



MORTGAGE LENDING GUIDE

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MORTGAGE KEY FEATURES

PROFESSIONAL MORTGAGE

Minimum age – 21 years.

Available to fully qualified, practicing and registered accountants, actuaries, barristers, dentists, engineers, medical doctors, optometrists, pharmacists, solicitors, teachers and vets. We'll also consider trainee accountants, trainee actuaries and trainee solicitors.

Applicants must be registered with the appropriate UK professional body, and working in a field related to their profession.

FLEXIBLE MORTGAGE

Minimum age – 18 years.

MAXIMUM LTV

Up to 90% of the purchase price or valuation, whichever is lower (new purchases and remortgages).

Up to 85% remortgages (with capital raise).

Up to 80% for new build properties.

Up to 75% for second homes.

Interest only borrowing is available up to a maximum of 75%, based on the lower of the purchase price or valuation.

Where borrowing exceeds 75% the whole loan must be on a repayment basis.

Restrictions apply for loans greater than £750,000 – see page 6 for further information.

MINIMUM / MAXIMUM BORROWING

Minimum – £50,000

Maximum – none.

For all applicants we must ensure that your clients can afford the monthly payments and the application will be assessed on this basis.

The table below details the loan to income multiples we'll typically consider.

Income (sole/joint)	Loans £0 – £500,000		Loans >£500,000	
	0% – 75% LTV	75.01% – 90% LTV	0% – 75% LTV	75.01% – 90% LTV
<£25,000	4.49x single or joint income		4.49x single or joint income	4.00x single or joint income
£25,000 – £75,000	4.75x single or joint income			
>£75,000	5.00x single or joint income	4.75x single or joint income		

You can get a more accurate indication of how much your client could borrow by using the Affordability Calculator on our website.

Remortgages – one of the applicants must have owned the property for at least six months prior to application.

MORTGAGE TERM

Minimum – 5 years.

Maximum – 40 years.

If the mortgage term extends beyond the lower of either a maximum working age of 70 or anticipated retirement age, we will assess affordability on both current sustainable income and expected retirement income.

The mortgage term can not extend beyond age 80.

ADDITIONAL INFORMATION

If there is any interest only borrowing, a suitable repayment vehicle must be in place. Acceptable interest only repayment plans are detailed on page 9.

All applications are assessed on individual circumstances where affordability must be clearly demonstrated.

Sustainable income – income which can be confirmed from employer / past earnings as a continuing feature of income in the current financial climate, along with confirmation of past payment as a proven track record to allow individual assessment of each applicant's income.

When the mortgage will take the applicant past a maximum working age of 70 or anticipated retirement age if lower, then we'll need to consider how they will afford the mortgage once they retire.

Properties, if considered structurally sound (and readily marketable) by the valuer should be acceptable for our lending. Typical exclusions include: farms, live / work developments, caravans / mobile homes, houseboats, high-rise ex-local authority, properties of a commercial nature, or leasehold properties with unexpired lease of less than 70 years at outset of mortgage.

Properties over commercial premises will be considered on an individual basis.

All applicants must make a minimum personal deposit. Where the deposit is a gift from family we require a letter from the person gifting the deposit confirming the amount of the gift, that the gift isn't repayable and that the family member will hold no interest in the property. Gifts from friends or employers are not acceptable. Loans are not an acceptable source of deposit.

FURTHER ADVANCE KEY FEATURES

MAXIMUM LTV

Up to 85% LTV, based on current valuation.

MINIMUM / MAXIMUM BORROWING

Minimum – £5,000.

Existing customers can be considered for a Further Advance once 6 months have elapsed since completion of the original mortgage.

MORTGAGE TERM

Minimum – 2 years.

Maximum – 40 years, or to age 80 if less.

EMPLOYMENT TYPES

When assessing the maximum mortgage available, Scottish Widows Bank assesses the applicant's sustainable income.

Our view on sustainability differs by employment status and the following guide is there to help with understanding of how we view the earnings of different employment types.

EMPLOYED

Applicants must be employed on a permanent basis.

Basic salary always included as 'sustainable'.

Additional allowable income earned from other sources i.e. not guaranteed income or self employed earnings (e.g. overtime, bonus, shift allowance) may be capped where it constitutes a high proportion of total income.

We'll need to see the latest payslip, dated within the last two months. We may also need to see:

- Three months' payslips (to evidence any additional income declared – must be most recent, dated within last three months)
- P60 (evidence of last three years' bonuses).

If employment has not yet started we'll need the new employer to provide a reference.

CONTRACTORS

For contractors we require either:

- A track record of at least one year's continuous employment with the current employer, with at least six months of the contract remaining; or
- Two years' continuous service in the same type of employment.

Contractors who pay tax via PAYE should be keyed as employed and a copy of the most recent payslip (dated within the last two months) provided.

IT contractors; and contractors where income is >£75,000 pa or £500 per day; should be keyed as employed and we'll need a copy of the copy of the contract as with self employed and contractors (not PAYE).

