

# Mortgage Credit Directive

Investment and Consumer Buy to Let mortgages  
23 November 2015



**Santander**

FOR INTERMEDIARIES

# How we define Investment Buy to Let and Consumer Buy to Let mortgages

The Mortgage Credit Directive (MCD), effective 21 March 2016, introduces a legislative framework for Consumer Buy to Let (CBTL). This covers the small number of Buy to Lets where the borrower has not entered into the mortgage contract for business/investment purposes.

Buy to Let mortgages for business/investment purposes are not covered by the new MCD rules. This type of mortgage will be known as Investment Buy to Let.


	Investment Buy to Let <i>Most BTL mortgages</i>	Consumer Buy to Let <i>Small number of BTL Mortgages</i>
How we define Ultimately	<ul style="list-style-type: none"> <li>▪ The property is for business purposes for long-term income and/or asset growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Short-term solution due to circumstances, e.g. 'accidental landlords'. It is the responsibility of the intermediary to determine if a case is CBTL</li> <li>▪ Example: applicant can't sell an inherited property and needs the rental income as a short-term measure to maintain the property.</li> </ul>
How we identify on Introducer Internet	<ul style="list-style-type: none"> <li>▪ Purchase OR remortgages where business purpose for long-term income and/or asset growth</li> </ul>	<p>Must meet all of the following criteria:</p> <ul style="list-style-type: none"> <li>▪ No other Buy to Let properties</li> <li>▪ Not for business/income purposes</li> <li>▪ Remortgage only</li> </ul>
Affected by MCD	<ul style="list-style-type: none"> <li>▪ No consumer rights as business/investment transaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased upfront disclosures e.g. point of sale KFI to be provided</li> <li>▪ Applicants have complaints rights with the Financial Ombudsman</li> <li>▪ Lenders must treat consumers in arrears reasonably</li> </ul>
Applicant declaration	<ul style="list-style-type: none"> <li>▪ Online confirmation that client's applying for a Buy to Let mortgage for business purposes</li> <li>▪ Plus intermediary to retain signed copy of BTL mortgage customer declaration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Plus intermediary to retain signed copy of BTL mortgage customer declaration</li> </ul>
What FCA permissions do you need	<ul style="list-style-type: none"> <li>▪ We'll only accept if intermediary is registered with the FCA for residential mortgages</li> </ul>	<ul style="list-style-type: none"> <li>▪ Intermediary must be registered with the FCA for residential mortgages, and</li> <li>▪ Must be registered, or intending to register with the FCA for CBTL by 21 March 2016</li> <li>▪ You'll need to confirm you have the correct permissions in Introducer Internet; we won't check/validate this with FCA</li> </ul>

# Submitting an Investment Buy to Let application in Introducer Internet


## New application > Agreement in principle (AIP) > Application type

**Application type**  
Please select the type of application you wish to create below:-

**Residential**




**Buy to Let Investment Property**



This mortgage is for business purposes for long term income and/or asset growth.

**Consumer Buy to Let**



You are not undertaking this for business purposes.

You do not own another property that you let.

This is a remortgage application.

Continue ▶



On the 'application type' screen tick the box to confirm the mortgage is for business purposes for long term income and/or asset growth, and then click 'continue'.

## Full Mortgage Application > Submission Form > Confirmation



Tick 'yes' to confirm that your client is applying for this Buy to Let mortgage for business purposes for long term income and asset growth generation.

This information is also detailed on the PDF copy of the declaration. You should retain a signed copy.

### Confirmation

I can confirm that the applicant(s) has/have consented to the information I have input on-line. I confirm that the relevant customer declaration(s), signed by the applicant(s) will be retained in accordance with clause 3.3 of the terms of business. I confirm that the applicant(s) have received a copy/copies of their signed Customer Declaration(s). Where a reference is required, I will ensure that a signed customer mortgage declaration is sent to the regional office & that I will retain a copy on file

Yes  No

I can confirm that if the applicant(s) do not wish to receive marketing information or do not want their name(s) and address(es) to be released to market research organizations, I will indicate 'No' accordingly on their behalf

Yes  No

I confirm that the applicant(s) has/have advised that they are applying for this Buy to Let mortgage for business purposes for long term income and asset growth generation.

Yes  No

Please print the 'A straightforward guide to your mortgage' by using the button provided

Print

Full application declaration page


Declaration

# Submitting a Consumer Buy to Let application in Introducer Internet

## New application > Agreement in principle (AIP) > Application type


**Application type**  
Please select the type of application you wish to create below:-

**Residential**



**Continue**


**Buy to Let Investment Property**



This mortgage is for business purposes for long term income and/or asset growth.

**Continue**

**Consumer Buy to Let**



You are not undertaking this for business purposes.

You do not own another property that you let.

This is a remortgage application.

**Continue**

**i** On the application type screen tick the boxes to confirm that:

- the mortgage is not for business purposes,
- your client doesn't own another Buy to Let property, and
- it's a remortgage application.

Click 'continue', an information box will appear.

**Information**

**i** By continuing you are confirming that you are authorised to offer Consumer Buy to Let mortgage.

**Ok** **Cancel**

Click 'OK' to confirm that you either have or intend to have the correct permissions to offer Consumer Buy to Let mortgages.

## New application > Agreement in principle (AIP) > Application Details

**Application details**  
Please choose an application type

Mortgage type

Single  Joint

Remortgage

Yes  No

**? Is the property currently owned mortgage free?**

**i** 'Mortgage type' defaults to Remortgage. This is what you've confirmed on the 'application type' screen

## Full Mortgage Application > Submission Form > Confirmation

Make sure you retain a signed copy of the Buy to Let mortgage customer declaration

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