

Lending criteria

July 2008 **FOR INTERMEDIARY USE ONLY**
(not to be passed to customers)



This factsheet is designed to give general guidance to mortgage intermediaries on the Society's lending criteria. It should be read in conjunction with the 'Mortgage Product Guide'. We offer flexibility on income where we can see affordability. Please ask your local contact if you have a slightly unusual case which does not fit the criteria given below. We are always willing to look at a case and being a smaller building society, can obtain a quick decision for you.

The applicants

- All applicants must have permanent rights to residency and employment in the UK.
- Employed and self-employed applicants are acceptable, subject to income criteria as set out below. Applicants with no income from employment will not normally be considered.
- The use of a guarantor can be considered as short term security. The applicant should be able to support 85% of the loan on their own. The guarantor must be able to support the loan plus any existing commitments, using our standard income multiples.

Mortgage term and repayment

- Minimum mortgage term = 5 years
- Maximum mortgage term = 40 years
- Mortgages can be repaid as interest-only or capital and interest. We do not generally assign investment policies (decided on a case by case basis) but we do ask the applicant how they plan to repay their mortgage at the end of the term if they opt for an interest-only mortgage.

Affordable housing applicants

- Minimum applicant age = 25 years
- Minimum employment history in current job = 6 months
- A clear credit history of at least 2 years must apply
- Minimum purchase share is 50%
- Maximum LTV = 90% of share

Loan To Value ratios Residential purchase & remortgage

Loan size:	Purchase Max LTV:	Remortgage Max LTV:
Minimum loan £25,000		
£25,000 - £275,000	85%	85%
£275,001 - £300,000	80%	80%
£300,001 - £500,000	75%	75%

NB.
Remortgages involving extra borrowing for any purpose have a maximum LTV of 85% for loans up to £275,000

Buy to let mortgages have a maximum repayment LTV of 75% and a maximum LTV of 75% for interest only and new build properties. Commercial mortgages have a maximum LTV of 75% - depending on security.

Income multipliers

Household income	Single income:	Joint income:
More than £20,000	4 x	4 x
Up to £20,000 and all affordable housing cases	3.25 x	3.25 x

Assessable income

For PAYE applicants:

- Basic gross salary. In addition (if applies) add to basic salary:
- £1,000 for company car (maximum one per application).
- 100% of car allowance.
- 50% of regular/permanent bonuses and overtime (to be confirmed by employer /P60s).
- Mortgage subsidies/housing allowances or large town allowances (if permanent part of income).

For self-employed applicants:

- Average of the last two years' net profit.
- 3 years' accounts to assess the health of the business.
- For commercial propositions, available income cover based on the average of the retained net profits must be sufficient to cover interest charges twice over. Suitable adjustments will be made in the calculations for items such as depreciation, non-recurring items and existing interest charges.

Credit commitments:

- All credit commitments will be grossed up by 42% and deducted from income prior to applying income multiples.
- No mortgage application will be accepted where there are previous credit problems.

Valuation fees

(For purchase/remortgage of main residence and buy to let)

A valuation of the property is required in all cases. We offer the choice of a basic mortgage valuation or a homebuyer's report. We can give the applicants the names of suitable surveyors if they would like to arrange a full building survey. Commercial survey fees are negotiated, please ask us for details.

Market value:	£Mortgage valuation	£Upgrade to homebuyers*
Up to £100,000	150	250
Up to £150,000	175	275
Up to £200,000	200	300
Up to £250,000	225	350
Up to £300,000	250	375
Up to £400,000	300	400
Up to £500,000	350	400

Submitting an application

We will need from you:

- Fully completed mortgage application form.
- Identification for all applicants.
- A cheque made payable to Newbury Building Society or Newbury Mortgage Services Ltd (for Buy to Let or Commercial) for arrangement or valuation fees (if applicable). Please add client's name to payee line, for security purposes.
- Last P60 and 3 months' payslips for all employed applicants.
- Last 3 years' accounts for all self-employed applicants. For commercial propositions we will also need a business plan incorporating cash flow projections for next 12 months and a CV for the applicants to ascertain personal history.
- Last 2 years' mortgage statements (if applicable).

We will acknowledge receipt of your mortgage application and may ask for additional information from you or your client, if we need it to underwrite the case. We aim to send a formal mortgage offer to your client within 10 working days of receiving the application (this may be longer for commercial propositions depending on the complexity).

Head Office

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The property

Age:

- Properties of any age are acceptable (subject to valuation).
- NHBC Certificate, Zurich Municipal policy or Architect supervision required for properties aged under 10 years.

Construction:

- All properties of conventional construction (ie brick and tile) are generally acceptable.
- Timber and concrete properties are not accepted.
- Self-build proposals will be accepted from applicants who have the appropriate skills and assistance from qualified tradesmen.

Tenure:

- Freehold houses and leasehold houses and flats are acceptable with an unexpired lease of 30 years more than the mortgage term. Houses (not flats) under the Right to Buy scheme are acceptable.
- Freehold flats and maisonettes are not acceptable.
- Leasehold flats in blocks of more than 6 storeys are not acceptable.

Locality:

- Properties must be located within the following postcode areas: RG, OX, HP, SN, SL, SP, SO, GU, with the exception of existing members of 2 years or more where the property can be located in England or Wales (excludes Affordable Housing and Buy to Let).
- All London postcodes are restricted to 85% LTV due to the volatility of the market.



RG	Basingstoke, Bracknell, Crowthorne, Henley-On-Thames, Hook, Hungerford, Newbury, Reading, Tadley, Thatcham, Whitechurch, Wokingham
OX	Abingdon, Bampton, Banbury, Bicester, Burford, Carterton, Chinnor, Chipping Norton, Didcot, Kidlington, Oxford, Thame, Wallingford, Wantage, Watlington, Witney, Woodstock
HP	Amersham, Aylesbury, Beaconsfield, Berkhamsted, Chalfont St Giles, Chesham, Great Missenden, Hemel Hempstead, High Wycombe, Princes Risborough, Tring
SN	Calne, Chippenham, Corsham, Devizes, Faringdon, Malmesbury, Marlborough, Melksham, Pewsey, Swindon
SL	Ascot, Bourne End, Gerrards Cross, Iver, Maidenhead, Marlow, Slough, Windsor
SP	Andover, Fordingbridge, Gillingham, Salisbury, Shaftesbury, Tidworth
SO	Alresford, Brockenhurst, Eastleigh, Lymington, Lyndhurst, Romsey, Southampton, Stockbridge, Winchester
GU	Aldershot, Alton, Bagshot, Bordon, Camberley, Cranleigh, Farnborough, Farnham, Fleet, Godalming, Guildford, Haslemere, Hindhead, Lightwater, Liphook, Liss, Midhurst, Petersfield, Petworth, Sandhurst, Virginia Water, Windlesham, Woking, Yateley

Low cost home ownership/open market homebuy

We will consider applications for new build homebuy, social homebuy, shared equity and the First Time Buyers' Initiative (FTBI). The property must be located within the postcode areas above and be a minimum loan of £50,000. The minimum share being purchased by the applicants must not be less than 50% of the lower of the property price/valuation. We will lend 90% of the share being purchased, providing the overall loan to value does not exceed 75%.

For shared equity, we will use our own solicitors to act for us. The applicants can use our solicitors or their own - all legal costs to be paid by the applicants. For First Time Buyers' Homebuy, new build and social homebuy we can use the same solicitors as the applicants, subject to our normal requirements of a minimum of 2 partners in the firm and appearance in Butterworths' Law Directory.