SELF EMPLOYED AND CONTRACTORS (NOT PAYE)

Applicants are considered self employed if they:

- are a sole trader
- have a shareholding of 25% or more in a Limited Liability Company or LLP (irrespective of equity share)
- are joint customers who have a combined shareholding of 25% or more
- are a sub contractor who derives income from more than one contract
- have a partnership interest in a business
- own a franchise
- receive a salary, dividends or net profits as part of their income package.

For income verification we'll need the latest three years' Tax Calculations and corresponding online Tax Year Overviews (where tax is being paid). These must include the HMRC logo, Unique Tax Reference and applicant's name, certified 'This is a copy of information held on your official online Self Assessment Tax Account with HMRC'.

Projected income will be considered for doctors, dentists, solicitors (including LLP) and accountants (including LLP).

Note the following types of applicants must be keyed as employed, and we'll need to see a copy of their contract:

- IT contractors
- Contractors where income is >£75,000 pa or £500 per day
- Contractors who pay tax via PAYE.

There's no prescribed formula on taking either the most recent year's net profit or an average over the past three years, however all factors are considered to assess the particular risks to the business when looking at trends.

For example:

- Type and age of business
- Past performance of business and any projection provided.

Income figure to be used is dependent upon the nature and size of the business e.g. a one man IT Consultant with minimal capital may fully withdraw all of the profit whereas an Engineering company will likely require to retain an element of the profits to finance the working capital needs of the business.

Income for a Company Director would generally be based on the Director's salary plus any dividends paid.

In addition we may be prepared to factor in any element of the net profit before tax while remaining mindful of the working capital/needs of the company.

In the most basic of companies income is based on the net profit x percentage of applicant's shareholding and applicant's director remuneration. If a dividend payment is awarded it would need to be considered sustainable going forward to be included as income.

Doctors and dentists with 'private work' in addition to employment must provide a minimum of two years' verifiable track record before the 'private' income may be included in sustainable income.

Other Trading Vehicles

Generally we are not attracted to providing mortgages where income is derived through such a vehicle – such cases may be referred to Credit.

Umbrella Companies

Generally a method where the applicant trades as a Limited Company but is likely to be on a contract through the Umbrella Company where the administration for that company is undertaken by another company. Again such cases may be referred to Credit.

DOCUMENTS WE MIGHT ALSO ASK FOR (ALL APPLICANTS)

- Most recent month's personal bank statement (three months' for non EU/EEA nationals). Must show salary income and all monthly commitments
- Utility bill (mobile phone bill is not acceptable)*
- Council Tax documents*
- Proof of deposits/savings*
- 12 months proof of mortgage payments
- Existing BTL income – either three months' bank statements (showing rental income), current tenancy agreement or letter from letting agent
- Future BTL income – a letter from the letting agent confirming expected rental payment.

*Must be dated within the last three months.

LENDING CRITERIA

FOREIGN NATIONALS

Our Foreign National Policy applies to applicants from outside the EU / EEA. The following restrictions apply:

Product	Lived in UK 0 – 12 months	Lived in UK 12 – 24 months (Max LTV)	Lived in UK 25 – 60 months (Max LTV)	Lived in UK > 60 months (Max LTV)
Professional Mortgage (permanently employed)	Not available	Up to 60% LTV	Up to 75% LTV	Up to 90% LTV
Professional Mortgage (contracts – medical doctors only)	Not available	Not available	Up to 60% LTV	Up to 75% LTV
Professional Mortgage (self employed)	Not available	Not available	Not available	Up to 75% LTV
Flexible Mortgage (permanently employed)	Not available	Up to 60% LTV	Up to 75% LTV	Up to 85% LTV
Flexible Mortgage (self employed or contract)	Not available	Not available	Not available	Up to 60% LTV

- Verification of residency in the UK will be evidenced through the Experian bureau data or from the employment reference.
- Permanent employment status will be evidenced from the employment reference.

We only accept income paid in Sterling.

LARGE LOANS

Whilst Scottish Widows Bank has an appetite for larger loan sizes, the following restrictions apply:

Loan Size	Maximum LTV Available
Up to £750,000	Maximum LTV per product
>£750,000 to £1m	85%
>£1m to £2m	80%
>£2m to £5m	70%
>£5m and above	50%

RESIDENTIAL BORROWING WITH ADDITIONAL PROPERTIES

If there are second homes or Buy to Let properties in the background, whether that borrowing is with Scottish Widows Bank and/or another lender, full details of the lender, outstanding loan amount(s), rental income and property value(s) must be disclosed.

We will consider each case individually.

