

Lending our **support** to new build



How we can help with
your new build business

Supporting the new build sector

We work hard to deliver the personal service you expect and we're here to give you all the support you need to make buying a new build as smooth as possible for you clients.

What is a new build property?

We class new build as a property where construction is completed or the property was first occupied in the last 24 calendar months.

Our new build lending policy

We want to make our new build policy as straightforward as possible. All applications must meet the following criteria:

- > New build houses up to a maximum of 90% LTV for residential and 80% LTV for BTL.
- > New build flats up to a maximum of 75% LTV for both residential and BTL.
- > Help to Buy is available for first and next-time buyers with smaller deposits looking to purchase a new build home. Turn to page 4 to find out more.
- > Confirmation from the acting solicitor that the property has been satisfactorily completed and a New Build Warranty acceptable to us is in place.

New build mortgage Offers

Our original Offer is valid for seven months (30 weeks) from the date of issue for new build applications.

Offer extensions

We will be able to provide an Offer extension for seven months if needed, subject to the following:

- > A new credit score.
- > Re-confirmation of affordability and proof of income.
- > Re-confirmation of property valuation.
- > A new product being selected from the range available at the time.

Please note when assessing a new build Offer extension, your client does not need to pay another valuation fee.

Shared Ownership mortgage Offers

Our Offer is valid for six months (26 weeks). We will be able to provide an Offer extension for six months if needed, subject to the above.

Custom Build mortgage Offers

Our Offer is valid for four months (16 weeks). We will be able to provide an Offer extension for two months if needed, subject to the above. Your client will not need to select another product at this stage.

New build incentives

Clients buying a new build property may receive an incentive to purchase the property. This must be declared at the time of application, or later if the incentive changes. Where the LTV is greater than 85%, cash incentives are not accepted.

Cash incentives

Cash incentives of up to and including 5% of the purchase price are acceptable without affecting the loan amount. Where the value of the cash incentive is greater than 5%, the balance of the incentive above 5% must be deducted from the purchase price when calculating the maximum loan amount.

We accept the following cash incentives:

- > Cashback deals.
- > Stamp Duty (Land and Buildings Transaction Tax in Scotland) paid.
- > Payment of fees to professionals, such as solicitors and valuers.
- > Guaranteed rental payments for a period after completion.
- > Gifted deposit from the builder or developer (please note, family gifted deposits are acceptable in line with standard policy and do not need to be deducted from the purchase price).

Non-cash incentives

The following incentives are acceptable to Virgin Money without impacting the purchase price:

- > White goods (where not included as standard specification).
- > Carpets and curtains.
- > Kitchen upgrade (including tiling and worktops).
- > Bathroom upgrade.
- > All electric upgrades (i.e. additional sockets, TV points, etc).
- > Turf and landscaping.

Part-exchange transactions

Where the builder or developer is purchasing the customer's existing residential property, part-exchange transactions are acceptable. We will accept this in addition to cash and non-cash incentives. Part-exchange is not available on Help to Buy: Equity Loans.

Help to Buy: Equity Loan

Help to Buy is the Government's flagship housing scheme. Equity Loans are designed to help first and next-time buyers with smaller deposits purchase a new build home.

Your clients are able to borrow up to 95%, with the Government and the lender sharing the risk. Here is a breakdown of the scheme criteria:

- > Clients must provide a minimum deposit of 5%.
- > The Government provides up to 40% as an Equity Loan.
- > The lender may offer up to 80% on a first charge basis.

The scheme is currently available for new build properties in England, London, Scotland and Wales. The table opposite shows the variations in the scheme for each area.

How do I calculate the Government fee for the Equity Loan?

A fee will apply to the Government Equity Loan from year six onwards in England, London and Wales. This is calculated as 1.75% of any outstanding Equity Loan amount and can be paid on an annual or monthly basis. The fee will then increase on an annual basis in line with the Retail Price Index (RPI) plus 1%.

For affordability purposes Virgin Money will factor in this fee as a financial commitment from the start of the mortgage loan, calculated as 3% of the Equity Loan.

