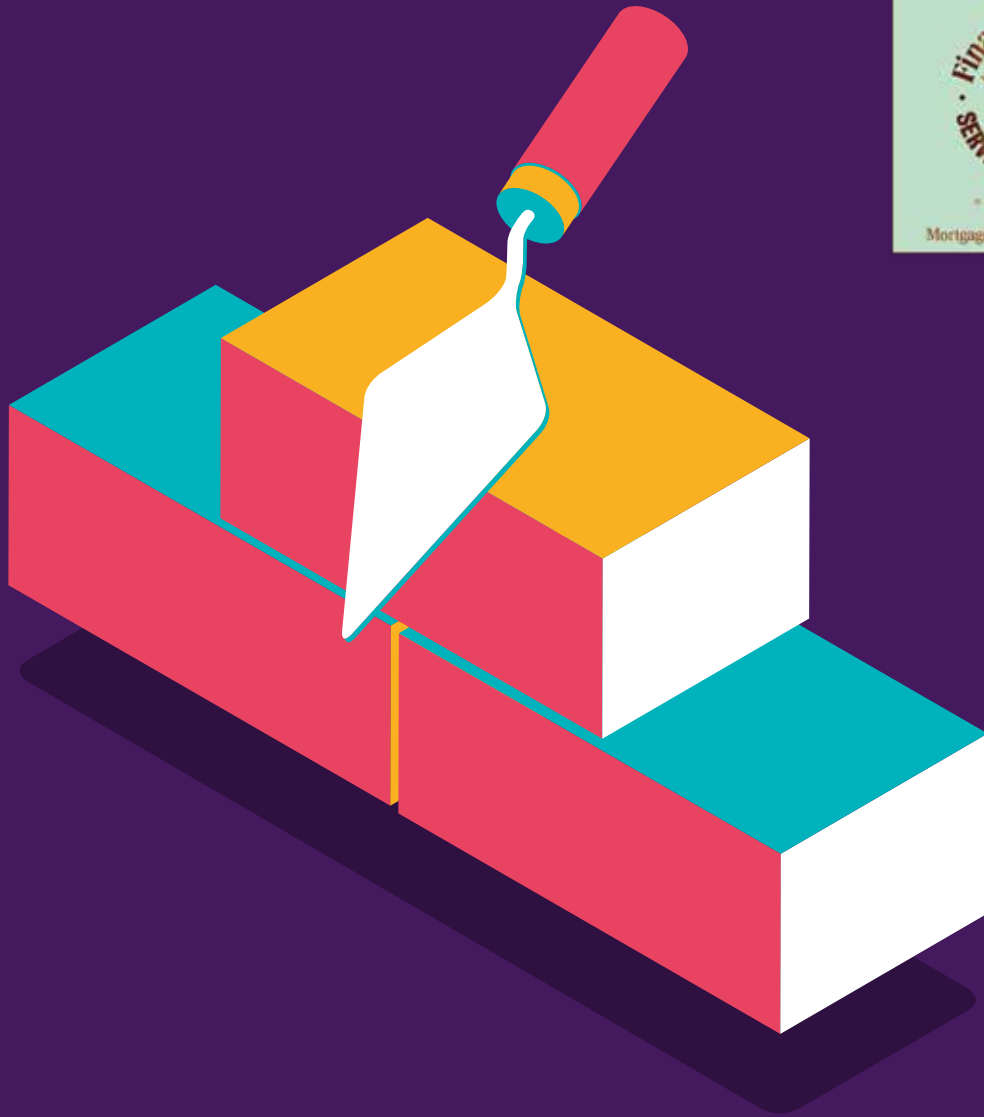


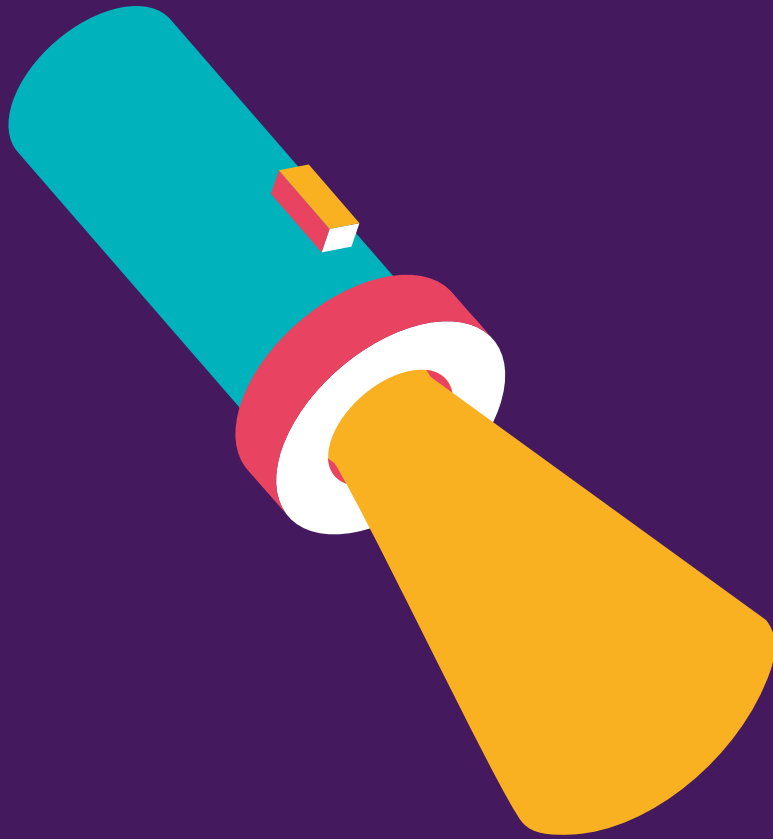
ONLY FOR USE BY MORTGAGE INTERMEDIARIES



# NatWest Intermediary Solutions New Build Guide (inc. Help to Buy)



NatWest



## Shining a new light on our New Build proposition



Advice on site  
exposure



Assisted move and  
part exchange



Builders' incentives



Help to Buy  
Schemes



Offer extensions



Specialist BDM  
Support team

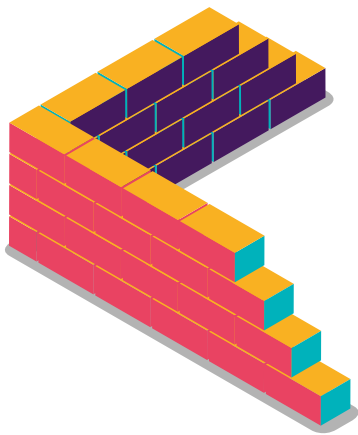


Speed to offer inc.  
Day 1 valuations  
and refunds



Connections with  
underwriters

# The basics



## New Build definition

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.

## Maximum LTVs

**Residential** - Flats 75%, houses 85%  
(75% for mortgages over £1m)

**Buy-to-let** - 65%

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

## Minimum loan amount

£25,000

## Lending limits on individual developments

A limit will be set for how many properties we will lend on in each New Build development (including developments that involve the conversion of usage from office to residential). This does not apply to single properties that have been converted into flats. Limits will vary according to each individual development and must not exceed 25%. The limit will be set and monitored by our Valuation Panel Manager.

