

Intermediaries

mortgage product update

**2 Year
Fixed rates
still available
from
2.99%**

This description of Northern Rock's mortgages is directed at professional intermediaries who are authorised or exempt by the Financial Services Authority.

The products described in this guide are available through professional intermediaries only. This is not a financial promotion and should not be displayed as such. People who do not have professional experience of mortgage products should not rely on this guide.

This product guide does not include APRs which consumers need when selecting a mortgage product. Details of our APRs can be found when applying for a product from your mortgage sourcing system.

northernrockforintermediaries.co.uk

**northern
rock**

What has changed

Northern Rock has made changes across its Residential and BTL ranges on Wednesday, 1 February 2012.

The key changes are as follows:

- Selected 2, 3 & 5 Year Fixed rates have been amended, however, our headline 2 Year Fixed rate remains at 2.99%
- Selected Fee Saver Options have been amended and now start from 3.39%
- Our residential Trackers have been amended with 2 Year rates starting from 2.88% up to 70% LTV
- BTL cashback offer extended – now at £200 across all BTL products
- Selected BTL Fixed rates and BTL Trackers have been amended
- We have responded to intermediary feedback and simplified our BTL range by withdrawing the 3.5% fee option
- We have also simplified our residential range by withdrawing the Intermediary Exclusive Fee Saver Options

Key features

Everyday or Flexible – a quick comparison

Everyday Mortgages (more detail on product features below)

- 10% overpayments each calendar year.
- Payment holiday options, subject to Northern Rock's prior consent.
- An Early Repayment Charge (ERC) applies to the outstanding secured loan balance at the time of redemption. Any overpayments in excess of the 10% annual allowance will also be subject to the ERC.

Flexible Mortgages (more detail on product features on page 5)

- **Fully Flexible Features** – overpayments, underpayments, borrow back and payment holidays, subject to Northern Rock's prior agreement.
- ERC applies to the original secured loan balance, payable on full redemption only.

Residential key features

- **Fast Track Service** for qualifying residential cases – see page 11 for further details.
- Product fees (where applicable) can be added to the loan on completion.
- **Fee Saver Option** – no product fee payable. Valuation required as per fee scale on purchase cases.
- Maximum loan size of £1m.
- Daily interest.
- Incentive of free basic valuation and free standard legal fees for remortgages.
- Available either as Everyday option (page 3) or Flexible option (page 5).

Buy To Let key features

See page 6 and 7 for all details on Buy To Let.

Product switching

Once an application is submitted for a particular product, we will reserve funding for your client's mortgage on the product selected. Your client will only be allowed to change products if the subsequent choice comes from the same product range. Customers will not be allowed to switch to a product from a previous or later range.

Standard Variable Rate

At the end of the promotional rate all loans will revert to Northern Rock's Standard Variable Rate (SVR) which is currently 4.79%.

Everyday Mortgages – more detail on product features

Limited overpayments

Your clients are able to make overpayments of up to 10% of their outstanding balance per calendar year without incurring an Early Repayment Charge. Any overpayments will immediately reduce the loan outstanding, resulting in a saving in the amount of interest charged.

Payment holidays

Your clients may apply for a one month payment holiday for every nine consecutive full monthly payments they make. The maximum payment holiday period is three months, which can be applied for once your client has made 27 consecutive full monthly payments. When deciding if we will allow a payment holiday, we will assess your client's ability to repay the revised total mortgage balance and the associated monthly payments, based on their individual circumstances at the time. This will include an affordability assessment, which may require income verification. All payment holidays are subject to Northern Rock's prior agreement. Interest will continue to be charged during a payment holiday. Taking a payment holiday will also increase the outstanding balance upon which future loan interest charges are calculated.

Please note that underpayments and borrow back features are not available on our Everyday mortgages.

