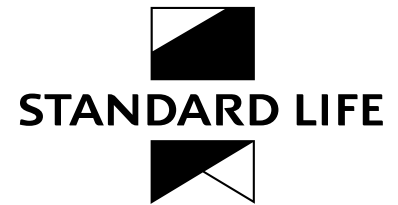


Freestyle[®] Buy to Let Mortgages

Underwriting Guide



This document is for intermediary use only. It must not be given or distributed to any potential or actual customers.

What this guide does

This guide includes details of what Standard Life Bank will and will not accept in terms of credit history, income structure and property details. Although every effort has been made to ensure the information is complete, the list is not exhaustive and all the information is subject to change.

Mortgages. What's in and what's out

A maximum of two applicants may be named on the mortgage.

For the main applicant there is a minimum age of 25 and maximum of 64. Any applicant whose term takes them beyond the age of 65 is limited to 65% LTV.

Applications must be from private individuals (i.e. no applications from companies).

Professional landlords and guarantor applications will be considered to a maximum of 65% LTV.

An applicant can take up to ten Buy to Let Mortgages totalling up to £500,000 with Standard Life Bank.

Repayment or interest-only is acceptable. For interest-only mortgages, a suitable repayment vehicle is strongly recommended.

Our Underwriting process

System Underwriting

Standard Life Bank operates an online underwriting process. Our automated system generates the decision to accept a client, using credit scoring techniques and a number of policy rules.

Historic proof of residence documents will be required for addresses in the last three years where the applicant is not confirmed there by Electoral Roll or credit records.

Customers must have earned income, independent of the property, amounting to £20,000 for single applicants or £30,000 for joint applicants.

The loan we are willing to offer is based on rental income and must be at least 110% of monthly interest payments calculated using the appropriate rate that's applicable to your client. For fixed rate products this is the fixed rate for the appropriate Loan to Value. In some circumstances we will consider boosting the loan amount based on affordability.

Referred/Declined cases

If your client is declined and you feel there are grounds for the case to be reconsidered you can appeal against the decision via our Mortgage Line on **0845 606 6710**. The case will then be reviewed by our Underwriting Department. Please note that when a case has been declined following an appeal, the decision is final. We do not look favourably on adverse credit, bankruptcy, County Court Judgements or clients with previous mortgage arrears. Clients with undischarged bankruptcy will not be accepted. Clients from dissolved partnerships will be considered on their individual merits. Arrears on credit cards and unsecured loans will be considered if the arrears are minor and not regular.

The time taken for a referred case to be reviewed and a decision agreed upon is usually between 24 and 48 hours.

Income Verification

Please see Appendix B for details of the income types that will be accepted.

Income references are requested at Approval in Principle stage for employed clients or directors with a shareholding of less than 25%. If the shareholding is more than 25% we will require income to be confirmed by customer's Chartered Accountant. The client will also be required to provide three months' recent bank statements and payslips, if requested by our Underwriting Department. In some circumstances, a P60 may also be required. The client's net income is verified by these documents.

Formal independent confirmation of a client's income will not normally be necessary, providing all of the following circumstances are met:

- where the client complies with all Policy Rules
- they satisfy the automated credit scoring requirements
- they meet our residential and credit history criteria
- they are applying for a mortgage not exceeding 75% LTV

Employed – Clients who have been employed for a short period of time or are in open-ended contracts, renewable contracts, piece work, agency work or on probationary periods will be considered on an individual basis with consideration given to the length of employment. We are unable to accept income details for clients in temporary or seasonal employment.

Applicants who are non UK citizens will be considered on an individual basis taking into account occupation, length of stay, right to reside etc.

Self-employed – A self-employed income reference is requested for the last two years' accounts at Approval in Principle stage. If the client has been trading for less than two years, an Accountant's reference will be required.

If applicants have been self-employed for less than one year we will require the Accountant to provide a Profit and Loss Account for the period and three months' business bank statements. All applicants are required to have been self-employed for a minimum period of six months. In all cases, the client is requested to provide three months' personal bank statements.

Unfortunately, we are unable to consider an application when the most recent set of accounts is more than 18 months old.

Investment income can be considered if it is guaranteed and regular. We will require dividend statements and bank statements to verify investment income. Please bear in mind that we can only accept investment income that is held in the name of the applicants. In the case of single applications with joint investments, we will accept half of the overall figure.

The applicant's Accountant must be suitably qualified otherwise the business accounts must be verified with tax returns.

For cases where information from an Accountant is required, the following Accountancy bodies are accepted:

- Institute of Chartered Accountants, CA, ACA, FCA
- Chartered Association of Certified Accountants, ACCA, FCCA, AAPA, FAPA
- Institute of Company Accountants, ASCA, FSCA
- Chartered Institute of Public Finance and Accountancy, CIPFA, IPFA
- Chartered Institute of Management Accountants, ACMA, FCMA
- Institute of Financial Accountants, FFA, AFA
- Licensed members only of the Association of Accounting Technicians, MAAT, FMAAT
- Chartered Institute of Taxation, ATII, FTII
- Association of International Accountants with a current UK practising certificate, AAIA, FAIA

Useful contacts

IFA Mortgage Line

Mortgage Applications and Enquiries

0845 606 6710

8am-6pm Mon-Fri

www.standardlifebank.com/adviser

Sales Operations

Sales & Marketing Support

0131 246 0643

8am-5.30pm Mon-Fri

Property/Valuation Details

Please see Appendix A for a full list of properties that are acceptable or may be given consideration by Standard Life Bank.

