

Gibraltar Residential Lending Policy



Newcastle Building Society offers mortgages to cover many situations.

Residential mortgages are available for the following purposes:

- Purchase of a residential property
- Remortgage of an existing secured loan
- Capital raising
- Additional borrowing for existing customers
- Scheme Transfers.

General Policy Information

- Maximum Loan To Value's (LTV's) are product specific and may vary from time to time.
- Minimum mortgage advance is £10,000 (or £1,000 for further advances), maximum advance is £1m. Loans over £350,000 will require Executive approval and must be submitted initially as a Decision in Principle by our mortgage sales team.
- In addition minimum/maximum loan amounts vary by individual product.
- Minimum repayment term is 5 years (or 3 years for further advances) with a maximum loan term of 35 years.
- Minimum age for applicants is 18. Maximum age at the end of the loan term is 75. Where applicants are within 5 years of expected retirement age then sufficient pension income to support the advance throughout the mortgage is required.
- All properties must have a minimum purchase price or valuation (whichever is lower) of £40,000.
- We will accept repayment, interest only or a combination of both as suitable vehicles to repay the mortgage. Where loans are arranged on an interest only basis the maximum LTV is capped at 50%. We will request details of the applicants repayment strategy and this must be reasonable and adequate to cover the loan.

We will accept sale of existing property as an acceptable method of repayment on the basis that the maximum LTV is 50% and there is at least £125,000 equity in the property at the start of the loan.

Arrangement by estate and inheritance are not classed as acceptable means.

- Maximum number of applicants is 4 although we will only assess income from the 2 highest earning.
- For all applicants who have resided in the UK in the last three years we will run a credit search on all our applicants' addresses to cover the three year period preceding the application. The results should confirm that the applicants are registered at the address and that they have:
 - no unsatisfied CCJ's or Defaults.
 - no CCJ's or Defaults (registered or satisfied) within the last 3 years;
 - no bankruptcy or IVA's, irrespective of being satisfied

On all applicants we would expect:

- no current arrears. Instances where 3 or more consecutive payments missed in the last 3 years will be referred to underwriters for assessment;
- no mortgage arrears within last 12 months (instances where there are, will be referred to underwriters for assessment);
- not previously had a property repossessed.

Maximum Loan to Value Limits

Loan Amount	Maximum Loan to Value*
Up to £300,000	95%
£300,001 to £500,000	80%
£500,001 to £750,000	70%
£750,001 to £1,000,000	60%

*Please refer to specific product details for maximum LTV.

- All applicants must fund their deposit from their own resources however gifted deposits from relatives may be allowed dependant on individual circumstances. (The Society reserves the right to have sight of the source of deposit).
- Remortgages for capital raising purposes are restricted to 80% LTV. Capital raising is described as anything other than the replacement of a home purchase loan or a loan for purposes of current home improvements.
- Second homes / holiday homes must be strictly for the sole use of the borrower and dependent family members and must not be let. The maximum loan to value for such properties is 75% and the applicants financial status must be sufficient to cover both loans (i.e. mortgage on first property plus new mortgage). The property in all instances must be located in Gibraltar.
- Let to Buy applications are restricted to 75% LTV although a higher LTV may be considered on referral to an underwriter. In addition, we will require a evidence of consent to let from existing lender or the buy to let offer. The expected rental income must cover our rental stress test of 110% of a fixed 5% on an interest only basis.
- Borrowers with existing investment portfolio's will be considered up to 95% LTV providing that the rental income covers at least 110% of the current mortgage payment. We would also require sight of tenancy agreements, proof of mortgage payments and a portfolio summary for those with a number of loans.
- Shared ownership lending in Gibraltar is restricted to a maximum 75% of share purchased. A minimum deposit of 25% must come from the applicant.

Income Multiples

Loan to Value	Standard Gibraltar Multiples	
	Single Multiples	Joint Multiples
80.01 to 90%	3.75x main plus 1x second	3.25x
60.01 to 80%	4x main plus 1x second	3.5x
Up to 60%	4.5x main plus 1x second	3.5x

Any outstanding commitments with more than 6 months to run must be deducted from income before multiples applied. This must be a years worth of payments eg.12 x fixed monthly payment (if a loan has less than a year to go, the monthly amount would be multiplied by the amount of remaining months) or 60% balance of credit cards. Where income multiples are exceeded, these must be referred to our underwriters for assessment.

