

ONLY FOR USE BY MORTGAGE INTERMEDIARIES



# NatWest Intermediary Solutions Residential lending guide



NatWest



This guide provides you with an overview of the key information you need to know about our residential lending. However, it is not exhaustive and is subject to change, so if you need clarification on anything please speak to your BDM.

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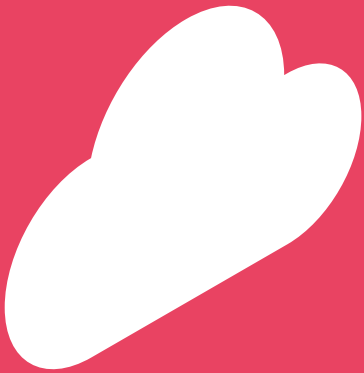
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## Proc fees

	DA firms	AR firms
Residential	35bps gross	40bps gross

Max £6,000, min £250.

Information correct as at 1 September 2017.



# Our lending criteria

Here's a summary of some of the key elements of our lending criteria:

## Purchases

- Minimum loan: £10,000 (or that set by the individual product, whichever is greater)
- Maximum loan: £10m
- Maximum term: 35 years (30 years if loan exceeds £500,000)
- Family gifted deposits accepted – cash or equity
- Second purchase at residential rates accepted, subject to affordability
- New Build – any property built, first occupied in its current state or significantly modernised, refurbished or altered within the last two years:
  - Maximum LTVs: flats 75%, houses 85% (over £1m 75%)
- Shared equity schemes – we consider applications using Government schemes
- Existing NatWest mortgage rate can be transferred to new property purchase

## Remortgages

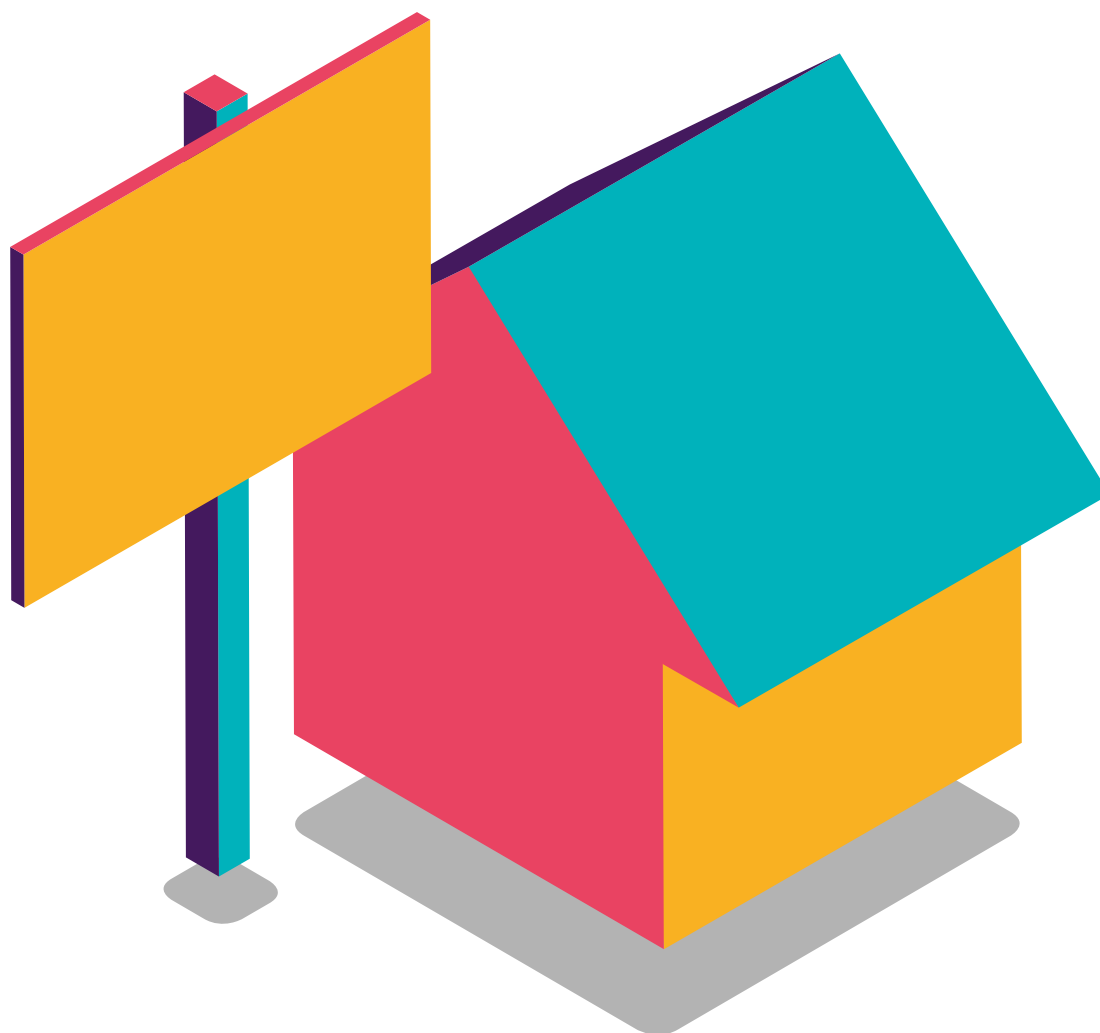
- Minimum loan: £10,000 (or that set by the individual product, whichever is greater)
- Minimum term: 3 years
- Maximum loan: £2m
- Maximum term: 35 years (30 years if loan exceeds £500,000)
- Debt consolidation allowed, any legal purpose considered
- Up to 90% LTV accepted on debt consolidation, but no restrictions on amount
- Overpayments allowed – 10% of balance in a rolling 12-month period
- Unencumbered properties accepted (minimum time owned 6 months and not self-build), fees free
- Free of legal and valuation fees for a standard remortgage\*
- Remortgage offers valid for 6 months