UK coverage only	Areas not considered
Scotland	Republic of Ireland
England	Channel Islands
Wales	Isle of Man
Northern Ireland	
Isle of Wight	

Valuations are requested by Standard Life Bank at Approval in Principle stage. Clients are telephoned by our valuers who arrange a suitable time for an appointment as well as payment for the survey.

Lower Limit (£)	Upper Limit (£)	Valuation Fee* (£)	Homebuyers Report* (£)	Building Survey* (£)	Credit Re-assessment (£)
0	100,000	215	435	540	90
100,001	200,000	275	530	680	120
200,001	300,000	330	630	775	150
300,001	500,000	445	730	970	150
500,001	750,000	615	925	1,170	150
750,001	1,000,000	810	1,215	1,560	150
1,000,001	1,500,000	970	1,460	2,050	150
1,500,001	2,000,000	1,165	1,660	2,345	150
2,000,001	By negotiation	By negotiation	By negotiation	By negotiation	150

*Includes a non-refundable Standard Life Bank Valuation Admin Fee of £90.

Standard Life Bank will consider re-types only for Scottish mortgage cases.

Please note that if a house purchase includes a **Builder Deposit, Vendor Deposit** or **Cashback** option, the valuer must be informed and this will be taken into account.

Insurance

It is a condition of the mortgage that the client will maintain suitable buildings insurance cover over the property for the term of the mortgage. Landlord's Contents Insurance is also strongly recommended. Standard Life Bank act as an introducer to AXA Insurance who can be contacted on 0870 242 7194 to obtain a suitable quotation.

Appendix A

Acceptable Properties	Considered Properties	Unacceptable Properties
<p>FLATS</p> <p>Leasehold, minimum mortgage term +40 years</p> <p>5-storey or less</p>	<p>FLATS</p> <p>Studio</p> <p>Above business premises</p> <p>Above restaurants</p> <p>Modern/newbuild above 5-storeys</p>	<p>FLATS</p> <p>Flying Freeholds (>10%)</p> <p>Freehold Flats where no management company exists.</p> <p>Freehold Maisonettes</p> <p>Flats above 6-storey where former Local Authority.</p>
<p>LOCAL AUTHORITY & HOUSING ASSOCIATION</p> <p>Outwith discount period</p>		<p>LOCAL AUTHORITY & HOUSING ASSOCIATION</p> <p>Where still within discount period.</p>
<p>MISCELLANEOUS</p> <p>Thatched properties, providing appropriate insurance is in place.</p> <p>Modern timber framed properties with a brick outer skin.</p>	<p>MISCELLANEOUS</p> <p>Properties requiring renovation</p> <p>Non traditional construction</p> <p>AGRICULTURAL</p> <p>Barn conversions</p> <p>Restrictive covenants</p> <p>Agricultural tie</p>	<p>MISCELLANEOUS</p> <p>Precast reinforced concrete</p> <p>Prefabricated</p> <p>Timeshare</p> <p>Steel framed</p> <p>Laing Easi form</p> <p>Full timber properties in most cases.</p> <p>Houseboat</p> <p>Concrete-Cornish style properties</p> <p>Properties covered by the Housing Defect Act.</p>

This list is intended as a guide, in all cases the decision to lend on a property rests with Standard Life Bank with guidance from the valuer and solicitor.

Appendix B

Acceptable Income	Considered Income	Unacceptable Income
<p>EMPLOYER INCOME</p> <p>Maternity Pay – 100% of salary (only if stated that client is returning to work).</p> <p>Overtime, regular commission/ bonus (50%).</p>		<p>EMPLOYER INCOME</p> <p>Statutory sick-pay</p> <p>Luncheon Vouchers</p>
<p>ALLOWANCES</p> <p>Housing allowance or London weighting if permanent feature of pay.</p> <p>On call allowance (if contractual).</p> <p>Shift Allowance (if permanent feature).</p> <p>Car allowances (if guaranteed on the reference from employer).</p>	<p>ALLOWANCES (Applicant(s) only)</p> <p>Disability</p> <p>Disability Living</p> <p>Disability working, also known as tax credit.</p> <p>Invalid care</p> <p>Carers allowance</p> <p>Foster allowance (minimum 12 months payment history).</p>	<p>ALLOWANCES</p> <p>Clothing allowance</p> <p>Disability allowance (if received by third party).</p> <p>Disturbance travel allowance</p> <p>Family/Child Benefit</p> <p>Jobseekers</p> <p>Travel</p> <p>Family Working Tax Credit</p>
<p>MISCELLANEOUS</p> <p>Private/Company Pension.</p> <p>Investment Income (independent confirmation).</p> <p>Family Trust (independent confirmation).</p>	<p>MISCELLANEOUS</p> <p>Incapacity benefit</p> <p>Industrial injuries disablement</p> <p>State Pension (for females 60+)</p> <p>Widow(er)s Pension</p>	<p>MISCELLANEOUS</p> <p>Budgeting loans (also known as crisis loans).</p> <p>Child Support Agency</p> <p>Community Grants</p> <p>Income Support</p> <p>Council Tax benefit</p> <p>Maintenance payments</p> <p>State pension (unless applicant is female over 60 years old).</p> <p>Weather payments</p> <p>Housing benefit</p> <p>Rental Income</p> <p>Bursaries</p>

Please note that with Considered Income, the details should be referred to the Bank for confirmation prior to application on 0845 606 6710.

For customers with hearing or speech difficulties – please call our Textphone facility direct on 0845 601 2346.
For a copy of this information in Braille, large print or audio format, please call 0845 845 8450.

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The price of calls from other networks may vary.

www.standardlife.co.uk

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