*Please refer to specific product details for maximum LTV.

Income Assessment Requirements

	Up to and including 80% LTV*	Over 80% LTV*
Employed	<p>New Borrowers & NBS Homemovers (porting / new product)</p> <ul style="list-style-type: none"> 1 payslip dated from the last 2 months <p>Further Advance</p> <ul style="list-style-type: none"> 1 payslip dated from the last 2 months <p>For both new and further lending, the last P7 will be required where overtime / bonus / commission is required to establish track record.</p>	<p>New Borrowers & NBS Homemovers (porting / new product)</p> <ul style="list-style-type: none"> 3 most recent payslips and latest P7 <p>Further Advance</p> <ul style="list-style-type: none"> 3 most recent payslips and latest P7
Self Employed	<p>New Borrowers & NBS Homemovers (porting / new product)</p> <ul style="list-style-type: none"> Last 2 years certified/audited business accounts OR An accountants reference confirming income OR Tax assessments <p>Further Advance Max 80% and less than 25K additional borrowing</p> <ul style="list-style-type: none"> Last 1 years certified/audited business accounts OR An accountants reference confirming income OR Tax assessments If over 80% and/or more than 25K then revert to 80%+ verification opposite. 	<p>New Borrowers & NBS Homemovers (porting / new product)</p> <ul style="list-style-type: none"> Last 2 years certified/audited business accounts OR Last 2 years tax assessments where accounts have not been prepared and signed by a professional qualified accountant AND Projection for the current year <p>Further Advance</p> <ul style="list-style-type: none"> Last 2 years certified/audited business accounts OR An accountants reference confirming income OR Last 2 years Inland Revenue tax assessments

***Please refer to specific product details for maximum LTV.**

All applicants must provide 6 months personal bank statements and 2 years proof of residency in addition to the above income assessment requirements.

Please note that Newcastle Building Society are currently not accepting new applications from self employed applicants until further notice.

The following points will be taken into account when considering the applicants' ability to meet mortgage payments:

- Applicants who have fixed term contracts within professional occupations such as doctors, teachers and solicitors, will be regarded as in permanent employment. Applicants from contract workers in other fields will be considered on their individual merits.
- Proof of payment for the preceding 12 months is required where the applicant has had a previous mortgage or has been a tenant and the data is not available via a credit check.
- For all forms of additional income which is being taken into account, documentary evidence will be required.
- Guarantors are acceptable to the society subject to a maximum LTV of 95%. Applicants generally need to be able to support mortgage payments but we will consider applications where affordability is split between applicant and guarantor. The guarantor must be a close family relative (parent, child, grandparent) and needs to be fully aware of their commitment and potential liability. It is a requirement that they take independent legal advice. Maximum age for the guarantor at application is 60.
- All unsecured loans that have more than 6 months to run, credit cards and maintenance will be deducted from the applicants salary before the income multiple is used.
- In all mortgage applications the applicant's income will be assessed. We do not offer self certification or non-verified status mortgages.
- Foreign national applicants (EEA Nationals) who have current 5 year residency permit with at least 3 years remaining or are either married or in a long term relationship to a Gibraltarian are expected to have resided in Gibraltar for at least two years.
- Non EEA family members of Gibraltarians are accepted provided they are a) the person's spouse, b) the children or grandchildren of the person's spouse or c) dependant relatives in the ascending line (i.e. the parents or grandparents of the person or persons spouse).
- Moroccan citizens who have resided in Gibraltar for at least 10 years and now hold a 5 year residency permit with at least 3 years remaining are accepted.

Identification Requirements

The following information is required in support of a mortgage application:

- Three years proof of residence (including current year) is required. Any utility bill, council tax bill, voters roll enquiries, bank statements or mortgage statements are acceptable, provided the original documents are supplied and they are from within the last 3 months.
- The Society will be required to confirm identity. Acceptable documents include a, passport or driving licence or national identity card.