\*We won't charge your customers legal and valuation fees for a standard remortgage. There maybe instances where a customer does not qualify for this. Please speak to your BDM if you require any information in this regard.

# High LTV mortgages

## 95% LTV purchase only mortgages

- 2 and 5 year fixed rate deals available
- Available to first-time buyers and existing home owners
- Available for existing properties only and NOT New Build properties
- Residential purchase only
- Maximum property value: £600,000
- Applicants need a minimum 5% deposit
- No limit on annual income earned by applicants
- Consent-to-let considered
- Further advances considered up to 90% LTV
- Capital and interest only
- Applicants must be aged 18 or over
- £0 product fees
- Property must be in the UK



# Help to Buy schemes

## Help to Buy: shared equity

- Open to all intermediaries and is available for New Build properties only
- Available to first-time buyers and existing homeowners
- Applicants need a minimum 5% deposit
- Government will loan up to 20% of property value
- Maximum LTV: 75%
- It must be the primary residential and only property
- Maximum property value: £600,000
- No percentage limit on deposit customer can contribute from their own funds
- Need to apply for eligibility through a HomeBuy Agent in region of desired property
- 3% of equity loan per year factored into affordability calculation as monthly commitment
- Builder's incentives up to a maximum of 5% of the property value accepted
- We will consider consent to let for members of HM Armed Forces
- Property must be in England

## Help to Buy: London

- The scheme is designed to help customers with an equity loan of up to 40% of the purchase price to buy a New Build property in London
- Only New Build properties in the 33 London boroughs can be purchased using this scheme. Customers and their solicitors are responsible for ensuring the property is within the scheme area
- Customers must contribute a minimum 5% deposit
- Customers must take a mortgage of at least 25% of the value of the property they are purchasing

- Maximum LTV: 75%
- Maximum property value: £600,000
- No percentage limit on deposit customer can contribute from their own funds
- Customers using this scheme can apply for our existing Help to Buy shared equity scheme mortgage using the same product code
- The criteria and application process are the same as the existing Help to Buy shared equity scheme

## Help to Buy: Forces

- The Forces Help to Buy (FHTB) loan available to Armed Forces personnel, is an interest-free loan repayable over 10 years
- It can be used towards the customer's deposit but the monthly repayment must be included in the outgoings for assessing affordability
- The FHTB loan may not be used towards the purchase of a second property including a buy-to-let property.
- No other unsecured personal loans are accepted towards the customer's deposit



Backed by  
HM Government

Credit criteria are subject to change so please check first with *LiveTALK* or your BDM if you are unsure.