MAXIMUM PORTFOLIO LIMITS

To ensure we maintain appropriate limits to the amount of borrowing held by individual customers or connected groups of customers, the following criteria applies:

- Across all Lloyds Banking Group retail mortgage brands, an individual or connected group of customers may not have more than one main residence and three non main residence mortgaged properties i.e. Buy to Let, second home, existing consent to lease, or have total non main residence exposure of more than £2m.
- A connected group is where the applicant is a joint party to any Lloyds Banking Group mortgage loan(s). These, together with the exposure associated with them, will count towards these limits.
- The retail division of Lloyds Banking Group includes Bank of Scotland, Birmingham Midshires, The Mortgage Business, Halifax, Intelligent Finance, Lloyds Bank and Scottish Widows Bank.

BUY TO LET RENTAL INCOME

Mortgage repayments on Buy to Let properties in the background aren't taken into consideration in the affordability assessment provided they're sufficiently covered by the rental income.

To ensure we continue to lend responsibly, rental income from Buy to Let properties must be evidenced. We accept the following as proof of rental income:

- Three months' bank statements; or
- Tenancy agreement; or
- Letter from a letting agent, accountant or solicitor.

RESIDENTIAL BORROWING WITH SECOND RESIDENTIAL / HOLIDAY HOME

- This applies whether the borrowing is with Scottish Widows Bank and / or another lender.
- The new and existing borrowing must be deemed to be affordable.
- All 'second home' lending is capped at 75% LTV.
- This includes 'holiday homes' which must be solely for the use of the applicants, their relatives and close friends.
- No formal letting is permitted.

TIED ACCOMMODATION

Applications for a residential mortgage for tied accommodation, for example a landlord of a pub living above the pub, will be capped at 75% LTV.

NEW BUILD PROPERTIES

An initial occupancy/new build property is classed as any property being occupied and/or sold for the first time on the open market in its current state and includes converted and refurbished properties. These will fall into one of the following categories:

- Newly built property.
- Refurbished property i.e. refurbishment of an existing residential property, typically a re-furbished property will be considered as initial occupancy where the vendor is a builder/developer and the property has been vacated to allow for the refurbishment to be undertaken.

- Newly converted property i.e. conversion of an existing non residential property, e.g. an existing mill converted into flats.
- A property, either new or converted (as above), that has been tenanted and is now offered for sale by the builder/developer.
- Property must be subject to one of the following building control and monitoring requirements:
 - Building Standards Indemnity Scheme from a warranty provider accepted by Lloyds Banking Group
 - Professional consultant where small, solely residential development of no more than 15 units – consultant must meet qualifying criteria
 - An acceptable guarantee from a development corporation or local authority where they are the vendor.
- A final inspection is required to confirm completion of the new property unless covered by an acceptable new build warranty provider.
- Barn conversions / converted properties are subject to a full retention pending completion of works and subject to new build criteria.

Maximum LTV on new build properties (houses and flats) is 80% (75% for 'second home' loans).

All lending decisions are based on valuation or purchase price (whichever is lower).

INCENTIVES ON NEW BUILD PROPERTIES

Some builders offer cash incentives, these may include but are not limited to: deposit contributions, cash-backs, contributions to legal fees and stamp duty, moving costs, mortgage subsidies.

It's important the valuer is made aware of any incentives as these will be taken into account when determining the value of the property.

Cash Incentives up to 5% of the property value are acceptable provided:

- We're made aware of the value of any cash incentive at the time the mortgage application is made.
- The loan and cash incentive together are not greater than 5% above the maximum loan to value limit. Where this figure will be exceeded the loan amount must be reduced accordingly.
- Cash incentives greater than 5% of the property value will only be acceptable where the customer is contributing more than the minimum personal deposit and the above requirements are met.

Example

Value of property (with incentive taken into account).	£100,000
Calculate 85% of value and deduct the max 80% loan amount from this to determine the max amount of cash incentive permitted.	
Maximum LTV for New Build 80%.	£80,000
Deposit required from applicant(s).	£20,000

The applicant(s) may use a max of £5,000 of the builders incentive towards the deposit.

A personal loan is not an acceptable form of deposit.

ASSIGNABLE CONTRACTS

Applications which involve assignable contracts or irrevocable powers of attorney in favour of intervening sellers are not acceptable. Any other structure to the transaction which has a similar effect should be reported to us. Assignable contracts allow the original buyer to sell the property before legal completion, by assigning the contract to buy the property to a new buyer after contracts have been exchanged with the developer.



INTEREST ONLY REPAYMENT PLANS

All loans arranged where the capital element is not included in the monthly payment, including those that are part repayment, part interest only, must have a plan in place to repay the capital at the end of the term. This includes new and existing loans.

As a responsible lender, it's important for us to evidence the repayment plan for interest only mortgages, so documents relating to the repayment plan must be received and confirmed acceptable before a new mortgage offer can be considered.

The following table shows the repayment plans we currently accept, associated criteria, evidence required, and the assessment method we'll use. It also shows the methods we use to assess whether a repayment plan meets our lending criteria. This information is only a guide. We'll only issue a mortgage offer once we've confirmed that the evidence supplied meets our criteria.

