

# Abbey Intermediary Residential Lending Criteria

## May 2012

### What's changed?

The following sections have been updated:

### New build

Maximum new build LTVs for standard residential mortgages have been aligned for all borrowers. A maximum of five times income is now applicable.

If you answer yes to any of the following questions, unfortunately we will decline the application.

1. Are the customer(s) unable to provide written confirmation of all types of income, which will be used in the application?
2. Is this a Buy-to-Let application?
3. Is this a Guarantor application?
4. Is this a Shared Equity application?
5. Is this a Low Cost Housing/Restricted Resale Covenant application?
6. Is the property being purchased by, from or connected to, a Property Investment Club?
7. Are all the customers applying unemployed?
8. Are any of the customers applying under 18?
9. Will any customer be over the age of 75 at the end of the mortgage term?
10. Will an occupier who is not an applicant on the new mortgage application be paying a lump sum towards the purchase of the property?
11. Will the customer or their immediate family live in less than 40% of the property either on completion of the mortgage or at a later time?
12. Is the customer remortgaging an Alliance & Leicester mortgage to Abbey?
13. If this is a remortgage application, does the customer currently not occupy the property?
14. Is this a type of property or loan that we do not lend on?  
Also, has any customer on the application:
15. Ever had a property repossessed by a mortgage Lender?
16. Ever been bankrupt or subject to an IVA?
17. Ever had a criminal conviction, unless the conviction is for a minor traffic offence, or spent under the Rehabilitation of Offenders Act 1974?



**Abbey**

FOR INTERMEDIARIES

PART OF THE  
SANTANDER GROUP

### General conditions

- All product offers are subject to availability and may be withdrawn at any time.
- All customers must meet our normal lending policy.
- We reserve the right to withdraw the mortgage rate and reclaim the benefit if the property is no longer owner occupied or the customer does not comply with the conditions of their mortgage.
- If the property has been owned by the vendor for less than six months, the application may be referred for investigation. This could result in delays to completion or in some instances the application being declined.

### Affordability

Consideration of any application is primarily based on the customer’s ability to repay the mortgage loan.

Calculation of the amount we will lend to a customer is based on assessing affordability taking account of income, regular commitments and living expenses.

The affordability calculator is available on [www.abbeyforintermediaries.com](http://www.abbeyforintermediaries.com).

All current credit commitments must be included when assessing affordability, irrespective of whether they are being repaid.

An application will be deemed unaffordable (and will therefore be automatically declined) where either income multiples or levels of unsecured debt are too high.

To ensure a realistic figure is used for affordability purposes, the system will automatically use 100% of primary income and a maximum of 50% of secondary income, to calculate the net monthly income figures. The table below shows the income types considered.

Primary income is income that is permanent, monthly, reliable, sustainable and regular. Secondary income is income that, whilst not permanent or guaranteed, is nevertheless regular and sustainable.

Please note that applications will be subject to additional policy including maximum income multiples and debt:income ratios.

### Income types

| Primary income (100% of income)                            |  | Secondary income (50% of income)                               |
|--|--|--|
| Gross basic  | Other  |  |
| Permanent contract of employment                           | London weighting                                 | Overtime less frequently than monthly                          |
| Fixed term contracts                                       | Monthly bonus <sup>1</sup>                       | Second job not in the same line of work as the primary job     |
| Short term renewable contracts                             | Monthly overtime <sup>1</sup>                    | Bonuses not paid monthly                                       |
| Basic salary   | Monthly performance related bonuses <sup>1</sup> | Performance related bonuses less frequently than monthly       |
| Pensions and annuities                                     | Monthly commission <sup>1</sup>                  | Commission less frequently than monthly                        |
| Dividends for directors (>20% shareholding only)           | Large town allowance                             | Discretionary mortgage subsidies and housing allowances        |
| Employed income (salary) for director of a limited company | Permanent shift allowance                        | Investment income  |
| Net profit of a sole trader/partnership                    | Employer’s mortgage subsidy                      | Maintenance payments   |
| Second job in the same line of work as the primary job     | Housing allowance                                | State benefits (DWP/HMRC) confirmed as indefinite <sup>3</sup> |
|  | Car allowance                                    | Rental income from mortgage free property                      |
|  | Working tax credit                               | Rental income in excess of 150% of the mortgage payment        |
|  | Child benefit <sup>2</sup>                       | Fostering income   |
|  | Child tax credit <sup>2</sup>                    |  |

1 Please refer to Income Evidence Guide for further details and requirements.

2 Where you are using child benefit and/or child tax credit as other primary income, you need to ensure that the mortgage will remain affordable when the benefits end. You must record this fact in the Notes section on Introducer Internet. An example of a suitable note from an intermediary would be: 'I am satisfied that affordability of the mortgage will continue when the benefits end'.

