

A guide to changes in our approach to first charge lending

Areas of lending	First charge lending
Residential Mortgages	Yes
Consumer Buy to Let	Yes
Buy to Let (Property Investor)	Yes
Foreign currency/foreign repayment vehicle Applicant not UK resident or income not paid in sterling.	No

Changes to first charge lending

Advised or execution only sales	We will only allow advised sales on residential mortgages.
Changes to product structure	None.
Changes to affordability	No change is required. Our method is already aligned.
Stress testing	No change is required. Our method is already aligned.
KFI+ or Mortgage Illustration (ESIS)	We are going to keep things simple – and so we have decided to move to a KFI+.
Binding Offer	Whilst our Mortgage Offer will be conditional it will be binding and may only be withdrawn in limited circumstances e.g. a change in customer circumstances or incorrect information has been provided.
Who sends out the Offer	We will send out the Mortgage Offer.
When will the reflection period start?	When the offer is sent to the customer. This ends upon receipt of the certificate of title from the conveyancers.
Managing pipeline	<p>Our systems will be updated on the 19th January 2016. For residential and consumer buy to let applications made before this date, a customer will have until 18th March 2016 to accept an offer, otherwise the application will have to be re-entered to the system to ensure the new process is followed and that they receive a KFI+.</p> <p>To minimise the impact on pipeline please send all information to complete applications submitted before 19th January 2016 by the 4th March 2016. This is to allow Mortgage Offers to be issued in sufficient time for your customer to accept the offer by 18th March 2016.</p> <p>Buy to let customers with an application in the pipeline at 19th January 2016 will be asked some additional questions to identify any pipeline consumer buy to let applications.</p>
Permissions	<p>Regulated mortgage contracts Mortgages intermediaries will continue to need to have permissions to advise on regulated mortgage contracts and make arrangements with a view to regulated mortgage contracts.</p> <p>Consumer buy to let Intermediaries submitting consumer buy to let applications (including pipeline cases being resubmitted) from 21st March 2016 will need to be registered with the FCA with the following permissions:</p> <ul style="list-style-type: none"> ▶ acting as a consumer buy to let arranger (all sales); and ▶ acting as a consumer buy to let adviser (advised sales only). <p>Buy to let (with debt consolidation) Intermediaries arranging a buy to let debt consolidation loan on an advised basis will continue to need to have the debt counselling permissions after 21 March 2016. Prior to 21 March 2016 we will continue to expect buy to let intermediaries to have credit broking permission and debt counselling permission where the loan includes debt consolidation and is advised.</p>

Other changes	<ul style="list-style-type: none"> ▶ We will ask you to agree to revised terms and conditions when you first log on after 19th January 2015. ▶ We will provide a copy of the Mortgage Illustration with the Mortgage Offer ▶ When you submit an application we will ask you: <ul style="list-style-type: none"> - to confirm that you have provided an illustration and adequate explanation to the customer and if the application changes that you will update those - to confirm that you have advised the applicant of the information we require to assess affordability ▶ For buy to let applications we will ask the applicant and you on the applicant's behalf to confirm that the application is for business purposes unless the application is consumer buy to let.
Customer terms and conditions	<ul style="list-style-type: none"> ▶ Our General Mortgage Conditions have been amended (2015 Edition), these will be issued to the customer with the mortgage offer and Mortgage Deed. ▶ In addition, the Tariff of Mortgage Charges and Customer Information Booklet issued with the offer have been reviewed and updated.

Additional information

Consumer Buy to Let

If you intend to offer consumer buy to let you must ensure that you have consumer buy to let advisor and consumer buy to let arranger permissions. You should make the necessary application to register with the FCA as a consumer buy to let credit intermediary to:

- ▶ Act as a consumer buy to let arranger (all sales); or
- ▶ Act as a consumer buy to let adviser (advised sales only)

For more information visit: www.fca.org.uk/firms/firm-types/mortgage-brokers-and-home-finance-lenders/mcd/cbtl

A buy to let mortgage will normally only be classed as 'consumer buy to let' if the applicant has only one buy to let property and didn't purchase that property to let (e.g. inherited it or originally purchased it to live in).

Useful websites

FCA - www.fca.org.uk/

FCA full permissions - <http://register.fca.org.uk/>

FCA interim permissions - http://fca-consumer-credit-interim.force.com/CS_RegisterSearchPageNew

Mortgage Credit Directive - www.fca.org.uk/mcd

Mortgage Conduct of Business - www.handbook.fca.org.uk/handbook

We can provide literature in large print, Braille and audio tape. Please ask us for this leaflet in an alternative format if you need it.