ACCEPTABLE REPAYMENT PLANS

Sale of property to be mortgaged, if it's a main residence		
Criteria	Evidence required	Assessment method
<p>Sole applicants must have a minimum income of £100,000 pa. For joint applications, one of the applicants must have a minimum income of £100,000 pa, or the joint applicants must have a minimum combined income of £150,000 pa.</p> <p>The income requirement is calculated on the total of basic, overtime, bonus and commission for employed applicants, or the latest year's income for self employed applicants.</p> <p>Maximum term of mortgage to state pension age or anticipated retirement age (no lending into retirement).</p> <p>Up to 50% LTV can be on interest only. Borrowing over 50% and up to 75% LTV must be on a repayment basis.</p>	<p>No additional evidence is required. We'll use the valuation carried out on application to calculate the equity available.</p>	<p>There must be at least £200,000 equity in the property. We can use the full equity amount to support interest only lending.</p> <p>You must ensure your client understands the requirement to sell their property at the end of the term to repay the outstanding loan.</p>
Sale of property to be mortgaged, if it's a second home		
Criteria	Evidence required	Assessment method
<p>Sole applicants must have a minimum income of £100,000 pa. For joint applications, one of the applicants must have a minimum income of £100,000 pa, or the joint applicants must have a minimum combined income of £150,000 pa.</p> <p>The income requirement is calculated on the total of basic, overtime, bonus and commission for employed applicants, or the latest year's income for self employed applicants.</p> <p>Maximum term of mortgage is normally to state pension age or anticipated retirement age (no lending into retirement), although longer terms can be considered.</p>	<p>No additional evidence is required. We'll use the valuation carried out on application to calculate the equity available.</p>	<p>No minimum equity requirement. We can use the full equity amount to support interest only lending.</p> <p>You must ensure your client understands the requirement to sell their property at the end of the term to repay the outstanding loan.</p>

Bonus		
Criteria	Evidence required	Assessment method
<p>Sole applicants must have a minimum income of £100,000 pa. For joint applications, one of the applicants must have a minimum income of £100,000 pa, or the joint applicants must have a minimum combined income of £150,000 pa.</p> <p>The income requirement is calculated on the total of basic, overtime, bonus and commission for employed applicants, or the latest year's income for self employed applicants.</p> <p>Maximum term of mortgage to state pensions age or anticipated retirement age (no lending into retirement). We will allow the term to run up to 11 months past the lower of the two.</p>	<p>If received monthly, the latest three payslips.</p> <p>If received quarterly, the latest four payslips showing bonus payments</p> <p>If received half yearly the latest two payslips showing bonus payments.</p> <p>If received annually, the latest two years payslips showing bonus payments.</p> <p>An average value should be calculated and used.</p> <p>Payslips must show the applicant's name, employer, pay date and gross bonus amount.</p>	<p>An annual bonus figure is calculated from the payslips provided as evidence. Where bonus is paid annually, the average of the bonus received in the last two years is used. 30% of this bonus figure is then multiplied by the term of the mortgage required for the amount of interest only lending available.</p> <p>There's an expectation that the applicant will make periodic lump sum repayments to reduce the amount outstanding during their interest only mortgage and it's important they understand this. Early Repayment Charges would apply as normal where any overpayment concession is exceeded.</p> <p>Where any bonus is to be used as a repayment plan, no bonus income earned by any applicant to the mortgage will be used in our affordability assessment.</p>
Cash		
Criteria	Evidence required	Assessment method
<p>Sole applicants must have a minimum income of £100,000 pa. For joint applications, one of the applicants must have a minimum income of £100,000 pa, or the joint applicants must have a minimum combined income of £150,000 pa.</p> <p>The income requirement is calculated on the total of basic, overtime, bonus and commission for employed applicants, or the latest year's income for self employed applicants.</p> <p>Cash must be held in £ sterling.</p> <p>Maximum term of mortgage to state pension age or anticipated retirement age (no lending into retirement).</p>	<p>Copy of statement dated within the last month, and a previous statement showing the cash amount being held for a minimum of three consecutive months.</p> <p>The cash can be held across more than one account.</p>	<p>If a minimum of £50,000 has been held in savings or current account for a minimum of three consecutive months, 100% of the current cash balance can be used to support interest only lending. If statements show a fluctuating cash balance then the lowest balance will be used.</p> <p>If savings are also being used as source of deposit, evidence of an amount sufficient for both the repayment plan and deposit must be provided.</p>