3 If a letter from DWP confirms in writing as 'guaranteed for life' this may be used as primary.

Please note Benefit in Kind is not classed as earned income and cannot be considered for mortgage purposes.

## Applicants

Maximum of two customers per application.

If the application includes a person who is going to be living in the property and they are also providing a lump sum towards the purchase, that person must be included on the application and appear on the mortgage.

If the application includes a person who is 18 and over who is going to be living in the property and is not on the mortgage, it is essential that this person postpones their rights to occupy the property in favour of Santander by signing a Deed of Consent and Charge, which is on the back of the Mortgage Deed (Standard Security in Scotland).

## Arrears

Arrears in the previous 12 months are not acceptable.

## Bankruptcy

Any customer who has ever been bankrupt will be declined.

## Benefit solutions

We offer remortgage and homebuyer benefit packages on selected products. A benefit ERC will be payable if the mortgage is redeemed early.

## Home buyer solutions (for first time buyers and movers only)

### Free valuation

All customers will receive a free valuation for mortgage purposes (up to a property value of £2.5 million) – provided by our Group Survey Office. If a customer requires a Homeview survey, they will have to arrange and pay for this separately. We will not refund the valuation for mortgage purposes fee.

### Either – £250 cashback

All customers will receive £250 cashback at completion, as a contribution towards legal costs.

### Or – Homebuyer Plus

We also arrange and pay for the cost of legal work involved in the purchase of your client's new property. However, your client will be required to pay for any disbursements like searches, land registry fees, the fees for submitting the Stamp Duty Land Tax form and the Stamp Duty Land Tax, if applicable.

If any additional work is required, which is not normally associated with a standard purchase, then this will be at your client's own cost. Your client will be advised of the cost of additional work before any work is carried out.

If your client wants to use our conveyancer for the sale of their own property this can be arranged at an additional cost. Your client will have to pay these costs direct to our conveyancer.

## Remortgage solution (for remortgage customers only)

We will provide a free valuation for mortgage purposes (up to a maximum property value of £2.5 million). We will arrange and pay for the legal work involved in transferring the mortgage. Alternatively, if a solicitor of your client's choice is used we will provide £250 as a contribution towards the standard legal costs incurred.

## Booking fees

Booking fees are charged on some of our products. Where the fee has been added to the loan, the added fee will attract interest over the term. Your client can repay the booking fee by cheque up to 14 days after completion without incurring any interest on the booking fee.

## Broker fees

We allow broker advice fees to be added to the loan subject to the fee not exceeding 1% of the total loan and where the Loan to Value including the fee is less than 75%.

Where a fee is being added to the loan this must be documented in Introducer Internet 'Notes' in the following format: 'The broker fee is included within the mortgage advance'.

## Buy-to-Let (background)

The maximum LTV if your client intends to retain any let properties mortgaged with Santander UK plc and take a new residential mortgage with Santander UK is 75% for the retained property.

We also require you to complete the Rental Income calculator on [www.abbeyforintermediaries.com](http://www.abbeyforintermediaries.com) and supply us with a copy of the output.

If the BTL property is on an interest-only basis, we will use the monthly mortgage payment x 125%.

The monthly mortgage payment is taken as the higher of:

- the actual monthly mortgage payment; or
- the mortgage balance x 6% (affordability rate) on an interest-only basis.

If the BTL property is on a capital and interest basis, we will use the monthly mortgage payment x 125%.

The monthly mortgage payment is taken as the higher of:

- the actual monthly mortgage payment; or
- the mortgage balance x 6% (affordability rate) on a capital and interest basis over the original term.

## Cashback

All cashbacks are telegraphically transferred on completion.

## CAT mortgages

We do not offer CAT mortgages.

## Contractors

We will consider customers on non-permanent employment contracts. Income will be treated as primary, subject to evidence of the following:

- regular monthly income;
- continuous employment for the last 12 months;
- confirmation from employer of long-term employment arrangement; or
- confirmation from reputable agency of secure further positions.

## Credit score

The following provides examples of the types of application that fall into our credit scores.

| High credit score                   | Low credit score             |
|-------------------------------------|------------------------------|
| Not over indebted                   | No existing mortgage         |
| An established clear credit history | Little to no credit history  |
| Likely to have a lower LTV          | Likely to have a high LTV    |
| A well conducted existing mortgage  | Some adverse credit history  |
| A record on the voters roll         | No record on the voters roll |

## Criminal record

We do not accept applications from customers with a criminal record (or where they are living with someone who has), unless the conviction is for a minor traffic offence, or is spent under the Rehabilitation of Offenders Act 1974.