Key points to remember for Equity Loans

- > Available to first and next-time buyers.
- > Available for houses and flats.
- > Applicants must not have a second home or BTL property. A Help to Buy Declaration will need to be completed confirming this.
- > The property can not be used as a BTL.
- > Repayment basis only. 'Part and part' and 'Interest Only' are not permitted.
- > The purchase price and valuation must be the same.
- > Maximum builder incentives of 5% (including cash and non-cash).
- > Virgin Money customers who are next time buyers cannot port a non-Equity Loan product onto the scheme.
- > It is important that your client has received the 'Authority to Proceed' document from their local Home Buy Agent before submitting an application.
- > There is no minimum or maximum income for this scheme. However, lending decisions will be subject to a full income affordability assessment.

Please note, when purchasing a property through the Help to Buy: Equity Loan scheme, incentives of any kind (cash and non-cash) cannot be more than 5% of the value of the property. Part-exchange transactions are not available as part of the scheme.



Backed by
HM Government

Government Help to Buy scheme	Minimum Buyer's deposit	Government loan up to	Virgin Money mortgage up to	Maximum property value
England	5%	20%	75%	£600,000
London	5%	40%	75%	£600,000
Scotland	5%	15%	80%	£200,000
Wales	5%	20%	75%	£300,000

Six Step Mortgage Application Guide

As you know, there are lots of things to consider when making a new business mortgage application, which is why we have put together a guide outlining what you need to do and when. Simply follow these steps and you and your client could be six steps closer to completion.

01

Research our products

- > Sourcing systems – start by finding a suitable product for your client on your preferred sourcing system.
- > Lending policy – check your client meets our lending criteria by visiting the lending policy section on our intermediary website.
- > Business Development Manager – speak to your dedicated BDM to discuss the best way to go ahead.

02

Use our online affordability calculator

- > Affordability – check your client's income, loan commitments and outgoings with this handy tool, using as accurate figures as possible.
- > Print – our affordability documents are all printer friendly to help your record keeping.

03

Create a Mortgage Illustration

- > Choose a system – use either Virgin Money Online (VMO) or sourcing systems to create a Mortgage Illustration.
- > Keep it safe – print and save a copy as a PDF.

04

Turn the Mortgage Illustration into a DIP (Decision in Principle)

- > DIP application – complete the application for an immediate DIP using either VMO or MTE.
- > Unsecured and recently cleared credit – make sure that you detail all unsecured credit and highlight anything that will be repaid before or when the mortgage completes.
- > Buy-to-let – please declare any buy-to-let loans and indicate if they are self supporting.
- > Decision Certificate – if the application passes we will send you a Decision Certificate straightaway, telling you how much we will lend and what documents you need to send us. If it is referred to an underwriter, you should hear within 48 hours.
- > Keep it safe – our certificate is easy to print and keep for your records.
- > Documentation – source all the documents we need, which we will confirm to you.
- > Monitor decision – if you need to make any changes to a decision, please call your dedicated Regional Service Team. They are here from 8.30am to 6pm, Monday to Friday (excluding bank holidays).

05

Turn the DIP into a full application

- > Full application form – complete this form, making sure all the facts and figures match those on the calculator, Mortgage Illustration and DIP.
- > Submit – send us the completed form through VMO or MTE.
- > Payment – make sure you have the client's payment details.
- > Save and print – keep copies of the Declaration, Direct Debit and Application Summary details.
- > Documentation – send all the requested documents to docs@virginmoney.com for new business applications. We will accept scanned copies or photographs sent from your business email. Sending additional documents may cause delays. Please include the 8-digit mortgage/case number in the subject line of your email.
- > Monitor your case – use Case Tracking on VMO and MTE to see how your case is progressing.

Quicker, slicker mortgage applications

We have improved the way we process the mortgage applications you send us. You submit your mortgage application in the same way, but we have made improvements behind the scenes to provide a more streamlined service for you and your clients.

06

Your dedicated Regional Service Team

- > One dedicated team – made up of our multi-skilled mortgage experts and an in-team underwriter.
- > Contact – get in touch with the team for all queries through to offer.
- > Faster service – a single point of contact so we can process your cases quickly and more efficiently.
- > Enjoy – a dedicated phone number and personalised service.



A more rewarding partnership

Don't forget, as a Virgin Money intermediary partner, you can enjoy a range of offers from across the Virgin Group.

We see our intermediary partners as part of the family. So it's time we introduced you to some more of the clan. From money off holidays to discounts on entertainment, you can enjoy special treatment across the Virgin Group. It's our way of saying thank you.

Make the most of your new family and start enjoying the benefits today.

virginmoneyforintermediaries.com/offers

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