Pension		
Criteria	Evidence required	Assessment method
<p>Must be a UK pension.</p> <p>The term of any interest only lending must not exceed the lower of state pension age or anticipated retirement age. We'll allow the term to run up to 11 months past the lower of the two.</p>	<p>Copy of latest pension statement dated within the last 12 months.</p>	<p>The pension must have a minimum projected total fund value of £400,000, of which a maximum 15% of this amount will be used to support interest only lending. Where a projected total fund value does not show on the pension statement, such as on a final salary scheme, if the projected lump sum is at least £100,000 up to 60% of the projected lump sum value can be used. Where a statement gives a range of projected values the middle of three figures or the lower of two will be used.</p> <p>Pension contributions should be declared under the 'Total monthly payment towards repayment plans', and will be used in our affordability calculations. Your client must understand the need to maintain pension contributions.</p>
Endowment		
Criteria	Evidence required	Assessment method
<p>Must be a UK policy.</p> <p>Both with profits and unitised plans permitted.</p>	<p>Copy of the latest projection statement dated within the last 12 months.</p>	<p>Endowment companies will present three growth rates to a client with the middle projection being the most likely outcome.</p> <p>We allow up to 100% of the projected amount using the middle projection figure (usually at 6%).</p>
UK based Stocks & Shares ISAs, Unit Trusts, OEICs or Investment Bonds		
Criteria	Evidence required	Assessment method
<p>Only UK based investments quoted within the FTSA index and held in sterling are acceptable.</p>	<p>Copy of the latest statement dated within the last 12 months.</p>	<p>We'll compare the value of the asset with the amount of interest only lending required, taking into account the remaining term of the mortgage and future market volatility.</p> <p>The valuation we assign to the investment is 80% of the current value, which must be greater than £50,000*. The total can be made up of a combination of Stocks & Shares, Stocks & Shares ISA, Unit Trusts, OEICs and Investment Bonds.</p> <p>For example, if applicant one has £30,000 Stocks & Shares and applicant two has £30,000 Stocks & Shares ISA, combined this equals £60,000 and is therefore acceptable as a repayment plan. Using 80% of the current value, this is sufficient to cover £48,000 of interest only lending.</p> <p>*For existing customers the current value minimum threshold does not apply if the total amount of interest only borrowing is not being increased.</p>

UK based Stocks & Shares		
Criteria	Evidence required	Assessment method
Only shares quoted within the FTSE index and held in sterling are acceptable.	Copy of share certificates, nominee account statement or confirmation from a recognised stock broker containing evidence of share holdings, together with their valuation. Must be dated within the last 12 months.	As above for UK based Stocks & Shares ISAs, Unit Trusts, OEICs and Investment Bonds.
Sale of second home/Buy to Let (UK)		
Criteria	Evidence required	Assessment method
Due to valuation and verification requirements this is restricted to properties within the UK.	Completed 'Interest Only Other Residential Property' form. If the mortgage lender is outside Lloyds Banking Group we need a copy of the latest mortgage statement dated within the last 12 months.	We'll check the ownership of the other residential property and assess its value. We'll compare the equity available in the property with the amount of interest only lending required. Current equity within the property must be over £50,000. We'll use 80% of the current equity available in the property to support interest only lending. Note there must be at least £50,000* equity available in each individual property being used to support interest only lending. *For existing customers the current value minimum threshold does not apply if the total amount of interest only borrowing is not being increased.
Sale of another residential property not yet purchased		
Criteria	Evidence required	Assessment method
Due to valuation and verification requirements this is restricted to properties within the UK.	We'll need property details, acting solicitor to confirm intended ownership of the second property and details of any loans to be secured against this property. We may carry out a property valuation and land registry search.	We'll confirm the intended ownership of the second property prior to producing a mortgage offer. Current equity within the property must be over £50,000. We'll use 80% of the current equity available in the property to support interest only lending. Note there must be at least £50,000* equity available in each individual property being used to support interest only lending. *For existing customers the current value minimum threshold does not apply if the total amount of interest only borrowing is not being increased.

We will periodically review our list of acceptable repayment plans and where we feel appropriate make changes to our acceptable list.

When requesting any future additional services this may be subject to providing suitable evidence of a repayment plan from our current list of acceptable plans.

IMPORTANT POINTS ON THE ASSESSMENT:

- We are not providing advice on your client's repayment plan(s) or making any guarantees that their plan(s) will be sufficient to repay the outstanding balance (capital) at the end of the mortgage term.
- Your client must confirm the maturity date of the repayment plan(s) to ensure the term of any interest only borrowing does not finish before funds are available to repay the outstanding capital balance.
- Your client should review their plan(s) regularly during the term of their mortgage to make sure it is on track to repay the outstanding balance.
- Periodically, we'll ask your client to provide evidence of their repayment plan(s). If your client is unable to satisfy us that their repayment plan(s) remains on track to repay the outstanding balance on their mortgage, we may ask your client to transfer some or all of their mortgage onto a capital and interest repayment basis.
- Please remember it is your client's responsibility to ensure they have sufficient funds to repay their outstanding balance at the end of the mortgage term. If they are unable to do so, their home may be repossessed to repay the outstanding balance.