## Daily interest

Interest is calculated daily and charged monthly.

## Declines

If a full mortgage application has been declined for affordability reasons an appeal will only be considered if the customer has a substantial Santander relationship which should consist of at least one of the following:

- A Santander UK plc mortgage with no arrears in the last 12 months.
- A well-conducted Santander current account that has been operated continually within agreed limits and showing salary credits for a minimum of six months.
- A Santander savings account with a balance of at least three months net earnings of all customers in the last twelve months.

## Direct debit

Payment by direct debit mandate is compulsory for all products. Payments can be taken on any day of the month between 1st and 28th.

## Early Repayment Charges (ERC)

All customers are able to make capital repayments of up to 10% of their total outstanding loan balance each calendar year without incurring a charge. The minimum capital repayment is £500. If the booking fee has been added to the loan, the customer can repay this up to 14 days following completion. Repayment of the booking fee will not affect a customer's ability to repay up to 10% of the capital each calendar year, free of any Early Repayment Charge.

The mortgage must remain with us until the product charge end date or an ERC will apply. In addition, if a benefit package is taken with the product, there is a benefit end date which may differ from the product charge end date. If the benefit end date is before the product charge end date, the mortgage must remain at the appropriate Fixed/Tracker rate until the product charge end date.

Should your client redeem their mortgage before the end date on the benefit package, they will need to repay the benefit (£250 cash back or a maximum of £400 for homebuyer plus or £200 for remortgage legal work). The benefit end date is shown on the KFI and the Rate Bulletin. The repayment of the benefit will be in addition to any product Early Repayment Charge which may apply.

Your client will not pay an ERC if on or before the charge end date, they:

- Simultaneously with redemption take a mortgage on a new property that completes with us for the same amount and product terms as the previous mortgage. Please refer to the portability section for more information.
- Simultaneously with redemption, where their existing deal has less than six months to expiry, elect to take a new product with us for at least the same amount. Please refer to the ERC waivers for existing customers moving home section for more information.

For Variable Rate Tracker and Fixed Rate mortgages, the ERC is expressed as a percentage of the customer's outstanding mortgage balance at the time of redemption. The level of charge differs by product type and term. The ERC percentage remains the same until the charge end date. Product ERCs do not apply to the Flexible Offset mortgage.

### ERC waivers for existing customers moving home

If an existing customer moving home does not want to port their existing deal they have the following options if they are still within their product period:

1. Pay their ERC in full and select a new business product.
2. If the customer has less than six months remaining until product expiry at the time of application for a new mortgage, 100% of the ERC will be waived as long as they borrow at least the same amount. If the new mortgage amount is less than 100% of their current balance they are eligible for a proportionate ERC waiver.

See an example below of an indicative proportionate ERC waiver:

|                  |          |
|------------------|----------|
| Current mortgage | £100,000 |
| New mortgage     | £90,000  |
| ERC waived       | 90%      |

You will need to inform your client that they must tell their solicitor to deduct the full or partial percentage of ERC waiver from the redemption monies if redemption and completion are simultaneous. If completion is non-simultaneous, your client must pay the full ERC due on redemption. As long as completion of the new mortgage is within three months of redemption, your client can then request a refund of the full or partial ERC.

In the future, we may withdraw this offer.

See also the 'Portability' section.

### Eligibility

Anyone aged 18 years or over at the time of completion (subject to status) with three years' address history.

### Fast-track policy

An application that meets certain criteria may be fast-tracked, i.e. submitted without proof of income, to simplify the paperwork required to speed up the mortgage process. The AIP will confirm the documentation required.

This agreement is on the basis that you, the intermediary, are satisfied that the income declared is accurate and that at the time of full case submission you have supporting evidence of net income which meets our requirements. This information should be retained on file for a minimum of two years from the date of completion.

Our detailed income evidence requirements are set out on [www.abbeyforintermediaries.com](http://www.abbeyforintermediaries.com). We reserve the right to request this evidence.

We undertake regular monthly checks with a sample of intermediaries to request this proof of income. Where the evidence does not demonstrate affordability we will permanently remove the use of fast-track, stop payment for the mortgage application and may withdraw the customer's offer.

If a case is re-submitted the AIP may result in different evidence requirements.

Right to buy and shared ownership case types are not eligible for fast-track.