By using *LiveTALK*, you'll be able to find out our exposure and the number of units left on any site under development **AND** any new sites using our development information template.

This will enable you to inform your customer whether or not we can accept their application, saving you time and unnecessary administration. It also prevents double counting on expired sites.

# Structural warranties

We will only lend on New Builds and renovations where there is a 10 year or longer structural warranty in place from our list of approved suppliers:

---

NHBC

---

Zurich Municipal (not available from August 2009)

---

Trenwick International

---

Premier Guarantee\*

---

Build Zone & Buildcare

---

Building Lifepans Limited (BLP, Allianz Guarantee)

---

Ward Cole (12 year structural warranty)

---

LABC (New Home Warranty – not self-build)

---

Castle 10 (Checkmate)

---

Build Assure (New Home Structural Defects Insurance)

---

Global Home Warranties

---

CRL - New Build 10 Year Structural Defects Insurance policy for Residential Property

---

The Q Policy

---

Protek New Home Warranty

---

Aedis Group Homeproof Structural Warranties

---

Advantage Warranties

---

International Construction Warranties

---

Ark Residential New Build Latent Defects Insurance

---

\* Premier Guarantee Warranties for flats will be referred to us by the acting solicitor – check the amount of cover at least equals the reinstatement figure on the valuation report.