# Affordability and gifts

## Affordability

- Our affordability calculator mirrors the one used by our underwriters to ensure consistency
- Debts being repaid are not included in the calculation
- Childcare costs not included in the calculation (childcare costs are included in lifestyle expenses - see below)
- Maximum age for lending is 70, subject to affordability, if lending beyond intended retirement age
- Loans with less than 6 months to run not included
- Where the loan amount is more than £500,000, the maximum term is 30 Years
- Lifestyle expenses – we use data supplied by the Office of National Statistics (ONS) to assess an applicant's lifestyle expenses which are automatically built into the affordability calculator

## If your customers are receiving a gifted cash deposit

- We accept deposits from parents and/or guardians. We treat them as if they are the applicant's own deposit, even where the money is advanced against a formal loan agreement or a second charge is put in place to secure the family member's rights. Any monthly cost relating to a formal loan agreement must be included in the affordability calculation
- Gifts from third parties (not sellers/vendors) are an acceptable source of customer deposit, provided no repayment required

## If your customers are receiving gifted equity when buying from a family member

- We accept transactions under value where the applicant is receiving a gift of equity from a family member/business with a deed of gift to represent the amounts
- The maximum loan amount can be based on the valuation not the purchase price
- The applicant may need to have an indemnity set up via their own solicitor, even when the money is advanced against a formal loan agreement or a second charge is put in place to secure the family member's and/or family business's rights
- The family member gifting the equity is allowed to remain a resident at the property after the sale completes (residential only NOT buy-to-let)

# New Build

A New Build property is defined as:

Any property built, first occupied in its current state or significantly modernised, refurbished or altered within the last two years.

The decision as to whether a property meets this definition will be made by the valuer at the point of valuation.

## Lending limits

- A limit will be set for each New Build development. Limits will vary according to each development and must not exceed 25%
- The limit will be set and monitored by our Valuation Panel Manager

## Maximum LTVs

- Flats 75%, houses 85%\*
- These are based on net purchase price or valuation whichever is lower
- These maximums also apply to further advance requests if the property meets the New Build definition above

\*75% for mortgages over £1m

## Structural warranties

- We will only lend on New Builds/ renovations where there is a 10 year or longer Structural Warranty in place from our list of approved suppliers (see your BDM for details)
- Professional Consultant Certificate – in the absence of a valid warranty, we will accept a Professional Consultant Certificate from a suitably qualified professional, if provided in the format

detailed in the CML Lenders' Handbook. The solicitor acting for NatWest should confirm the requirements are met and that the Certificate was issued prior to exchange of contracts. Architects' Certificates without the benefit of the Professional Consultant Certificate are not acceptable

- Structural warranties issued retrospectively cannot be accepted

## Builder's incentives

- We accept builder's financial incentives on New Build properties up to 15% of a property's purchase price and up to 5% on a property bought using the Help to Buy shared equity schemes
- The purchase price will not be adjusted for incentives, unless the total amount of incentives exceeds 5% of the purchase price. Incentives greater than 5% will be deducted and lending based on the reduced purchase price (unless the property valuation is lower)
- The example below explains this for a New Build residential house:
  - Purchase price of the property: £120,000
  - Incentives total: £8,000
  - Incentives to be deducted from purchase price: £8,000 - £6,000 (5% of purchase price) = £2,000
  - Reduced purchase price: £120,000 - £2,000 = £118,000

- Portable and proportionate incentives, such as carpets and curtains, along with other financial incentives such as support with up-front costs such as Stamp Duty, legal fees or cashback or enhanced part exchange terms can be accepted in the 5% allowance
- Non-standard items such as an upgraded kitchen or integrated appliances can be accepted as an incentive but do not need to be included in the 5% allowance. It will be the responsibility of the valuer to decide which incentives are included in the calculation
- To comply with the requirements of the Help to Buy schemes, customers must still fund a 5% deposit themselves
- Lending is based on the lower of the purchase price of the property or the property valuation

## Part exchange

- Where a housebuilder buys the property off the applicant and then re-sells it on the open market. It enables the applicant to sell their existing property quickly so that they can proceed with the purchase of their New Build property. This IS classed as a scheme, so cannot be used in conjunction with any other scheme such as Help to Buy

## Assisted move

- Where a housebuilder will typically pay the fees for two local estate agents to market the applicant's existing property for a quick sale enabling them to proceed with the purchase of their New Build property. This is NOT classed as a scheme but as an incentive, so the applicant can use a scheme such as Help to Buy to purchase their New Build property

## Minimum loan amount

- £10,000 (or that set by the individual product, whichever is greater)

## Offer validity

- Mortgage offers are valid for 6 months, but an extension can be requested at any point within the initial 6 month offer period. If granted, customers could have a total offer period of up to 12 months. This will be subject to the confirmation of a successful credit search and property valuation.