### Conditions

- Affordability is proven within the affordability calculator and subject to credit score;
- Employed, self-employed for two years or retired;
- Maximum LTV is 75%;
- If an existing homeowner, your client must have a satisfactory payment history (no arrears in the previous 12 months);
- Maximum loan size is £500k; and
- High risk applications will require evidence of income and we reserve the right to confirm income on any application made.

### First time buyer

A customer who has never owned a residential property, whether in the UK or abroad. On joint applications all customers must meet the definition.

### Flexible Offset

- Maximum credit limit (including available funds) is 75% LTV.
- No second charges allowed on the property.
- Not available for business customers, right to buy cases within the first five years, homebuyer scheme, shared ownership properties, buy to let, DWP mortgage benefit customers.
- Not available in the Isle of Man.
- The loan cannot be used for business purposes.
- The Flexible Offset mortgage cannot be used in conjunction with any other product.
- The Flexible Offset mortgage does not have a product ERC, however a benefit ERC may apply.

### Foreign nationals

We allow applications from foreign nationals where the property is for their own use and for immediate occupation. Visa restrictions are reviewed at underwriter discretion.

### European Economic Area (EEA) Nationals and Swiss Nationals

The above citizens are treated as UK Nationals.

The following countries are members of the European Economic Area (EEA).

|                             |                      |                        |                       |
|-----------------------------|----------------------|------------------------|-----------------------|
| Austria                     | France               | Liechtenstein          | Romania <sup>4</sup>  |
| Belgium                     | Germany              | Lithuania <sup>4</sup> | Slovakia <sup>4</sup> |
| Bulgaria <sup>4</sup>       | Greece               | Luxembourg             | Slovenia <sup>4</sup> |
| Cyprus                      | Hungary <sup>4</sup> | Malta                  | Spain                 |
| Czech Republic <sup>4</sup> | Iceland              | Netherlands            | Sweden                |
| Denmark                     | Ireland              | Norway                 | UK                    |
| Estonia <sup>4</sup>        | Italy                | Poland <sup>4</sup>    |                       |
| Finland                     | Latvia <sup>4</sup>  | Portugal               |                       |

<sup>4</sup> Nationals of A8 Member States, and Bulgarian and Romanian Nationals are subject to additional regulations for employment in the UK. We will not ordinarily require evidence of this.

### Other foreign nationals

Standard lending policy will apply where the application is a system accept without the need for further documentation.

Customers with limited right to remain in the UK, with a low credit score and an LTV in excess of 75%, are not acceptable where dependent on that customer's income.

All other applications with a foreign national (e.g. customers with indefinite rights to remain in the UK) may be considered subject to full underwriting and supported by the following:

- Indefinite leave or for those with limited leave a minimum of two years right to remain in the UK, with no restrictions on employment, proven by:
  - A Visa stamp in a currently valid passport;
  - A United Kingdom Residence Permit; or
  - Written confirmation from the Border and Immigration Agency/Home Office.
- If limited bureau data is available, three months bank statements.
- The customer must have been resident and working in the UK for a minimum of 12 months.

### Guarantors

We do not accept guarantor applications.

### Higher lending charge (HLC)

A Higher Lending Charge is required to cover the excess loan over and above 75% LTV. We calculate the fee as below and this can be added to the loan or paid at completion.

| LTV           | Rate   |
|---------------|--|
| Up to 90.09%  | No fee                                       |
| 90.1 to 92.5% | 7.25% of the whole loan amount above 75% LTV |
| 92.51% to 95% | 8% of the whole loan amount above 75% LTV    |

### Home improvements

Written estimates may be required for any home improvements so that the surveyor can provide an after works value.

### Identification

A Confirmation of Verification of Identity Certificate must be completed and meet the requirements set out within the Joint Money Laundering Steering Group Guidance for UK Financial Sector.

**We reserve the right to ask for additional customer information, including identity evidence, where it is deemed necessary.**

### Income evidence

The minimum requirements for income validation are as follows:

|  | LTV 90% or less   | Above 90%   |
|--|---|---|
| Employed   | Latest monthly payslip or five weekly payslips  |   |
| Self-employed (where there is a 20% or more shareholding in a company the customer must be treated as self-employed) | Tax calculation forms<br>or<br>An accountant’s certificate (template on <a href="http://www.abbeyforintermediaries.com">www.abbeyforintermediaries.com</a> ).<br>The end of the latest financial year/tax period covered must be no older than eighteen months.<br>The above are our preferred documentation as income evidence, but accounts can still be accepted.  | Latest two years signed accounts<br>or<br>Latest self-assessment tax calculation forms.<br>The end of the latest financial year/tax period covered must be no older than eighteen months. |
|  | For self-employed customers requesting loans above £1 million the latest two years signed accounts are required.<br>Note – accounts or accountant’s certificate must be signed by a chartered accountant, a certified accountant or by an accountant with a qualification that’s acceptable to us.<br>See a list of acceptable accountancy qualifications in our Income Evidence Requirements guide.<br>We reserve the right to request accounts where necessary. |   |

P60s and online P60s are acceptable as evidence of income. For online P60s, print must show internet source, i.e. https address (cannot be used on their own and are supporting evidence only).

