

March 2012

Buy-to-Let exclusions

We do not accept Buy-to-Let applications from:

- Limited companies, partnerships or trusts.
- Landlords where there is evidence of a poor credit history such as County Court Judgements, defaults or arrears on any loan.
- Landlords who have ever been bankrupt or subject to an IVA.
- Landlords residing abroad.
- Landlords with no permanent rights to reside in the UK.
- First time buyers (never owned a property before).
- Landlords with more than three secured credit commitments.
- Landlords with more than two mortgaged Buy-to-Let properties.
- Landlords who will have two or more let properties with Santander UK.
- Landlords who are self-employed, contractors or retired are not accepted unless a joint applicant is employed and earning a basic income of at least £25,000 per year.

We do not accept Buy-to-Let applications for:

- Any property that is not affordable based on the Property self-financing assessment form.
- Any properties that are not self-financing based on 125% rental cover.
- Leaseholds where the Leaseholder has/will have a controlling interest in the freehold.
- Any property requiring mandatory licensing as an HMO.
- Any property with four or more tenants.
- Any property which is let or intended to be let to a Housing Association or Local Authority.
- Any property located outside of the UK.

- Any property with more than one tenancy agreement.
- Any property with a restriction on use or occupation.
- Freehold flats (in England and Wales).
- Any commonhold properties.
- Shared ownership.
- Shared equity.
- Any property with a value of less than £100,000.
- Sheltered accommodation.
- Other low cost housing and key worker schemes.
- Right to Buy properties still within the discount repayment period.
- Property with part commercial use (including property subject to agricultural or other planning restrictions).

General conditions

- Our offers depend on availability and can be withdrawn at any time.
- Your clients need to meet our normal lending policy.
- Your clients need to pay by Direct Debit for all products.
- Our Buy-to-Let mortgages do not allow a landlord to borrow additional funds from Santander.
- Supporting evidence of income and the Declaration should be retained on file for a minimum of two years from the date of completion.
- We reserve the right to ask for additional customer information where we deem necessary.
- We do not offer regulated Buy-to-Let mortgages.



Abbey

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Affordability

- Applicant 1 must have a minimum basic employed income of £25,000.
- Minimum gross rental income from the property must be at least 125% of the mortgage payment at the Buy-to-Let affordability rate.
- Affordability is worked out using the repayment method chosen.
- Evidence of income from employment must be obtained in all cases. This evidence will not usually be required by Abbey but you must retain it on file.

Credit history

- Landlord must be creditworthy and have a good track record as evidenced by a good credit score.
- Landlord must not be overcommitted on other secured and unsecured borrowings.

Eligibility

- Minimum age 21 years.
- Maximum age at the end of the mortgage term is 75 years.
- Three years' address history.
- No first-time buyers.
- At least one borrower must have a UK residential or Buy-to-Let mortgage.
- Maximum of two applicants.

Employment

- At least one applicant must be employed and earning a minimum basic income of at least £25,000 per year.
- Evidence of income is required in all cases.

Fees

- Valuation fees for Buy-to-Let are the same as residential rates.
- All other mortgage fees are the same as residential rates set out in the Standard Mortgage Tariff of Charges available from www.abbeyforintermediaries.com

Leasehold properties

- We accept leases of 55 years minimum. There must be at least 30 years remaining on the lease at the expiry of the mortgage term.

Loan to value restrictions

Maximum LTV 75% apart from:

- New build flats – maximum 70% LTV.

Mortgage loan

- Minimum loan £25,000.
- Maximum loan £500,000 per property.
- No higher lending charge applies.

Mortgage term

- Minimum five years.
- Maximum 25 years.

Property

- Located in England, Scotland, Wales or Northern Ireland.
- Minimum value £100,000.
- No maximum value.

Property self-financing assessment

- We require you to complete the Property self-financing assessment form on www.abbeyforintermediaries.com to demonstrate that the mortgage is affordable. You will need the information on this form to complete the online application on Introducer Internet.
- We use our Buy-to-Let affordability rate – the higher of 6%, product rate or SVR, to work out the annual mortgage costs.
- The rent cover must be greater than the mortgage balance x Buy-to-Let affordability rate x 125%.

Remortgaging

- Remortgaging with capital raising is only allowed if it is for home improvements.

Repayment methods

- We offer various options to suit different needs: pure interest only, repayment, investment linked interest only.

Residency

All applicants must:

- Be a resident in the UK.
- Have at latest 12 months' address history in the UK.
- Have the right to remain in the UK permanently (can be assumed for UK, EEA or Swiss Nationals).

Tenancy types

- Assured Shorthold Tenancy (minimum six months, maximum 12 months), including Scottish or Northern Ireland equivalent.
- Student lets must have one tenancy agreement covering the whole property.
- Maximum of three tenants per single tenancy agreement.
- Only one tenancy per property.

Valuations

Abbey will require a valuation to be undertaken on the property to be let. The surveyor will be asked to confirm the expected rental income and the value of the property. The opinion of the surveyor will be final and non-negotiable. We will instruct a valuation on receipt of the case and then all information will be passed to an underwriter.

Valuation fees that have been paid will only be refunded if a valuation is cancelled prior to the surveyor's visit to the property; otherwise the fee is not refundable. The fee payable includes a survey set-up fee, which is non-refundable.

Santander is able to provide literature in alternative formats. The formats available are: large print, Braille and audio CD. If you would like to register to receive correspondence in an alternative format please give us a call and ask the adviser to fill in the 'SDST Customer Registration' form.

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