Structural warranties issued retrospectively cannot be accepted.

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.

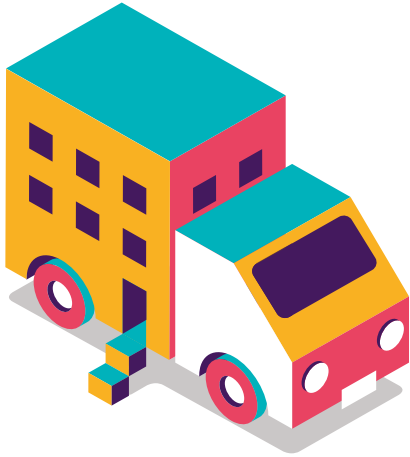
## Modern methods of construction

We will consider lending on properties constructed of sustainable, non-traditional New Build construction systems, provided they are accredited by the Build Offsite Property Assurance Scheme (BOPAS) and have an acceptable structural warranty.

Properties constructed using modern methods of construction not covered by the BOPAS will be considered on their individual merits by the valuer.

# Help from builders and leasehold

Accepted ✓



## 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.

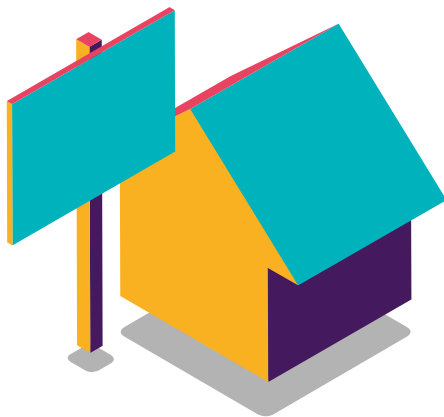
This is NOT classed as a scheme but as an incentive, so the applicant can use a scheme such as Help to Buy to purchase their New Build property.

Accepted ✓



## 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.



## Leasehold

Each case is taken on its own merits so there is no 'hard and fast' rule. Generally speaking, if the leasehold doubles every 10 years or starts at a high point then we won't lend. If it starts low and has reasonable review increases and periods then we may consider. To help us to come to a decision, we require details of the ground rent and service charge. Solicitors have a duty of care to ensure that any leasehold agreement is not onerous for the customer.

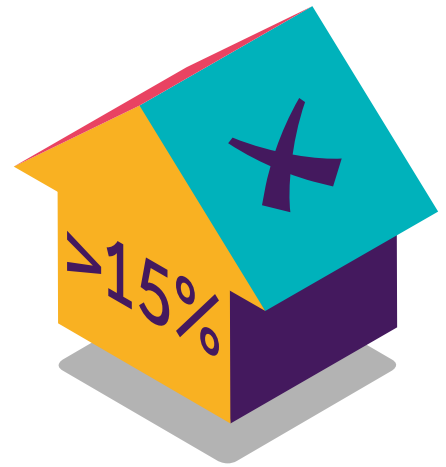
# Builders' incentives



Not deducted from purchase price and includes cash



Deducted from purchase price



Not acceptable

We accept builders' financial incentives on New Build properties up to 15% of a property's purchase price and up to a maximum of 5% on a property bought using the Help to Buy shared equity scheme.

The purchase price will not be adjusted for incentives, unless the total amount of incentives exceeds 5% of the price. Incentives greater than 5% will be deducted and lending based on the reduced purchase price (unless the property valuation is lower)

Here's an example of how this works for a New Build residential house:

Purchase price of the property	<b>£120,000</b>
Incentives total	<b>£8,000</b>
5% of purchase price allowance	<b>£6,000</b>
Incentives to be deducted from purchase price	£8,000 - £6,000 = <b>£2,000</b>
Reduced purchase price	£120,000 - £2,000 = <b>£118,000</b>

## Portable and proportionate incentives acceptable in 5% allowance

Incentives such as carpets and curtains, along with 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 that do not need to be included in 5% allowance

Incentives 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. However, they do need to be listed on the UK Finance Disclosure Form. There is no requirement to provide the costs of these items.

Any item that is provided as part of the standard specification for a property **SHOULD NOT** be listed on the UK Finance Disclosure Form. However, if an upgrade on the standard specification is offered free of charge, it should be included on the form.

