Mortgage Credit Directive

Investment and Consumer Buy to Let mortgages 23 November 2015



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 Most BTL mortgages	Consumer Buy to Let Small number of BTL Mortgages
How we define Ultimately	 The property is for business purposes for long-term income and/or asset growth 	 Short-term solution due to circumstances, e.g. 'accidental landlords'. It is the responsibility of the intermediary to determine if a case is CBTL Example: applicant can't sell an inherited property and needs the rental income as a short-term measure to maintain the property.
How we identify on Introducer Internet	 Purchase OR remortgages where business purpose for long- term income and/or asset growth 	 Must meet all of the following criteria: No other Buy to Let properties Not for business/income purposes Remortgage only
Affected by MCD	 No consumer rights as business/investment transaction 	 Increased upfront disclosures e.g. point of sale KFI to be provided Applicants have complaints rights with the Financial Ombudsman Lenders must treat consumers in arrears reasonably
Applicant declaration	 Online confirmation that client's applying for a Buy to Let mortgage for business purposes Plus intermediary to retain signed copy of BTL mortgage customer declaration 	 Plus intermediary to retain signed copy of BTL mortgage customer declaration
What FCA permissions do you need	 We'll only accept if intermediary is registered with the FCA for residential mortgages 	 Intermediary must be registered with the FCA for residential mortgages, and Must be registered, or intending to register with the FCA for CBTL by 21 March 2016 You'll need to confirm you have the correct permissions in Introducer Internet; we won't check/validate this with FCA

Submitting an Investment Buy to Let application in Introducer Internet

Application type Please select the type of application you wish to create below:-Residential Buy to Let Consumer Buy to Le A On the 'application type' screen tick Investment Property the box to confirm the mortgage is for business purposes for long term income and/or asset growth, and then click 'continue'. SOLD This mortgage is for business You are not undertaking this purposes for long term income for business purposes. and/or asset growth. You do not own another property that you let. This is a remortgage application. Continue 🔸 Continue 🔸 Continue 🔸

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

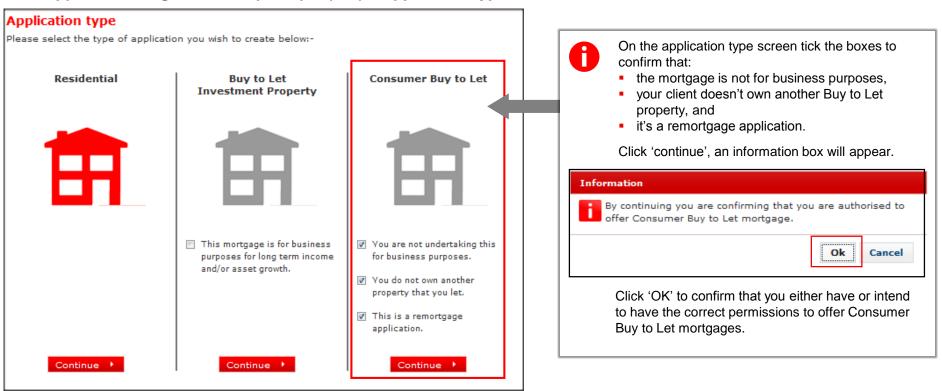
Full Mortgage Application > Submission Form > Confirmation

		commutor	
is n la g T tl	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.	I can confirm that the applicant(s) has/have co information I have input on-line. I confirm that declaration(s), signed by the applicant(s) will be with clause 3.3 of the terms of business. I confi have received a copy/copies of their signed Cus Where a reference is required, I will ensure that mortgage declaration is sent to the regional off copy on file I can confirm that if the applicant(s) do not wish information or do not want their name(s) and a released to market research organizations, I wi on their behalf	the relevant customer e retained in accordance irm that the applicant(s) stomer Declaration(s). t a signed customer fice & that I will retain a h to receive marketing O Yes O No address(es) to be
		I confirm that the applicant(s) has/have advise for this Buy to Let mortgage for business purpo and asset growth generation.	
		Please print the 'A straightforward guide to your button provided Full application declaration page Declaration	- Print

Confirmation

Submitting a Consumer Buy to Let application in Introducer Internet

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



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



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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