Everyday Mortgage Rates



Everyday Fixed Rate Purchase Range

Product	Max LTV	£995 Product Fee option		Fee Saver Option product		Reverting Rate	Until	Early Repayment Charge		
		Product rate	Cashback	Product rate	Cashback					
2 Year Fixed Rate	70%	2.99%	£0	3.39%	£0	Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2014	2.5% until 1 May 2014		
	75%	3.25%	£0	3.59%	£0					
	80%	3.49%	£500	4.19%	£0					
	85%	3.99%	£500	4.29%	£0					
3 Year Fixed Rate	70%	3.39%	£0	3.69%	£0		Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2015	3.5% until 1 May 2015	
	75%	3.49%	£0	4.03%	£0					
	80%	3.85%	£500	4.29%	£0					
	85%	4.25%	£500	4.39%	£0					
5 Year Fixed Rate	70%	3.79%	£0	3.99%	£0			Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2017	5% until 1 May 2017
	75%	3.95%	£0	4.19%	£0					
	80%	4.28%	£500	4.99%	£0					
	85%	4.65%	£500	5.09%	£0					
5 Year Fixed Rate	90%	6.29%	£500	6.39%	£0	Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.			1 May 2017	5% until 1 May 2017
	70%	3.79%	£0	3.99%	£0					
	75%	3.95%	£0	4.19%	£0					
	80%	4.28%	£500	4.99%	£0					

Everyday Fixed Rate Remortgage Range

Product	Max LTV	Rate with £995 Product Fee	Rate with Fee Saver Option	Reverting Rate	Until	Early Repayment Charge		
2 Year Fixed Rate	70%	2.99%	3.39%	Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2014	2.5% until 1 May 2014		
	75%	3.25%	3.59%					
	80%	3.49%	4.19%					
	85%	3.99%	4.29%					
3 Year Fixed Rate	70%	3.39%	3.69%		Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2015	3.5% until 1 May 2015	
	75%	3.49%	4.03%					
	80%	3.85%	4.29%					
	85%	4.25%	4.39%					
5 Year Fixed Rate	70%	3.79%	3.99%			Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2017	5% until 1 May 2017
	75%	3.95%	4.19%					
	80%	4.28%	4.99%					
	85%	4.65%	5.09%					

Everyday Tracker Purchase Range

Product	Max LTV	Rate with £995 Product Fee	Rate with Fee Saver Option	Reverting Rate	Until	Early Repayment Charge	
2 Year Tracker Rate	70%	2.88% (BoE + 2.38%)	3.38% (BoE + 2.88%)	Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2014	1% until 1 May 2014	
	75%	2.98% (BoE + 2.48%)	3.48% (BoE + 2.98%)				
	80%	3.88% (BoE + 3.38%)	4.28% (BoE + 3.78%)				
3 Year Tracker Rate	70%	2.98% (BoE + 2.48%)	3.38% (BoE + 2.88%)		Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2015	1% until 1 May 2015
	75%	3.08% (BoE + 2.58%)	3.48% (BoE + 2.98%)				
	80%	3.88% (BoE + 3.38%)	4.28% (BoE + 3.78%)				

Everyday Tracker Remortgage Range

Product	Max LTV	Rate with £995 Product Fee	Rate with Fee Saver Option	Reverting Rate	Until	Early Repayment Charge	
2 Year Tracker Rate	70%	2.88% (BoE + 2.38%)	3.38% (BoE + 2.88%)	Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2014	1% until 1 May 2014	
	75%	2.98% (BoE + 2.48%)	3.48% (BoE + 2.98%)				
	80%	3.88% (BoE + 3.38%)	4.28% (BoE + 3.78%)				
3 Year Tracker Rate	70%	3.08% (BoE + 2.58%)	3.38% (BoE + 2.88%)		Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2015	1% until 1 May 2015
	75%	3.18% (BoE + 2.68%)	3.58% (BoE + 3.08%)				
	80%	3.88% (BoE + 3.38%)	4.28% (BoE + 3.78%)				

Incentive of free basic valuation fee and free standard legal fees for remortgage customers.

Cashback incentive available on selected purchase products.

When porting your existing mortgage, cashback will not be available either on your existing product, or any new borrowing.



Freedom to Fix Purchase Range

Product	Max LTV	Rate with £995 Product Fee	Reverting Rate	Until	Early Repayment Charge
2 Year Freedom to Fix Tracker	70%	2.98% (BoE + 2.48%)	Following the Tracker Period, the loan will revert to Northern Rock plc's Standard Variable Rate (currently 4.79%) for the life of the loan	1 May 2014	1% of the outstanding loan balance until 1 May 2014
	75%	3.08% (BoE + 2.58%)			
	80%	3.95% (BoE + 3.45%)			

Freedom to Fix Remortgage Range

Product	Max LTV	Rate with £995 Product Fee	Reverting Rate	Until	Early Repayment Charge
2 Year Freedom to Fix Tracker	70%	2.98% (BoE + 2.48%)	Following the Tracker Period, the loan will revert to Northern Rock plc's Standard Variable Rate (currently 4.79%) for the life of the loan	1 May 2014	1% of the outstanding loan balance until 1 May 2014
	75%	3.08% (BoE + 2.58%)			
	80%	3.95% (BoE + 3.45%)			

Freedom to Fix

At Northern Rock, we are focussed on providing flexibility across our mortgage range and providing products that meet the needs of your clients. As part of this focus we have launched a new proposition developed specifically to help ease your clients' concerns around the potential for rising interest rates - we call it Freedom to Fix.