IMPORTANT POINTS ON REPAYMENT PLANS:

- Repayment plans cannot be accepted if they include the name of anyone not named on the mortgage.
- A customer can use more than one repayment plan to cover their total interest only amount. In this case, please send the relevant evidence for all repayment plans. The Sale of Mortgaged Property is excluded from this rule.
- The following are not acceptable repayment plans:
 - Sale of other commercial property.
 - Sale of non property assets.
 - Inheritance.

FURTHER ADVANCES

If your client has any of their existing debt on interest only they will need to provide evidence that they have a repayment plan in place to repay the capital at the end of the term.

If the Further Advance is to be conducted on an interest only basis, we will also require evidence of the repayment plan that your client intends to use to repay the Further Advance amount at the end of the term. This repayment plan must be from our acceptable list.

If the Further Advance is to be conducted on a capital and interest repayment basis and your client has an existing interest only debt, they must still provide evidence that they have a repayment plan in place to repay the interest only capital balance at the end of the term.

Only where the evidence to support the Further Advance, as well as any existing interest only debt, meets our criteria and covers the full amount to be conducted on an interest only basis, can a Further Advance Offer be produced.

PRODUCT TRANSFERS AND CONTRACT CHANGES

If your client has any of their existing debt on interest only they will need to provide evidence that they have a repayment plan in place to repay the capital at the end of the term.

A Product Transfer or contract change can only be completed once the repayment vehicle has been validated.

ADVISING YOU OF THE OUTCOME OF OUR ASSESSMENT

When we have completed our calculations, we'll contact you to let you know if the evidence provided meets our criteria or not. Where the repayment plan is inadequate, you'll need to discuss how to proceed with your client.

ADDITIONAL INFORMATION

SOME OTHER THINGS YOU SHOULD KNOW...

Variable

- A choice of tracker rates is available on part or all of the main mortgage.
- Interest is calculated on a daily basis.
- If your client moves house during the initial period when an Early Repayment Charge is payable, we will carry the rate forward on the outstanding balance if they arrange a new mortgage with Scottish Widows Bank. Purchase of the new property must complete within 90 calendar days of the sale of the existing property.
- Overpayments can be made at any time without an Early Repayment Charge as long as the final balance doesn't fall below £100.
- An arrangement fee may apply.
- 'Switch & Fix'. This means customers on a variable rate can switch without penalty to a new fixed rate, subject to assessment. Any applicable fixed rate booking fee would be payable, but no early repayment charge would be applied for early withdrawal from the variable rate product.

Fixed

- Fixed rate option is available as part or all of the main mortgage.
- A booking fee may apply.
- An overpayment of up to 10% of the loan balance may be repaid once a year, without an Early Repayment Charge.
- If your client moves house during a fixed rate period, we will carry the rate forward on the outstanding balance if they arrange a new mortgage with Scottish Widows Bank. Purchase of the new property must complete within 90 calendar days of the sale of the existing property.

REPAYMENT METHOD

- Repayment.
- Interest only.
- Part repayment and part interest only.
- If the borrowing is over 75% LTV then the full balance must be on a repayment basis.
- Maximum loan amount on interest only is £1m. If the total borrowing is over £1m, up to £1m can be on interest only but the remainder must be on a repayment basis.

EARLY REPAYMENT

- Depending on the interest rate chosen there may be an Early Repayment Charge.

SECURITY REQUIRED

- First legal charge over residential property for all borrowing (Standard Security in Scotland).

SPECIAL FEATURES

- Minimum lump sum repayment – £1,000.
- Further advance minimum – £5,000.

REMORTGAGE INCENTIVES

- Free valuation.
- Free legal fees or £300 cashback.

Restrictions apply – please see page 16 for full details.

View our current interest rates at www.scottishwidows.co.uk/extranet

OFFSET

- The offset facility is available alongside all our current mortgage products. Please contact us, or visit www.scottishwidowsbank.co.uk for details of our current product range.
- Clients can only ever offset against one mortgage account. So if your client has more than one part to his/her mortgage, for example more than one rate or part Repayment and part Interest Only, savings can only be offset against one portion of the borrowing. This would normally be the largest borrowing amount.
- Interest is calculated daily on the mortgage account balance LESS the Offset Saver Account balance, and applied monthly to the mortgage account.
- The Offset Saver Account must be opened in the same name(s) as the mortgage account.
- Transfers to and from the Offset Saver Account will be made by electronic funds transfer to/from a designated personal bank or building society account.
- With Reduced Term as the chosen offset benefit, monthly mortgage payments remain at the same level until an interest rate change, meaning the term could be decreased.
- With Reduced Monthly Payment as the chosen offset benefit, monthly mortgage payments are reduced and can fluctuate each month. The original term of the mortgage is unchanged. Your client's mortgage payments will be adjusted from their second mortgage payment – the first mortgage payment will always be collected in full.
- Your client can switch between the two offset benefits – Reduced Term and Reduced Monthly Payment – up to four times per year.
- If your client chooses Reduced Term as the offset benefit, any mortgage overpayments will reduce the term of the mortgage.
- If your client chooses Reduced Monthly Payment as the offset benefit, any mortgage overpayments will reduce monthly mortgage payments.
- No credit interest will be paid to Offset Saver Accounts if the balance exceeds the mortgage debt.
- The minimum balance of an Offset Saver Account is £100.
- The maximum balance of an Offset Saver Account is £1m.

