

GUIDE TO TERMS & UNDERWRITING CRITERIA

RESTRICTED TO INTERMEDIARIES ONLY

Intermediary contact at Hinckley and Rugby Building Society

For product information, general information, lending enquiries and information about procurement fees, please contact our Development Department.

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Mortgage Products

The current lending terms in this section must be read in conjunction with our current product guide and individual product key features leaflets, all of which are shown in this website.

If there are any points about our products that you are not sure about, please contact us to discuss these.

Treating Customers Fairly

The Product Terms (which are available for use by your customer) are contained in the Key Features of the product as displayed in the general public section of our website.

You must ensure that you fully understand the product terms before advising your customers, to determine whether the product fits with the customer's needs and risk appetite.

If you have any doubt as to the nature of the product offered by us you must contact us.

The Society's target audience for all of the Society's mortgage products is for customers aged 23 or over who are remortgaging or are second time buyers.

The Society will consider applications from first time buyers who are aged 23 or over and who are financially aware, and we will also consider applications involving parental guarantees. Please refer such cases to our Development Department for initial consideration.

Maximum Loan To Value

The maximum LTV varies depending on the terms of different products. Please refer to our Product Guide and Key Features for individual products, for the upper limit of each product.

Maximum Advance amount

Please note that most Special Mortgage Schemes have an advance limit, eg £300,000. This will be noted in the product terms shown on our website, and the sourcing systems.

Please refer any enquiry in excess of £300,000 for a decision in principle before completing a mortgage application form

Minimum Advance Amounts.

Minimum new advance on special schemes.	£25,000.
Minimum new advance on SVR product.	£10,000.
Minimum additional borrowing advance.	£2,000.

Product Fees

Any Arrangement fees and Property Assessment Fees must be paid when submitting an application. These will not be deducted from the Advance.

Some of our products have a Completion Fee that is added to the loan and deducted from the advance on completion. Product Guides and Key Features Leaflets will show where this is applicable.

Borrowers may choose to repay an added Completion Fee by capital repayment, without any early repayment charge, at any time after completion of the mortgage.

Property Assessment Fees

Property Assessment Fees are payable according to the scale detailed in Product Guides and Key Features leaflets.

Status - Maximum Income Multipliers

- i) Single Applicant: up to a maximum 3.25 x Income.
- ii) Joint Applicants (2): up to a maximum 3.25 x Main Income
plus 1 x Second Income
or: up to a maximum 2.75 x Joint Income

The Income Multipliers will be based on the applicant's annual income after deducting the annualised value of other commitments.

Employed applicants

We always write directly to the applicant's employer for confirmation of their employment and income. In some circumstances we may consider up to 50% of additional confirmable income such as regular or guaranteed overtime and bonuses. Please contact us to discuss any case where these types of additional income may be required in our affordability assessment.

Payslips or P60's are not usually required, although we may request these if it is necessary to include regular overtime or bonuses in our affordability assessment.

Self-employed applicants

Self employed applicants must state in the mortgage application form their taxable income for each of the last 3 tax years. In addition, the Society may require confirmation of earnings to date in the current tax year.

When submitting an application for a self-employed applicant, you will be asked to provide certified copies of their last 3 years accounts plus the corresponding HMRC tax assessments.

We will require details of the applicant's accountant from whom additional information can be obtained, if required.

The Society will normally assess affordability on income declared to, and agreed with HMRC for tax purposes, and in some cases it may also be necessary to obtain confirmation of current income.

Mortgage Term

Minimum term - 5 years

Normal Maximum term - 25 years.

Terms of up to 35 years may be considered in individual circumstances.

Mortgage Term extending beyond the applicant's retirement date

The mortgage term should normally end before the borrower's stated retirement date.

If requesting a term that will extend beyond the borrower's anticipated retirement date, evidence of affordability after retirement will be required.

Interest Only Mortgages

If we are asked to consider an application for an Interest-Only mortgage, a detailed description of a repayment vehicle must be provided in the mortgage application form.

The repayment vehicle must be feasible to ensure repayment of the capital by the end of the mortgage term. If sale of the applicants' residential property is the repayment strategy, the advance must not exceed 50% LTV, based on a property with a value of at least £300K.