## Specialist support

- Dedicated New Build underwriting and support team
- We are geared to meet the required speed to offer for 28-day exchange deadlines
- Our BDMs are well versed in dealing with housebuilders, keeping them up-to-date with the progress of an application





# Submitting an application

Here's a step-by-step guide on how to submit an application to us. If there's anything you'd like to check, feel free to chat to us on *LiveTALK* at [intermediary.natwest.com](https://intermediary.natwest.com)

## STEP 1

### Register with us

- Go to [intermediary.natwest.com](https://intermediary.natwest.com)
- Click on 'Register now' and complete the registration form
- We will then email you your log in details

## STEP 2

### Submit an application online

- You can submit an application via our website or the MTE
- For technical help with a submission please go to *LiveTALK*
- Once you have submitted an application you will be able to monitor its progress on our online Mortgage Application Tracker tool
- Check if we have electronically validated the applicant's ID – if not, please supply the ID documents we require
- You'll receive a Mortgage Reference Number by email within 24 hours – please do not submit any supporting documents until you have received it
- Please make sure that you include the Mortgage Reference Number on every page of supporting documentation you submit

## STEP 3

### Submit supporting documentation and verification of ID (if required)

Please refer to our *Packaging Requirements* guide for details of supporting information you need to submit.

Email all documents to [intermediarydocs@natwest.com](mailto:intermediarydocs@natwest.com) and make sure you attach the certification sheet.



## STEP 4

### Package and certify your applications

Please ensure that every page of the documents you submit is clearly legible, certified with the wording

'**True copy of the original**' and shows your company name, your full name in **BLOCK CAPITALS**, your signature and the date

- Write the Mortgage Reference Number on each document. **Please check that the documents you submit are legible**
- Only submit your documents to us when you can send everything together at the same time within 10 working days. This will mean your case can be assessed immediately and will not result in delays



# Post-submission

## Day 1 valuation instructions

- Valuations for purchase and remortgage applications, up to £500,000, are instructed on 'Day 1', when an application is submitted
- This enables the underwriting and valuation processes to run concurrently
- The offer will be issued once both processes have been completed successfully
- The fee for the valuation for a purchase mortgage will be debited from the customer's payment card usually within 24 hours
- We will provide a customer with a full refund if their application is declined on the grounds of affordability or credit scoring or where we cannot lend the full amount requested due to affordability issues
- Free of legal and valuation fees for a standard remortgage\*
- Provided that all the correct supporting documentation is submitted on time to enable our underwriters to fully assess the application, we expect the average speed to offer for the majority of cases to be around 14 working days

## Concierge service

- Mortgage applications over £500,000, will be assigned a dedicated case handling manager
- They will oversee each case through the application process from submission of the initial application to when the first direct debit payment is taken
- The dedicated case-handling manager will contact the broker directly with updates on the progress of the application and to address any issues with it such as chasing up missing information
- This contact will commence with the broker receiving an email from the case-handling manager with the Mortgage Reference Number and their contact details and also a welcome call with any additional information required and an outline of the next steps
- The case-handling manager will also liaise with our Mortgage Lending Unit on issues concerning the application

\*We won't charge your customer legal and valuation fees for a standard remortgage. There may be instances where they do not qualify for this. Please speak to your BDM if you require any information in this regard.

# Where to go for help

## Your BDM

Name:

Phone:

Email:



The average number of years experience that our BDMs have in the mortgage industry



The average number of years experience in the mortgage industry that members of our *LiveTALK* team have



## Help with pre-submission applications

We are happy to help you with queries about customer applications on *LiveTALK*, our instant messaging service at [intermediary.natwest.com](http://intermediary.natwest.com).

Use *LiveTALK* for :

- Registration/password queries
- Queries on criteria for new applications
- Queries about using the website

And, get a transcript of your conversation

## Help with existing applications



**03459 00 11 10**

Call our dedicated intermediary mortgage processing centre on our local rate number

For help with:

- Checking receipt of supporting documentation
- Providing updates on underwriting decisions
- Managing valuation instructions
- Confirming mortgage offer issued
- Extending mortgage offer term
- Confirming completion dates

Use our online Mortgage Application Tracker to monitor progress of your customers' applications



For more information go to [intermediary.natwest.com](http://intermediary.natwest.com)