Electronic payslips may be used where the applicant cannot provide a hard copy payslip and are acceptable where they show either:

- the https address internet source; or
- a http address internet source and are supported by a bank statement that confirms the credit entry of the payslips provided and all details correspond (i.e. net pay, name of employer).

Bank statements are not sufficient on their own as evidence of earned income, self-employed income or private pension. They may still be used to evidence other income types, or as supporting evidence.

Online bank statements are acceptable providing:

- the print shows the internet source (this must be a https address);
- they have not been amended by hand; and
- the outgoings must be in line with those stated.

Screen shots of bank statements are acceptable if they comply with all other online bank statement requirements. If the print goes over a page you may find it does not include the borrower’s name or account number on the later page, but must follow on chronologically from the previous page and include all subsequent transactions.

If employment has started within the last five weeks a copy of the contract is required.

Where accounts are marked with a ‘going concern’ qualification the application will be declined.

Where commission, overtime or bonuses are to be included, a cumulative Year to Date figure must be available on the payslip, or you must provide the latest P60.

For large loans, payslips will often not provide sufficient information, for example where bonuses form a large proportion of income, where bonuses are not paid wholly in cash or where income is derived from more than one source. If this is the case submit available evidence of income.

Income derived from a company set up using Alphabet shares is not acceptable. We do not accept self-employed director income from a company with this potentially complex structure.

#### Applications over 90% LTV

Where an application has an LTV greater than 90% we require one month’s bank statements per customer in addition to any income verification detailed above.

#### Additional documentation

Underwriters reserve the right to ask for additional information if deemed necessary to approve the application.

#### Income multiples

All cases are assessed on affordability using the affordability calculator. Please note that applications will be subject to additional policy including maximum income multiples and debt to income ratios.

## Interest-only applications

We allow interest-only applications provided there is an acceptable source of funds to repay the capital at the end of the mortgage.

We only allow either sale of the property which is being mortgaged, or allowable investment vehicles for interest-only mortgages.

- Where sale of property is used the minimum equity buffer is £100,000.
- For pure interest-only mortgages the maximum term is 25 years.
- If any part of the loan is taken on an interest-only basis, the maximum LTV for the overall loan is 50%.

For all interest-only applications, we will assess affordability on a capital and interest repayment basis and assume a repayment period of 25 years minimum. If the actual mortgage term selected is longer than 25 years with a funded investment vehicle, the longer term will be used.

For all interest-only applications, you must complete the intermediary submission form on [www.abbeyforintermediaries.com](http://www.abbeyforintermediaries.com)

We undertake regular monthly checks with a sample of intermediaries to request this evidence.

## Interest-only applications – porting

Existing Abbey mortgage customers on an interest-only basis moving home may port their existing products and may also increase their borrowing up to 50% LTV on the new property.

Existing Abbey mortgage customers who have any part of their existing loan on an interest only basis can port their product(s) to a new property, subject to certain conditions:

- the new overall LTV is over 50% and less than or equal to 75%;
- any part of the new mortgage is remaining on an interest-only basis;
- the loan amount on interest only stays the same or reduces; and
- the overall lending is the same amount as the existing loan or less, no top-up allowed.

We reserve the right to withdraw this in the future.

These customers must be referred to our telephone channel.

## Interest-only allowable investment vehicles

The investment vehicle must be managed by an FSA regulated firm and have been running for a minimum of 12 months.

Acceptable investment vehicles are: managed investment plan (endowment or ISA mortgage), stocks and shares ISA and Unit Trust.

## Lease

Minimum term at the start of the mortgage is 55 years. There must be at least 30 years remaining on the lease at the expiry of the mortgage term.

## Let to Buy

The maximum LTV on the let property if remaining mortgaged with Santander UK plc is 75%.

We also require the following evidence:

- Rental income calculator output
- Proof of deposit.

## Low cost housing/restricted resale covenant scheme

We do not accept low cost housing/restricted resale covenant scheme applications.

## Maximum age

75 years at the end of the mortgage term. If lending into retirement, see requirements for Mortgages into Retirement.