REMORTGAGE INCENTIVES

Scottish Widows Bank will pay for the valuation, and legal services when applicants use our solicitors, subject to the following criteria.

We'll arrange a free property assessment for our use. We may instruct a surveyor to inspect the property, or use an automated valuation.

We will pay our solicitors to carry out the legal work involved in the remortgage. For any additional services, such as property title transfer or registration of properties in England and Wales where the property requires first registration in HM land registry, our solicitors will contact the applicant(s) to arrange payment. We will not be able to give legal or tax advice on the remortgage, and recommend that applicants contact their own legal or financial adviser if they require such advice. If the property is in Northern Ireland, or where applicants use their own solicitor instead of ours, we'll offer £300 cashback.

The remortgage package is not available if there's not currently a mortgage on the property. One of the applicants must have owned the property for at least six months prior to the application.

PRODUCT TRANSFERS

If your client has an existing mortgage with us, you can apply online to switch them to a new deal.

- Simple online application process
- Exclusive rates for existing customers
- No ERCs if there's less than three months to go on their existing rate
- No ERCs on SVR
- No valuation required.

The online service is not available for:

- borrowing over £1 million
- guarantor mortgages
- mortgages with consent to let
- mortgages where the existing term extends beyond the client's anticipated retirement age or a maximum working age of 70, whichever is lower
- mortgages with any interest only borrowing, where the client does not have an acceptable repayment vehicle in place.

VALUATION FEES

HOUSE PURCHASE VALUATIONS

Survey Costs

If you choose a Level 2 Survey and valuation, or Level 3 Building survey, our surveyors will send separate terms and conditions that must be signed and returned to the surveyor before the survey can be carried out. These types of survey include a Level 1 valuation report, which will take place at the same time.

Fees are based on the property purchase price. Fees for a Level 3 Building survey and valuation are available on request.

Property value not exceeding	Level 1 valuation report	Level 2 Survey and valuation
£50,000	£140	£365
£75,000	£140	£365
£100,000	£180	£365
£150,000	£215	£395
£200,000	£255	£445
£300,000	£330	£565
£350,000	£330	£565
£400,000	£400	£695
£450,000	£400	£695
£500,000	£465	£840
£600,000	£520	£980
£700,000	£580	£1,125
£800,000	£635	£1,265
£900,000	£690	£1,410
£1,000,000	£745	£1,550
£1,200,000	£860	£1,750
£1,400,000	£970	£1,955
£1,500,000	£970	£1,955
£1,600,000	£1,085	£2,155
£1,800,000	£1,195	£2,360
£2,000,000	£1,310	£2,560
£2,200,000	£1,420	£2,765
£2,400,000	£1,535	£2,965
£2,600,000	£1,645	£3,165
£2,800,000	£1,760	£3,370
£3,000,000	£1,870	£3,570
>£3,000,000	Available on request	Available on request

SWB VALUATIONS

TYPES OF SURVEY

Level 1: Valuation

This is a very brief report on the property and its market value.

This report is just for our purposes but your client will be sent a copy. It's based on a limited inspection of the readily visible and accessible parts of the property.

This level of report may not mention matters that could affect a decision to buy.

Level 2: Survey and valuation

The survey is for your client and we don't receive a copy. We only receive and make our lending decision on the valuation.

The survey gives guidance on defects and other issues that may affect the property.

The surveyor will send the appropriate terms and conditions for your client to read, sign and return.

Level 3: Building survey

The building survey is for your client and we don't receive a copy. We only receive and make our lending decision on the valuation.

The building survey is a detailed report on the property, which can be tailored to fit your client's requirements.

The surveyor will send the appropriate terms and conditions for your client to read, sign and return.

WHAT'S INCLUDED

	Level 1	Level 2	Level 3
Exterior inspection	Brief	General	Detailed
Inspection of concealed parts	No	No	Yes. Level of detail by arrangement with surveyor.
Evidence of major problems e.g. structural movement	Yes	Yes	Yes
Evidence of major defects	Yes	Yes	Yes
Roof covering	Yes, from ground level only.	Yes. Pitched roofs from ground level and with binoculars. Flat roofs if visible from within property and using a ladder up to 3m height.	Yes. Level of detail by arrangement with surveyor.
Drain inspection/test	No	Yes, accessible drain covers are lifted.	Yes. Level of detail by arrangement with surveyor.

