

Lending Policy

For Intermediary Use Only

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| Location | England & Wales only. |
| Min Borrower Share | 25% of property value on initial purchase. |
| Max Borrower Share | 75% of property value on initial purchase. |
| Max LTV | <p>The Society will lend up to 95% LTV of the borrower's share of the property. Product restrictions apply.</p> <p>For New Build houses & flats, Skipton Building Society (SBS) will lend up to 95% of the borrowers share.</p> <p>Where financial incentives are provided, the incentive cannot exceed 5%.</p> <p>Where financial incentives are provided on flats – the LTV will be capped at 85%, whereas it's 90% for houses.</p> |
| Minimum Loan | £25,000. |
| Term | Max 35 years. Age at end of term must not exceed 75 years old. |
| Affordability | Maximum Loan to Income (LTI) 4.5 (4.49 if LTV is greater than 90%). |
| Interest Only | Not permitted. |
| Property (Flats): | <p>(Ex-HA) & Shared Ownership flats built pre-2008 – acceptable up to 5 storeys/48 units max, subject to valuer's comments.</p> <p>(EX-HA) & Shared Ownership flats built pre-2008 (and beyond) – acceptable over 5 storeys provided there is a lift in the block, subject to valuer's comments.</p> |
| Title Restrictions on Disposal (e.g. Restrictive Covenants / Section 106 Agreements) | <p>There are restrictions within the title to the property and they mustn't be confused with standard restrictions within the acceptable Shared Ownership model lease.</p> <p>For title restrictions, the Society will typically accept the following types:</p> <ul style="list-style-type: none"> • salary/occupational restrictions; OR • locality restrictions; OR • a combination of the above. <p>However, acceptance by the Society is subject to one (or more) of the following:</p> <ul style="list-style-type: none"> • Any restriction must only apply to the first transaction (i.e. the initial purchase transaction) and the restriction must not apply to any subsequent future transaction(s); OR • There must be a cascade mechanism in place that commences after a maximum of 3 months from the date of possession, with no restriction of any kind after 6 months from the date of possession; OR • There must be a Mortgage Exclusion Clause in place which applies immediately upon possession, and will continue to be in force for successors in title to the mortgagee ensuring that all successors also take free from the relevant restrictions; OR • Any restrictions should be disclosed within the application to ensure the Society's valuer is fully informed in their assessment of the property. <p>Any clauses/restrictions other than those listed above will result in the application being declined.</p> <p>We will not allow cases where any Housing Association pre-emption rights survive 100% staircasing. This will be included within our Instructions to Conveyancers but not within our mortgage offer.</p> |

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| Landlord Restrictions | <p>The leaseholder must be regulated by the HCA and be either a registered Housing Association or a registered provider appearing on the HCA register.</p> <p>Please check registered providers.</p> <p>In all instances, the lease must adhere to the model lease produced by the HCA and incorporate a Mortgage Protection Clause.</p> |
| Rent | <p>Shared Ownership rent, ground rent (if applicable), and service charge due must be declared on application and used in the affordability assessment.</p> |
| Lease | <p>All Shared Ownership properties must be leasehold with a minimum unexpired term in line with existing SBS policy on leasehold property.</p> |
| Staircasing | <p>Borrowers must be permitted to staircase to 100% ownership under the terms of the lease. Staircasing must be conducted in minimum shares of 10% with prior approval from the scheme provider.</p> <p>Where 100% staircasing is taking place standard remortgage products are used.</p> |
| Additional Borrowing | <p>Only permissible for the purposes of staircasing where permission has been granted by the scheme provider. In all cases borrowers are required to maintain at least a 10% equity against the market value of the property.</p> <p>Additional Borrowing offers will be valid for 6 months from the date of the original offer.</p> <p>We may also consider Additional Borrowing for essential repairs to the property and where the lease term is being extended, subject to permission being granted by the registered provider and confirmed in writing.</p> <p>Staircasing involves the legal transfer of equitable title from the Shared Ownership provider to the customer which has legal formalities in order to be valid. Where Additional Borrowing monies are required on Shared Ownership for staircasing, a conveyancer (on Skipton's panel) will be required to ensure the purchase of the additional equitable title is legally sound. Any costs incurred are payable by the customer.</p> |
| Remortgages | <p>Acceptable for any Shared Ownership property which meets our existing criteria. Remortgages must be on a like-for-like basis unless Additional Borrowing is sought for staircasing. In all instances the maximum LTV remains 90%.</p> <p>For TSM we may allow capital raising to buy out the interest of another party subject to approval from the registered provider in writing.</p> <p>Skipton remortgage Conveyancing Service can be used for Shared Ownership.</p> |
| Conveyancing | <p>It is the duty of the conveyancer to establish the lease meets the minimum requirements as set out in our Shared Ownership – Instructions to Conveyancers guide.</p> <p>In all instances the lease must adhere to the minimum standards of the model lease produced by the HCA and incorporate a Mortgagee Protection Clause.</p> |
| Valuations | <p>AVMs will not be acceptable.</p> |
| Gifted Deposit | <p>Gifted deposits are acceptable subject to prior consent from the Shared Ownership provider. SBS will not accept a second charge registered against the property.</p> |

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| Contract Variations | Rate switches acceptable on specific Shared Ownership retention products. Any other contract variations will follow the standard process provided that, where necessary, prior written approval has been obtained from the provider. |
| Site Exposure | In line with standard lending policy, maximum exposure in any development is 20%. |
| Offer Validity | 9+3 months for New Build properties, otherwise 6 months. |
| Registered Provider Exposure | Maximum exposure with any registered provider is 20%. |
| Buy to Let | <p>Shared Ownership properties are not permitted to be sub-let or used for Buy to Let purposes.</p> <p>Serving members of the British Armed Forces serving overseas or at a base further than 50 miles or 90 minutes travelling time automatically have the right to sub-let their Shared Ownership properties. We will require written evidence of Shared Ownership provider/consent before we can process the Armed Forces Consent to Let.</p> |
| Minimum Submission | <ul style="list-style-type: none"> • A signed E-declaration • Latest P60 (if using additional income) • Latest month's payslip (if employed) • Latest full month's bank statement showing salary credit • Accountant Certificate (See Application Form section to obtain certificate) or alternatively 2 years' full signed accounts or 2 years' SA302's and 1 year's accounts if self-employed • Valuation fee if applicable • Any other fees your client has opted to pay up front • Evidence of Retirement Income (refer to Age Limits / Lending Into Retirement section in A-Z Lending Criteria Guide) • For purchase Shared Ownership cases a Memorandum of Sale • On Shared Ownership Remortgage or Additional Borrowing where there's an element of staircasing, a letter of consent from the Housing Association is required |