## UK Finance Disclosure Form

Here is a quick guide to which type of incentives need to be included on the form, if they need to be included as part of the Value of Incentives calculation and the rationale.

Incentive type	To be included as part of <i>Value of Incentives</i> calculation?	Rationale
Discount on purchase price	No	The discount is already reflected in the agreed price and does not encourage the purchaser to pay more than market value.
Financial incentives (as defined in the UK Finance Disclosure Form) e.g. cashback, fees paid, Stamp Duty paid	Yes	The purchaser might pay more for the property than they would without such incentives.
Non-financial incentives - property related fixtures e.g. kitchen upgrade, integrated appliances, landscaping, fitted floor coverings	No	These are reflected in the value of the property and do not encourage the purchaser to pay more than market value.
Non-financial incentives – non-property related e.g. a free car, or property related but moveable, e.g. free furniture.	Yes	The purchaser might pay more for the property than they would without such incentives.
Part exchange	Yes, if the builder is paying above market value for the customer's property or covering all or part of the customer's agents costs	Purchasers may be induced to pay more than market value if they are receiving an enhanced payment for their own property.

## Help to Buy

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.

The Forces Help to Buy loan can be used as a deposit.

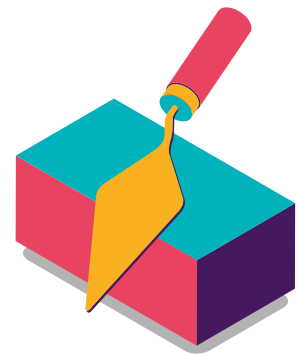
# Help to Buy schemes



Minimum 5% customer deposit



Authority to Proceed not required



Builders' incentives up to a maximum of 5% accepted



Only 1 applicant needs permanent right to reside



Remortgages available to pay off shared equity scheme on a like-for-like basis



Consent-to-let for members of HM Armed Forces

## 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 that must come from their own funds and not a builder's
- Government will loan up to 20% of property value
- Customers must take a mortgage of at least 25% of the value of the property they are purchasing
- 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
- Builders' incentives up to a maximum of 5% of the property value accepted
- Where applicant is a member of HM Armed Forces (Regular and Reserve), Consent-to-let may only be approved to enable them to undertake a UK or overseas appointment. This is subject to HCA approval
- Consent-to-let not permissible under any other circumstances
- Property must be in England
- We do not need an Authority to Proceed
- Customers can now remortgage to pay off **ANY** shared equity scheme i.e. Help to Buy or builder's
- Only 1 applicant needs permanent right to reside
- Repayment is by Capital & Interest Only



## 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, within the M25, 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
- 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
- Repayment is by Capital & Interest Only

## Help to Buy: remortgages

Customers with a Help to Buy: shared equity mortgage with another lender can remortgage to NatWest on a like-for-like basis, keeping the same balance and term. Customers will need to notify the Home and Communities Agency (HCA) and, if applicable, the developer lender for consent to change mortgage lender.

Customers are required to pay a number of fees which will be offset by a £500 cashback paid on completion:

- Deed of Postponement administration fee of £115 to the HCA through their scheme administrators (Target)
- Deed of Postponement fee of £150+VAT (some developers charge £150 for changing mortgage provider)
- Solicitor's fee of £95+VAT
- CHAPS fee of £30+VAT (additional £30+VAT CHAPS fee if there are remaining funds that need to be paid back to the customer)
- If a Transfer of Title is required to remove a party from the mortgage, a fee of £50 is payable to the HCA



Backed by  
HM Government

## Help to Buy: Forces (extended to December 2019)

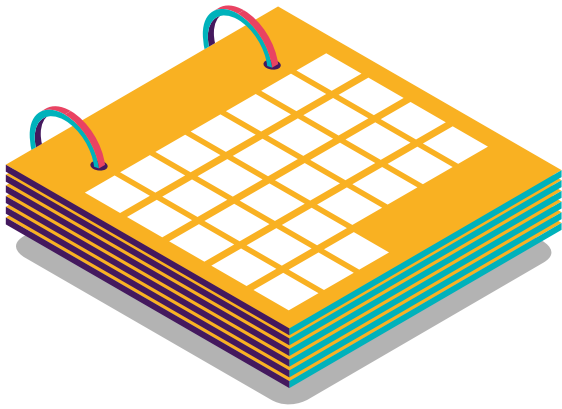
- The Forces Help to Buy (FHTB) loan available to Armed Forces personnel, is an interest-free loan repayable over 10 years.
- It can be used towards the customer's deposit for the normal Help to Buy: shared equity scheme but the monthly repayment must be included in the outgoings for assessing affordability
- 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
- Customer is allowed to rent out their property from day 1 with a consent-to-let agreement