Remortgages

The applicant(s) must have owned the property to be mortgaged for a minimum of six months at the time of submitting the application. Applicants will be required to confirm in the application form, the date of their purchase and the price they paid for the property.

Buy to Let Mortgages

In addition to underwriting requirements described in this guide and in our Buy to Let product information, the following criteria apply.

1. The applicant must be an existing homeowner in England or Wales.
2. The amount that the Society will lend is subject to an overall affordability assessment, which will include a requirement for rental income equivalent to around 135% of the mortgage payment.
3. Underwriting will be based on information provided in the mortgage application form and supplementary Buy to Let questionnaire, together with satisfactory identification and references.
4. The maximum loan that the Society will consider is dependant on the scheme, the price or current value of the property and the loan to value ratio as described in the mortgage product description. Please refer to the details of our current Buy to Let products.
5. Up to 4 Buy to Let mortgages may be held with the Society by any borrower, subject to a limit of £300,000 on any one property and to an aggregate loan limit of £500,000. Applicants must not have more than 10 Buy to Let properties with all lenders, including those mortgaged to the Society.
6. The Society will only accept property that is, or will be let on a six-month assured shorthold tenancy to a sole occupier or single-family unit.
7. We will not normally consider the following types of property for mortgage purposes. Converted flats, flats above commercial premises, flats in high rise blocks, freehold flats, new build developments, properties with more than one kitchen, properties designed or converted for multiple occupation.
8. If remortgaging, the applicant must have owned the property for a minimum of six months.

Confirmation of Identity and Address(es) for the last 5 years

To comply with our credit referencing requirements and money laundering procedures, we require a minimum of 5 years residency in the UK confirmed by entry on the Voters Roll at current and previous addresses together with your certification of having seen and recorded the applicant's current UK Driving Licence or current U.K. passport with additional forms of identity confirming addresses.

We will only ask for certified copy identification and address documents if we are unable to satisfy our policy and FSA requirements by electronic AML searches.

Credit Reference

A clear credit reference is required in all cases together with evidence of a satisfactory payment record on all current or previous mortgages, loans, and credit and rental agreements.

All credit arrangements must be disclosed in the mortgage application form including those relating to interest free arrangements and credit cards that are cleared each month.

A certified copy of the latest full statement for the applicant's existing mortgage will be required with every mortgage application.

Lending areas

England and Wales only.

Leasehold Properties

Minimum of 75 years remaining on Lease from date of completion of mortgage advance, based on term of loan not exceeding 25 years.

Purpose Built Flats

Leasehold only. Refer if in a block of more than 4 storeys. Converted flats and flats above commercial premises are not normally considered.

Solicitors/Licensed Conveyancers acting for the Borrower

If the mortgage application is for House Purchase, for a Remortgage involving any Title change, or for any Let or Buy-to-Let property, applicants are required to provide details in the mortgage application form of the firm of Solicitors or Licensed Conveyancers who they intend to instruct to act on their behalf. Applicants should check whether their choice of solicitor/conveyancer is eligible to act also for the Society.

If the applicants' choice of solicitor/conveyancer is ineligible for entry onto the Society's Mortgage Panel, it will be necessary for the Society to instruct its own solicitors to act for the Society only, in which case two sets of solicitor's or conveyancer's costs will be incurred, and the applicants will be liable for these.

Solicitors/Licensed Conveyancers must meet the following criteria for entry to the Society's Mortgage Panel:

1. Minimum of three partners, directors or equivalent stakeholders.
2. PI cover of a minimum of £5M.
3. Firm and named partners, directors or equivalent stakeholders registered with the appropriate regulatory/governing body.
4. From 1st April 2011, Solicitors must be accredited under the Law Society Conveyancing Quality Scheme (CQS).

All firms are deleted from the Society's Mortgage Panel at the end of each year. Firms are assessed for re-entry to the Mortgage Panel on a case-by-case basis, as the need arises and based on the Society's eligibility criteria at the time.

Information for Intermediaries

You will be provided with a copy of any Mortgage Offer and any subsequent completion letter that we may issue to the customer.

The following information will be included in these documents: -

- The Society's complaints procedure.
- Tariff of Mortgage Charges.
- Details on any product maturity.

13 May 2011