WHAT'S INCLUDED (CONTINUED)

	Level 1	Level 2	Level 3
Internal inspection	Brief	General	Detailed
Damp tests	Yes. Limited tests in accessible areas.	Yes. Damp readings taken to accessible areas.	Yes. Damp readings taken to accessible areas.
Carpets moved	No	No	Yes. Level of detail by arrangement with surveyor.
Furniture moved	No	Yes. Heavy furniture not moved.	Yes. Heavy furniture not moved.
Roof space inspected	No	Yes. Where further investigations are required. Limited inspection using loft access point.	Yes. With reasonable access
Sub-floor space inspected	No	Yes. Limited inspection with reasonable access.	Yes. Level of detail by arrangement with surveyor.
Doors/window operation checked	No	Yes. Sample only, if not locked or painted shut.	Yes. Level of detail by arrangement with surveyor.
Visual inspection of services, such as electrical equipment and central heating	Yes	Yes	Yes
Testing of services, such as electrical equipment and central heating	No	No. Taps will be operated individually, WCs flushed.	Yes. Level of detail by arrangement with surveyor.
Report	General	General	Detailed
Identify construction	Yes	Yes	Yes
Detailed analysis of construction	No	No	Yes
Local issues e.g. mining	Yes	Yes	Yes
Other factors e.g. legal matters	Yes	Yes	Yes
Advice on urgency or repairs	No	Yes	Yes
Valuation advice	Yes	Yes	Yes. By arrangement with surveyor.
Insurance valuation	No. Subject to lender requirements.	Yes	Yes. By arrangement with surveyor.

REMORTGAGE VALUATIONS

We'll arrange a free property assessment for our use. We may instruct a surveyor to inspect the property, or use an automated valuation.

The remortgage package is not available if there's not currently a mortgage on the property. One of the applicants must have owned the property for at least six months prior to the application.

Further Advance Valuations

In some cases a new valuation of the property may be required. If we require a new valuation we'll advise you of this, and any associated costs, during the application process.

ONLINE MORTGAGE SERVICE

Our online mortgage service lets you submit mortgage business online, meaning you can get instant decisions on Decisions in Principle and Full Applications.

Once registered you'll be able to:

- create Mortgage Illustrations
- get Decisions in Principle (using a soft credit search)
- submit Full Applications (using a full credit search)
- complete online product transfers
- track all of your cases.

The online mortgage service allows you to submit applications for new Professional and Flexible Mortgages up to £1 million (this does not include existing customers porting or Further Advances). For mortgages >£750,000 the max LTV is 85%.

For mortgages that can't be submitted online you can:

- apply by phone, on 0345 845 0110 (option three)
- apply by post. Download the application form from our website.

How to register

1. Download the SWB Panel Registration Form from our website, or request a copy from your BDM.
2. Complete the form and send it to us along with the requested supporting documentation to:

Scottish Widows Bank
PO Box 12757
67 Morrison Street
Edinburgh
EH3 8YJ

3. Our Panel Management Team will then Email you your agency number, and for mortgage business we'll post your log in details to you for the online mortgage service.

If you don't submit business for a 12 month period your registration will expire and you'll need to re-register before you can submit further business.

OUR DEDICATED INTERMEDIARY SERVICE

We offer a committed intermediary service with a nationwide force of regional Business Development Managers supported by a team of office based Business Development Managers, in addition to our dedicated Intermediary Support Team to support intermediaries across the UK. Our services include flexible underwriting and designated case ownership, giving you direct access to underwriters and credit managers, allowing a fast turnaround from application to offer.

Introductory Arrangements

Introductory fees are paid on each mortgage loan drawn down that you introduce. For your convenience we'll send the total fees due to you in any one month direct to your company/business bank account and provide you with a detailed statement within 10 business days of release of the payment.

Our standard procurement fee is 0.35% of the opening balance of any new mortgage, or 0.35% of any balance transferred to a new rate for product transfers. For a Further Advance on an existing mortgage we pay a flat fee of £100 as standard (minimum advance £10,000).

For mortgages taken with an offset facility we reserve the right to revise the amount of procurement fee paid, depending on the value of funds deposited in the Offset Saver Account.

No Cross Selling

We will not sell life or investment products direct to your clients. In all appropriate communications we will remind them of the importance of taking advice from their mortgage intermediary.

APPEALS PROCESS

An Appeals Process is available if you can provide additional information (previously undisclosed) that may allow the case to proceed. This new information should be provided to your Business Development Manager for further assessment of the mortgage application.

Please note, all declined cases (except those submitted via our online mortgage service) are overviewed by a Credit Manager before the original decline decision is made.

CONTACT DETAILS



Intermediary Support Team:

0345 845 0110



Commission Enquiries:

0131 655 8599



Mortgage Processing:

0345 845 0110



Website:

www.scottishwidowsbank.co.uk/extranet



Address:

Scottish Widows Bank, PO Box 12757,
67 Morrison Street, Edinburgh EH3 8YJ

This information is for UK mortgage adviser use only and should not be distributed to or relied upon by any other person.

Copies of our literature can be provided in large print or in Braille and additional assistance is available to any customer upon request.

If you have any special requirements please contact our customer service team on **0345 845 0829**.

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