## Help to Buy packaging

Please follow our standard packaging guidelines, **PLUS:**

- 3% of equity loan per year factored into the affordability calculation for purchase and remortgage as monthly commitment - you need to enter this amount as 3% of the loan divided by 12 on the calculator **AND** as a 'loan' on the application under 'loan amount'
- We'll accept an assisted move as long as the 5% incentive is not exceeded
- We do not need to see an Authority to Proceed

# Offer extensions



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 (no additional footprint will be made) and a refreshed property valuation that's free.

Importantly, the original deal will still be still valid or customers can choose a new deal. This means that if there is a delay in the completion of the property the customer won't miss out on their chosen deal, which would be especially beneficial if rates rise.

Offers can only be extended once. The 6 month extension will apply from the date the offer extension application was submitted. Offer extension applications must be submitted a minimum of 3 weeks before the end of the initial offer period.

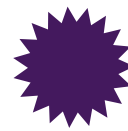
To apply for an offer extension you just need to complete our declaration form available for download on our web site.



## Here's a quick summary:



An additional 6 months extension can be granted



The original deal is still valid or customers can choose a new deal



Refreshed property valuation - no charge



No additional packaging is required, unless there has been a detrimental change to your customer's circumstances

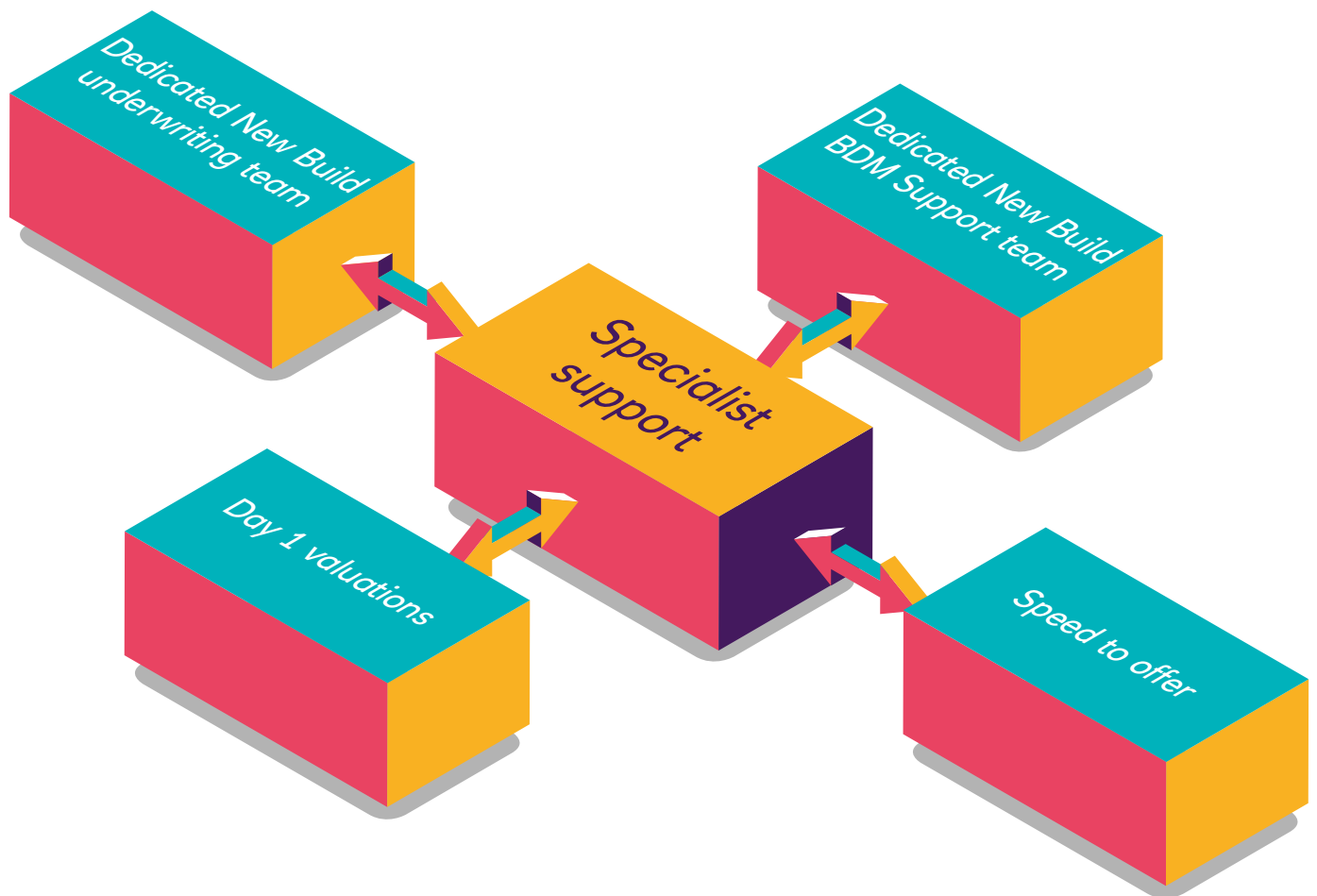


All processed online through our web site



No additional cost

# Specialist support



All our BDMs have been specially trained to deal with New Build cases and are well versed in dealing with housebuilders.

We also have a dedicated New Build desk that ensures property sales go through smoothly. This service includes:

**Day 1 valuations (up to £500,000 mortgage loan)** – we will provide customers with a full refund if their applications are declined on the grounds of affordability or credit scoring or where we cannot lend the full amount requested due to affordability issues.

**Dedicated New Build underwriting team** – experienced underwriters who are able to process applications quickly and accurately. They understand the specific needs of New Build and will contact you directly if any further information on a case is required.

