RESIDENTIAL AND BUY TO LET PRODUCT GUIDE

FOR ADVISORS ONLY
SEPTEMBER 2018

We're a specialist mortgage lender with a simple ambition –

To help more of your customers get affordable mortgages

HIGHLIGHTS

- Rate reductions on all products within A & BBB credit tiers
- New rates across Clear, AAA & AA credit tiers

active investments

Bluestone. mortgages

Credit Categories for Residential and Buy to Let

Lending is based on the lowest credit tier of any individual applicant

* Bluestone Mortgages definition of credit tier categories (Clear = Highest and BBB = Lowest)

We'll need a written explanation of any adverse credit. A core part of our responsible lending philosophy is to understand what life event caused the credit issues and to make sure the new mortgage payments are affordable.

Credit Category		Clear	AAA	AA	A	BBB
Defaults	Number	1 (satisfied) in 36 months	1 in 36 months	2 in 36 months	3 in 36 months	4 in 36 months
	Values	< £300 or telecom ignored (even if in last 6 months)				
	Recency	0 in last 6 months; > 36 months ignored				
CCJ's Number	Number	0 in 36 months	1 settled in 36 months	1 in 36 months	2 in 36 months	3 in 36 months
	Values	< £300 or telecom ignored (even if in last 6 months)				
	Recency	0 in last 6 months; > 36 months ignored				
Mortgage/Rent Arrears Full or some of the parts	Number	0 in 13 - 24 months	1 in 13 - 24 months	2 in 13 - 24 months	3 in 13 - 24 months	4 in 13 - 24 months
	Recency	0 in 12 months				
Bankruptcy/DRO or IVA	Discharge	> 6 years	> 3 years	> 3 years	> 3 years	> 3 years
Unsecured Credit Arrears	Recency	If balance above £500, most recent payment must have been made. Unacceptable if most recent 2 payments missed. Ignored if below £300				
	Last 6 months	Maximum of 2 missed payments allowed on each unsecured credit agreement				
Debt Management Plans	Conduct	Must be due to a life event and conducted satisfactorily				
	Recency	OK if still in operation and can remain				
Pay Day Loans	Conduct	Must be due to a life event and conducted satisfactorily				
	Recency	0 in last 12 months of date of DIP				

If your customer fits into more than one credit category, then use the lowest level of adverse credit category. For example, Defaults put them in "AAA", but CCJ's put them in "A", then use category "A".

WE'LL MAKE OUR DECISIONS BASED ON YOUR CUSTOMER'S UNIQUE CIRCUMSTANCE – WE DON'T CREDIT SCORE.

Residential and Buy to Let Products

Rate Term	Up to LTV	Clear	AAA	AA	A	BBB	Fee
2 Year Fixed	60%	3.74%	3.83%	3.92%	4.71%	4.89%	£1,495
	65%	3.90%	4.02%	4.14%	5.00%	5.36%	£1,495
	70%	4.17%	4.33%	4.48%	5.41%	5.69%	£1,495
	75%	4.42%	4.62%	5.09%	5.62%		£1,495
	80%	4.70%	5.20%	5.44% RESI ONLY			£1,495
	85%	5.30%					£1,495
Rate Term	**Up to LTV**	**Clear**	**AAA**	**AA**	**A**	**BBB**	**Fee**
3 Year Fixed	60%	3.84%	3.93%	4.02%	4.81%	4.99%	£1,495
	65%	4.00%	4.12%	4.24%	5.10%	5.46%	£1,495
	70%	4.27%	4.43%	4.58%	5.51%	5.79%	£1,495
	75%	4.52%	4.72%	5.19%	5.72%		£1,495
	80%	4.80%	5.30%	5.54% RESI ONLY			£1,495
	85%	5.40%					£1,495
Rate Term	**Up to LTV**	**Clear**	**AAA**	**AA**	**A**	**BBB**	**Fee**
5 Year Fixed	60%	3.99%	4.08%	4.17%	4.96%	5.14%	£1,495
	65%	4.15%	4.27%	4.39%	5.25%	5.61%	£1,495
	70%	4.42%	4.58%	4.73%	5.66%	5.94%	£1,495
	75%	4.67%	4.87%	5.34%	5.87%		£1,495
	80%	4.95%	5.45%	5.69% RESI ONLY			£1,495
	85%	5.55%					£1,495
Rate Term	**Up to LTV**	**Clear**	**AAA**	**AA**	**A**	**BBB**	**Fee**
Term Variable Rate & Reversion Rate	60%	3.49% (1.99% + BVR*)	3.58% (2.08% +BVR*)	3.67% (2.17% + BVR*)	4.46% (2.96% + BVR*)	4.64% (3.14% + BVR*)	£1,495
	65%	3.65% (2.15% + BVR*)	3.77% (2.27% + BVR*)	3.89% (2.39% + BVR*)	4.75% (3.25% + BVR*)	5.11% (3.61% + BVR*)	£1,495
	70%	3.92% (2.42% + BVR*)	4.08% (2.58% + BVR*)	4.23% (2.73% + BVR*)	5.16% (3.66% + BVR*)	5.44% (3.94% + BVR*)	£1,495
	75%	4.17% (2.67% + BVR*)	4.37% (2.87% + BVR*)	4.84% (3.34% + BVR*)	5.37% (3.87% + BVR*)		£1,495
	80%	4.45% (2.95% + BVR*)	4.95% (3.45% + BVR*)	5.19% (3.69% + BVR*) RESI ONLY			£1,495
	85%	5.05% (3.55% + BVR*)					£1,495