## Maximum LTV

- 95% LTV – up to £550,000
- 85% LTV – up to £1,000,000
- 75% LTV – more than £1,000,000.

The maximum loan to value is also affected by the type and purpose of the loan and the property type.

## Maximum term

The maximum term is 35 years. For pure interest-only mortgages the maximum term is 25 years.

## Minimum loan

£6,000 or £25,000 for Flexible Offset or percentage booking fee products.

The minimum loan size relates to each individual product and not the total of all the loan parts.

## Minimum term

Five years (or product term if longer).

## Mortgage account fee

There is a mortgage account fee of £225, which is payable on completion of the mortgage. The fee can be deferred until the end of the mortgage.

## Mortgage buffer

There is a £750 buffer available on all purchase and remortgage offers excluding:

- Flexible Offset products
- Right To Buy
- Shared Ownership
- Undervalue transactions.

Please note the mortgage buffer can exceed the product LTV, but it cannot go over 90% LTV. Where this facility is required, please ensure your customer informs their solicitor.

## Mortgages into retirement

We will **not** accept any case where your clients' stated age of intended retirement is over 75 years.

Where the term of the mortgage extends beyond either applicant's State Retirement Age, you must complete the intermediary submission form on [www.abbeyforintermediaries.com](http://www.abbeyforintermediaries.com)

We undertake regular monthly checks with a sample of intermediaries to request this evidence.

## Mortgage product maximum loan size

The maximum loan size on mortgage products relates to the total borrowing required by the customer, not just the borrowing on that product.

## New build

This relates to all new build/converted properties including affordable housing such as shared ownership. We define new build as:

- Property built/converted within the last 12 months (i.e. based on the date of the completion certificate).
- Property not previously occupied (for converted properties – that is since the conversion has been undertaken).
- Property being sold/marketed by the builder or developer.
- Where the property is within a development that was once used for commercial or other use, i.e. not previously used for residential purposes.

Builders may offer sales incentives to prospective buyers to encourage them to purchase their properties. An incentive is anything the builder gives or provides to the buyer in cash or goods. We will accept up to 5% cash back towards the purchase price (no financial limit) and builder's payment of legal fees and stamp duty only. Any reasonable non-cash incentives, e.g. white goods, carpets, curtains etc. will be ignored.

## Standard new build LTV limits

- House 85%.
- Flat 75%.

Please be aware that all applications will be subject to additional policy including maximum income multiples. A maximum of five times income is applicable for new builds.

For Section 106 Agreements, it is no longer necessary to send these and associated documents to us for approval. We will rely on our existing solicitor instructions, which require them to approve the documentation.

## Portability

It is possible to 'port' most existing products to a new mortgage providing it is for house purchase/home ownership but not to a property being re-mortgaged or owned mortgage-free.

A customer's entitlement to port their mortgage product is always subject to the conditions for transferring the loan to a new mortgage in their Mortgage Terms and Conditions; in particular, any new mortgage application made will be subject to a full credit assessment and the customer/property must meet our lending criteria at the time of the new application.

If we do not agree a new mortgage the customer will not be able to port their mortgage product and they may then be required to pay an Early Repayment Charge if they subsequently redeem their existing mortgage.

Where redemption of the existing mortgage and purchase of the new property is not simultaneous, providing the purchase of the new property completes within **three months of the redemption date**, the existing product can be ported to the new mortgage and any Early Repayment Charge will be refunded, as long as the customer takes the previous product for the full amount to their new mortgage.

On redemption of the existing mortgage the Early Repayment Charge is paid in full and a refund will be made on completion of the new purchase, as long as the product is ported. If the new mortgage is less than the existing mortgage, **the Early Repayment Charge refund will be a proportionate amount.**

Any additional borrowing must come from the new business mortgage product range.

See also 'ERC waivers for existing customers moving home' section.

### Pre-completion product change fee

A product change fee of £199 is payable by the customer if they want to change to another product after their mortgage application has been transmitted and prior to the product expiry/completion deadline.

You need to notify us to change the product and provide us with the customer's valid debit/credit card details.

If the customer has already paid a booking fee upfront for the original product and wants to change to another product, the new product booking fee would be payable as well.

### Proof of deposit

We may request proof of deposit, for example if a First Time Buyer was putting down a large deposit. We always require evidence of the deposit where it is £100,000 or more and is not coming from the simultaneous sale of a borrower's existing property.

We can accept deposits provided by gift or loan.

We will not accept a gifted deposit if:

- provided by the vendor (unless an acceptable new build incentive from the builder/developer);
- protected by a Deed of Trust (or similar);
- the person providing it will be living in the property, but is not named on the mortgage; or
- there is a beneficial/equitable ownership/interest in the property.