**Dedicated New Build BDM Support team** – who will track the progress of New Build applications to completion. Your BDM will be able to liaise with the team on your behalf. The BDM Support team will work with valuers and address live issues, provide support by managing urgent cases, assisting with valuation queries and liaising directly with internal teams to resolve any post-submission issues that occur.

You must inform your dedicated phone and field BDM partnership of any New Build cases you have submitted that you would like tracked with exchange and completion dates.

**Speed to offer** - we are geared to meet the required speed to offer for 28-day exchange deadlines and it's possible under some circumstances to do this in just 7 working days to meet New Build deadlines.

## Here's a quick check list to help you when you submit a New Build case to us:

- Get a reservation form from your customer and check the incentives, ground rent and service charge
- Check the site exposure with us by speaking to your BDM
- For Help to Buy applications, check the Help to Buy calculator and our affordability calculator (remember that 3% of the equity loan per year and the ground rent and service charge have to be entered)
- Send the Property Information Form (PIF) and reservation form to the HCA
- Complete our application
- Notify your BDM that you are submitting a New Build case along with the exchange and completion deadlines so that we can add it to our tracker for you
- For exchange make sure the mortgage offer, valuation and Authority to Exchange (ATE) match exactly
- If all of this process is followed your customer can then move into their New Build property

## 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**.

## Here are some web sites you and your customers may find useful:

**Buying a leasehold property:**  
[www.lease-advice.org](http://www.lease-advice.org)

**Help to Buy:**  
[www.helptobuy.gov.uk](http://www.helptobuy.gov.uk)

**Find local Help to Buy agents:**  
[www.helptobuy.gov.uk/equity-loan/find-helptobuy-agent/](http://www.helptobuy.gov.uk/equity-loan/find-helptobuy-agent/)

**Existing Help to Buy customers:**  
<https://www.myfirsthome.org.uk/>

**Help to Buy calculator for properties outside London:**  
[www.gov.uk/government/publications/help-to-buy-equity-loan-calculator-and-guidance](http://www.gov.uk/government/publications/help-to-buy-equity-loan-calculator-and-guidance)

**Help to Buy London location eligibility:**  
[www.helptobuylondon.co.uk/equity-loan/how-to-apply-equity-loan](http://www.helptobuylondon.co.uk/equity-loan/how-to-apply-equity-loan)



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**