Buy to Let	Max 80% LTV	For Buy to Let rates, add 0.25% to any rate in the above tables	2%

Bankruptcy/DRO/IVA	A loading of 1% applies to customers that have had an IVA/Debt Relief Order or Bankruptcy discharged in the last 6 years	**Bankruptcy/DRO/IVA**

Bluestone Standard Variable rate "BVR"	**1.50%**	The rate does not have a direct link to the Bank of England Base Rate (BBR), which is also reviewed monthly. Typically the BVR will move in line with BBR changes, but could also go up or down at any other point in time, as this is a variable rate set by Bluestone Mortgages and reviewed monthly.

ERC	Year 1	Year 2	Year 3	Year 4	Year 5
2 Year Fixed	3%	2%			
3 Year Fixed	3%	2.50%	2%		
5 Year Fixed	3%	2.50%	2 %	1 %	0.50 %
Term Variable	1.50%	1%	0.50%		

Residential and Buy to Let Income Criteria

Minimum income criteria of £18,000 p.a. (Primary applicant)

Employed

Criteria	Evidenced by
· Permanently employed, in continuous employment for more than 1 year and in current role for more than 3 months	· 3 months payslips and P60 · Details of last 12 months employment · 3 months bank statements
Bonus · Up to 75% of the average earned in last 2 years	Bonus · 2 years P60 or employment reference
Commission/Overtime/ Shift Pay · Up to 75% of the average earned in last 3 months	Commission/Overtime/ Shift Pay · 3 months payslips if regular
Car allowance/Location allowance · Up to 100% if guaranteed · Nil if not guaranteed	Car allowance/Location allowance · 3 months payslips

Self Employed

Criteria	Evidenced by
· Minimum 12 months trading history · For Sole Traders we'll accept net profit · For Partnerships we'll accept their share of net profit · Directors Pension/Car Allowance and Home Office Use included · Ltd company directors, we'll accept salary and dividends	· Accounts certificate <2years trading, SA302's and Tax Summary or Accounts · 3 months business bank statements · 3 months personal bank statements

Contractors

Criteria	Evidenced by
· Calculated as day rate x 5 x 48 · Minimum of 3 months left on contract. Less than 3 months accepted subject to 12 months history in same industry, and written confirmation from employer that contract will be renewed for a further 3 months before completion · Gap of up to 6 months accepted · If temporary, must have worked in same capacity for at least the last 3 years	· Copy of current contract and where applicable previous contract(s) · 3 months bank statements

Other Income	Criteria	Evidenced by
Maintenance	Up to 100% if received and evidenced for last 6 months	CSA orders or 6 months bank statements
Casual income	Up to 100% if received and evidenced for last 6 months	6 months payslips and 6 months bank statements
Directors/ partners fees	Up to 100%	Tax returns and 6 months bank statements
Investment income	Up to 100% if guaranteed and sustainable	Solicitors/ Accountant/Trust administrator verification
Pension income	Up to 100%	· Pension statement/letter or Tax return · 3 months bank statements
Second jobs	Must be permanent and been in role for 6 months	· 3 months payslips and P60 · 3 months bank statements
Working Family Tax Credits	Up to 100% if there is a minimum of 3 years left	Latest award letter and 3 months bank statements
Other income we won't take into account	Statutory Sick Pay, Occupational Sick Pay, Self Certified Income	
Lending into retirement	Accepted	Affordability and sustainability of income
Rental income	50% of net rental income received	6 months rental statements, signed AST or bank statements showing 6 months rental income