The use of a second charge could indicate the amount provided is not a gift and further clarification may be required. We do not allow a second charge on any flexible mortgage products.

Where the source of deposit is a loan, you should provide the following details in the notes section on Introducer Internet:

- amount;
- lender (explain background if not a financial institution);
- loan terms (e.g. interest rate, payments required);
- any security required e.g. second charge; and
- confirmation that payments have been factored into affordability.

### Proof of mortgage payments

Not required unless requested specifically.

### Proof of rental payments

Not required unless requested specifically.

### Property Investment Club

We do not accept applications where the property is being purchased by, from or connected to, a Property Investment Club.

### Refund of booking fees

If your client changes their mind after we have collected a booking fee paid upfront, we would not refund it unless one of the following applies:

- We decline the application for any reason prior to the offer being issued.
- After the valuation has been completed our surveyor decides that the property would be inadequate security for us.
- Our surveyor down-values the property and your client needs to select a different product.

### Refund of valuation fees

All our valuation fees are non-refundable. However:

- If we have not instructed the valuation, we would refund the fee in full.
- If we have instructed the valuation, but it has not been undertaken, we would refund the valuation, less the non-refundable survey set up fee.

### Rental property income

We require the affordability of the BTL mortgage to be assessed at the higher of:

- the actual monthly mortgage payment x 125%; or
- the mortgage balance x 6% (affordability rate) x 125%/12.

Any shortfall must be added into regular commitments on the affordability calculator.

Where the existing residential property is being retained and let out, or if the customer owns other rented property, we may be able to include some or all of the rent as secondary income:

- If the property is mortgage-free, the gross rent may be included as secondary income;
- If the property is mortgaged, then we can accept as secondary income any gross rent in excess of the higher of:
  - the actual annual mortgage payments x 150%; or
  - the mortgage balance x 6% (affordability rate) x 150%.

To consider this we require you to complete the Rental Income calculator on [www.abbeyforintermediaries.com](http://www.abbeyforintermediaries.com) and supply us with a copy of the output.

Where the existing BTL property is being retained with Santander UK, please see the Buy-to-Let (background) section.

**Repayment methods**

Repayment methods available are ISA, repayment (capital and interest), endowment, pension, investment linked and pure interest-only.

**Right to buy/acquire**

The customer must live in the property and right to buy/acquire papers are required.

**Secured credit commitments**

We do not accept applications from customers who, at the time of the mortgage application, have more than four secured commitments (or more than four mortgaged properties) if the total outstanding balance of those commitments exceeds £150,000.

**Self build**

We do not offer self build mortgages.

**Self certification**

We do not allow self certification of income.

**Self-employed**

Where 20% or more shareholding in a company is held treat your client as self-employed. For family business employment, we require three months' bank statements showing the salary credit and the latest payslip.

We will not accept applications from customers who have been self-employed or owned their business for less than two years.

**Shared equity**

We do not accept shared equity applications.

**Shared ownership**

Where the customer owns less than 100% of the property, with the remaining share being owned by a third party, our LTV restrictions apply to the value of the share owned by the customer. The shared ownership agreement must allow staircasing to 100% ownership.

**Solicitor panel**

All mortgage applications are required to use a solicitor from the Abbey panel. To find an appropriate local solicitor please use the solicitor search facility on [www.abbeyforintermediaries.com](http://www.abbeyforintermediaries.com)

**Telegraphic transfer**

All cashbacks together with advance monies will be telegraphically transferred to the legal adviser at the time of completion. A fee of £35.00 will be deducted from the loan on completion. No monies need to be collected from the customer.

**Tenanted properties**

Please note that remortgage applications where the property is currently tenanted and/or is not currently occupied by the customer will be declined, regardless of any future intentions.

**Top up of an existing product**

Prior to completion, the maximum top up available is 10% of the original loan amount, the minimum is £1,000.

**Undervalue transactions**

Where the purchase price is within 80% of the value, we can consider applications using LTV based on the purchase price of a property below its market value, subject to the relationship between vendor and purchaser meeting our requirements.

**Voter's roll (Electoral register)**

Customers who cannot be traced on the voter's roll for the years they have lived at a property, may be considered subject to a letter from the local authority confirming they had registered for those years.

For customers who did not register at the address a written explanation should be obtained and submitted for consideration.