Property Information

- The Society will make advances on any acceptable security in Gibraltar.
- The tenure of acceptable properties will be freehold or leasehold in Gibraltar.
- All properties must be assessed by a suitably qualified valuer with sufficient professional indemnity cover. All valuation instructions (with exception of Scotland) will be made by the Society via our nominated panel. 3rd party instructions are not acceptable.
- We will consider New Build properties up to 80% LTV. In all instances we will require a certificate of fitness to be provided.

Properties we are unable to lend on

- "Flying-freehold" - if more than 25% of property involved.
- Houses with rooms let or likely to be let to several tenants where premises have not been converted or constructed for this purpose.
- Properties where the unexpired lease, less the term of the proposed mortgage, have a residue of less than 35 years.
- Unmodernised flats and flats which are above commercial premises.
Exceptions can be made for exclusive developments where the valuer has confirmed that there is a ready and sustainable demand.
- Large old unmodernised houses where accommodation is in excess of the applicant's requirements, particularly where there are attics and/or basements.
- Back to back houses.
- Non traditionally constructed properties, i.e. prefabricated re-enforced concrete.
- Freehold flats with the exception of 'Tyneside Flat' style.
- All flats over 4 storey and greater than 20 flats (underwriting approval required).
- Houses with restrictions to ownership.
(e.g. retirement flats, restrictions on occupation to local inhabitants). This list is not exhaustive and any application where there is a restriction should be referred to an underwriter.
- Mobile homes or caravans.
- Houseboats.
- Uninsurable properties e.g. due to flood risk.
- Self-Build properties.
- Uninhabitable properties
(e.g. no kitchen/bathroom/roof/mains services not connected).

Acceptable Income

We will accept 100% of:-

- Basic income
- Service/state/private pensions and annuities
- Maintenance Order (CSA / Court Order enforceable)
- Car allowance
- Pay rise pending (must be within 3 months and employer to confirm)
- Mortgage subsidy (must be permanent)
- Housing allowance
- Additional investment income from rental portfolio (evidenced by accounts / tax assessment / accountants reference)
- London / Large City allowance

We will accept 50% of:-

- 2nd job with 12 months service (will accept 100% where 2 part-time jobs is full-time equivalent)
- Working family tax credit / Family tax credit
- Overtime / bonus / commission / shift allowance (2 years P7's will be required to evidence track record)

We will not consider

- Unemployment benefit / income support
- Child benefit
- Social security payments that are not guaranteed for life (DLA etc)
- Seasonal work
- One off payments
- Gratuities not sighted on payslips
- Bursaries and scholarships

Valuation Fees

Alternative or additional fees may be charged for special schemes, please refer to specific product pages for details.

Valuation of Property	Standard Fee*
Up to £100,000	£240
£100,001 to £200,000	£265
£200,001 to £250,000	£290
£250,001 to £300,000	£315
£300,001 to £400,000	£340
£400,001 to £500,000	£415
£500,001 to £600,000	£490
£600,001 to £700,000	£565
£700,001 to £800,000	£640
£800,001 to £900,000	£715
£900,001 to £950,000	£790
£950,001 to £1,000,000	£790
Over £1,000,000	By negotiation

***All of the above fees include an administration fee to the Society of £125.00**

General

- All the enclosed conditions apply to wholly residential lending.
- The Society reserves the right to reject any application where the borrower has any convictions or pending prosecutions relating to financial misdemeanour or dishonesty.
- These guidelines outline the main elements of the Society's residential lending policy, but are by no means exhaustive.
- In the interests of security, we may from time to time record telephone calls to and from us.
- For clarification of any aspect of our policy, or a full written quotation, please contact us on **(00 350) 200 41143**.
- A first charge will be required as security. All mortgages are subject to status and valuation. APR's are typical and variable.

Call:

(00 350) 200 41143

Monday to Thursday 9am - 5pm | Friday 9.30am - 5pm

*We may monitor and record your telephone calls for training and security purposes.

or visit us online:

www.newcastle.gi

Your local branch details:

Principal Office: Portland House, New Bridge Street, Newcastle upon Tyne NE1 8AL.

197-201 Main Street, Gibraltar. Tel: (00 350) 200 41143.

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YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

A first charge over your property will be required as security

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