Buy to Let Criteria

Minimum income criteria of p.a. £18,000

Buy to Let	Criteria
Max Aggregate Loan within Bluestone	£1,000,000 (Individual loan applies - See page 7)
Repayment Type	• Interest Only available on Clear & AAA • Capital & Interest available on all loans
Affordability calculation	Interest Only Loans (available on Clear & AAA) • 125% rental for basic rate taxpayer; can be topped up from 112.5% with surplus income • 140% rental for higher rate taxpayer; can be topped up from 112% with surplus income • Based on higher of pay rate plus 2% or 5.5% (5 year fixed on pay rate) 100% affordability calculation (personal income & expenditure) used for all BTL loans on AA, A & BBB and all loans on Capital & Interest, including 50% of gross rental added as income. The same affordability calculation can also be used on Interest Only loans where beneficial. Interest Only available to First Time Buyers, but the loan will be assessed using our affordability calculation (personal income & expenditure).
BTL type	Regulated, Unregulated, First Time Landlords, First Time buyers
Company Applications/Limited companies/ Overseas companies/SPV companies	Not accepted
Maximum tenancy term	12 months
Minimum tenancy term	6 months
HMO's	Not accepted
Maximum number of households	1
All tenants party to the agreement	Yes
Let to a registered social housing provider + Assured shorthold tenancy	Yes
Housing Association/Sitting tenant/ Company let/Holiday let	Not accepted
Students	On Single AST only

Property Criteria

Property	
Value/Purchase Price	Minimum £75,000 Maximum £2,000,000 depending on location
Location	England and Wales only
Tenures not accepted	Flying freeholds of more than 10% of floor area, Commonhold, Leaseholds with less than 30 years left at end of term, Freehold flats
Construction types not accepted	Gypsum plaster, Concrete, High alumina cement, Mundic block, Seco/Prefabricated, Steel framed/clad, Timber framed/clad, Modern methods of construction
Other issues not accepted	Asbestos, Leased solar panels, Japanese knotweed, Restrictive covenants
Types not accepted	Ex-local authority flats, Flats with more than 5 floors and no lift, Flats with more than 10 floors, Studio flats, Flats directly above commercial premises (without 1 clear floor separating), Grade 1 Listed (England/Wales), Repossessions, Restrictive covenants, Annexes not for immediate family use, Houseboats, Mobile homes, Conversions, Properties with ongoing structural movement, Defective properties, Properties affected by local planning issues, HMO's, Caravans, Static homes, Repossessed properties, Properties with over 40 acres of land
Other properties not accepted	Holiday lets, Bed and breakfast, Properties with more than 1 kitchen (2 allowed if 1 in annexe)
New Build warranties accepted	NHBC, Zurich Municipal, BLP, CRL Management Ltd, LABC New Home Warranty, Q Policy Castle 10 provided by Checkmate and Build Assure

Fees and Application Criteria

Valuation Fees

Property value	Valuation report only	Valuation report plus Homebuyers Report	Valuation report plus Building Survey
£75,000 - £150,000	£175	£445	£735
£150,001 - £200,000	£200	£500	£830
£200,001 - £250,000	£225	£555	£870
£250,001 - £300,000	£250	£615	£910
£300,001 - £350,000	£275	£660	£960
£350,001 - £400,000	£300	£700	£1,020
£400,001 - £450,000	£325	£745	£1,070
£450,001 - £500,000	£350	£775	£1,125
£500,001 - £600,000	£485	£870	£1,250
£600,001 - £700,000	£585	£965	£1,380
£700,001 - £800,000	£650	£1,085	£1,500
£800,001 - £900,000	£710	£1,210	£1,625
£900,001 - £1,000,000	£825	£1,335	£1,750
£1,000,000 +	Price available on request	Price available on request	Price available on request

Loan

Loan	Criteria
Term	5 - 35 years
Max Loan Amount	BTL - £1,000,000 (If Interest Only Max. is £750,000 to 75% LTV & £500,000 to 80% LTV) & Residential - £1,000,000
Repayment Type	Interest Only available on Buy to Let loans on Clear & AAA Capital & Interest available on all loans
Mortgage Schemes not accepted	Help to Buy/Homebuy/Key Worker Scheme/Properties held in trust/ Right to Buy/Shared Equity/Shared Ownership/Self Builds
Deposit	From own resources or gifted from close relative*
Portability	Not portable
Fees	Can be added to loan up to Max 85% for residential & 80% for BTL

Applicants

Applicants	Criteria
Maximum per application	4
Age at completion	All applicants must be at least 20 years old and no older than 65 at the start of the mortgage term
Residency (main applicants only)	Permanent UK residency rights, resident in UK for at least 1 year
Applicants not accepted	Guarantors/Expats/Diplomats

FREE ASSISTED RESIDENTIAL REMORTGAGES WITH NO RATE INCREASE
We'll appoint a solicitor and pay basic legal fees and one standard valuation. Customers will need to pay additional charges to upgrade to Homebuyers or Building Surveys. Free basic legal fees not available for unencumbered properties, Transfer of Equity, debt consolidation or where Independant legal advice is needed. Customers who are consolidating their debts will receive a reduction in the product arrangement fee of £175 by selecting the Fees Assisted (Debt Consolidation) option.

* A close family member is defined as a parent, child, grandparent, brother, sister, uncle, aunt, foster parent or legal guardian which includes step relatives.

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Bluestone Mortgages Limited is authorised and regulated by the Financial Conduct Authority.
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