## Types and purpose of loans where we lend

The maximum LTV varies by the type and purpose of the loan and by the property type.

| Type of loan  | Maximum LTV | Comments  |
|---|-------------|---|
| Standard residential mortgage                                     | 95%         | Residential use only.   |
| Flats   | 85%         | Can go over seven storeys subject to survey. Suitability of the property must be established.   |
| New build – houses<br>– flats                                     | 85%<br>75%  | See new build section.  |
| Remortgage – capital raising<br>– debt consolidation              | 85%<br>75%  | Residential use only.<br>The maximum amount allowed for a loan part(s) where the purpose is debt consolidation is £35,000, or 35% of the total lending (whichever is lower). Where the LTV is no more than 50% the 35% limit will not apply (but the £35,000 will apply as a maximum regardless of LTV).                    |
| Right to Buy /Acquire   | 100%        | 100% of discounted purchase price subject to standard maximum LTVs. Additional lending may be considered for home improvement purposes only. This will be subject to the local authority's/housing association's unconditional postponement of their charge. If they will not provide this the application may not proceed. |
| Second homes/Holiday homes  | 80%         | For owner occupation.   |
| Shared ownership  | 95%         | On share of purchase amount – if scheme provider requires customers to obtain a Homebuyers report this will be down to the customer to arrange their own report. Minimum 25% of share.  |
| Occupation by customer's immediate family (customer not resident) | 80%         | No tenancy agreement in place.  |

## Types of property where we lend with certain conditions

| Type of loan                                 | Conditions to be met   |
|--|--|
| Farms  | We do lend on farmhouses that are independent from the farm, providing they are not contiguous.  |
| Precast Reinforced Concrete properties (PRC) | We lend on PRC homes where they have been repaired to certain standards confirmed by a structural engineer under a PRC approved licence, subject to our valuers approval.  |
| Agricultural Land/Large Acreage              | Properties with land where agricultural restrictions do not exist must have no more than 10 acres of land. Applications with land of more than 10 acres must be discussed with Specialist Mortgage Services prior to submission. |

## We do not lend on the following types of property/loan

- Agricultural restrictions.
- Bridging loans.
- Buying a property for investment.
- Commonhold tenure.
- Farms where the farm and accommodation are together.
- Freehold flats/maisonettes.
- Guarantor Mortgage.
- Mobile homes/River boats.
- Purchase of land.
- Shared Equity.
- Low cost housing/restricted resale covenant schemes.
- Sheltered housing and properties with restricted age for the occupants.

## Valuation services and fees

| Purchase price up to and including <sup>5</sup> | England, Wales and Northern Ireland          |                         | Scotland                                     |                         |
|---|--|-------------------------|--|-------------------------|
|   | Valuation for Mortgage Purposes <sup>6</sup> | Home Buyer <sup>7</sup> | Valuation for Mortgage Purposes <sup>6</sup> | Home Buyer <sup>7</sup> |
| £50,000   | £185   | £350                    | £95  | £350                    |
| £100,000  | £220   | £400                    | £95  | £400                    |
| £150,000  | £260   | £450                    | £95  | £450                    |
| £200,000  | £295   | £500                    | £95  | £500                    |
| £250,000  | £330   | £550                    | £95  | £550                    |
| £300,000  | £365   | £600                    | £95  | £600                    |
| £400,000  | £430   | £700                    | £340   | £700                    |
| £500,000  | £490   | £800                    | £400   | £800                    |
| £600,000  | £550   | £875                    | £460   | £875                    |
| £700,000  | £615   | £950                    | £525   | £950                    |
| £800,000  | £680   | £1000                   | £590   | £1000                   |
| £900,000  | £740   | £1050                   | £650   | £1050                   |
| £1,000,000                                      | £805   | £1100                   | £715   | £1100                   |
| £1,500,000                                      | £940   | £1385                   | £850   | £1385                   |
| £2,000,000                                      | £1065  | £1700                   | £975   | £1700                   |
| £2,500,000                                      | £1190  | £2025                   | £1100  | £2025                   |

5 Where the purchase price is a concessionary or reduced figure, for example, when purchasing a council home, the fee will be based on the valuation rather than the purchase price.

6 This includes a non-refundable survey set up fee of £90.

7 This includes a non-refundable survey set up fee of £100.

For properties over £2.5 million, please contact us.

### External Inspection Valuation

An External Inspection Valuation (EIV) or Automated Valuation (AVM) is applicable to certain products. They are for the sole use of us and no fee is charged. No reports will be provided to the customer or the conveyancer.

We reserve the right to upgrade the EIV to a full inspection, in which case the surveyor will contact the customer direct. No fee is charged in these circumstances.

### Re-inspection fee

There is a re-inspection fee of £55 if one of our surveyors has to make an additional visit to a property before we release any money we've retained.