Our new range of Freedom to Fix Trackers will allow your clients to future-proof their mortgage against potential base rate increases by providing them with the option to switch to a Northern Rock Fixed Rate during their tie-in period without incurring an Early Repayment Charge.

In the current economic climate when interest rates are uncertain, this proposition can offer your clients the best of both worlds - a competitive tracker rate now with the 'safety net' offered by the ability to switch to a Fixed rate if rates start to rise.

Freedom to Fix customers will be entitled to move onto any applicable Fixed rate product from Northern Rock's new business remortgage range available at the time of request. Clients with a Freedom to Fix Tracker will therefore have access to the same Fixed rates as any new customer. If there is a product fee associated with the chosen Fixed rate, this will be payable, however there will be no application or valuation fee charged.

If there has been a significant change in your clients circumstances (income, expenditure etc) since they applied for their Freedom to Fix Tracker an affordability assessment will be undertaken at the time of switch.

Freedom to Fix customers wishing to exercise their right to switch to a Fixed rate should contact Northern Rock directly on 0845 600 4570. Lines are open 8am to 8pm weekdays, 9am to 3pm Saturday and 10am to 3pm Sunday. Please note that this telephone number should be used by customers only.

Please note our Freedom to Fix range offers the same flexibility as our Everyday range (see page 2 for details).

Incentive of free basic valuation fee and free standard legal fees for remortgage customers.



Flexible Purchase Range

Product	Max LTV	Rate with £995 Product Fee	Reverting Rate	Until	Early Repayment Charge
Flexible 2 Year Tracker Rate	70%	3.29% (BoE + 2.79%)	Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2014	1% until 1 May 2014
	75%	3.59% (BoE + 3.09%)			
	80%	4.49% (BoE + 3.99%)			

Flexible Remortgage Range

Product	Max LTV	Rate with £995 Product Fee	Reverting Rate	Until	Early Repayment Charge
Flexible 2 Year Tracker Rate	70%	3.29% (BoE + 2.79%)	Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan	1 May 2014	1% until 1 May 2014
	75%	3.59% (BoE + 3.09%)			
	80%	4.49% (BoE + 3.99%)			

Incentive of free basic valuation fee and free standard legal fees for remortgage customers

Flexible Mortgages

Our Flexible mortgages are the fully flexible alternative to our Everyday mortgages. If your client takes a product from our Flexible range they will be able to take advantage of a full range of mortgage features including unlimited overpayments, the ability to borrow back previous overpayments, underpayments and payment holidays.

When using flexible features, we will assess your client's ability to repay any revised total mortgage balance and associated monthly payments, based on their individual circumstances at the time. This will include an affordability assessment, which may require income verification. The use of flexible features is subject to Northern Rock's prior agreement.

Overpayments

Unlimited regular or lump sum overpayments can be made, penalty free, on Northern Rock Flexible mortgages provided the loan is not redeemed in full.

Making overpayments could save your clients thousands of pounds in interest, helping them to pay off their mortgage earlier.

Borrow Back

With Northern Rock Flexible mortgages, your clients can apply to borrow back any previous overpayments. As a responsible lender, we will ask customers for details of their current income and outgoings when they apply to use the flexible features of their mortgage.

We will assess customers' ability to repay any revised mortgage balance and associated monthly payments, based on their individual circumstances at the time. This will include an affordability assessment, which may require income verification.

Underpayments

If your clients have chosen to overpay on their Flexible mortgage, then they also have the option to apply to make a lower monthly payment or stop their monthly payment.

This would suit clients who know they will have periods of greater disposable income (e.g. seasonal overtime) and would like to benefit from lower payments at a later date.

Payment Holidays

Your client may apply for a one month payment holiday for every nine consecutive full monthly payments they make. The maximum payment holiday period is three months, which can be applied for once your client has made 27 consecutive full monthly payments.

Please note that the number of consecutive monthly payments is reset to zero if your client does not make a full monthly payment in the month it is due or we agree for an underpayment to be made on their Flexible mortgage.

When deciding if we will allow a payment holiday, we will assess your client's ability to repay the revised total mortgage balance and the associated monthly payments, based on their individual circumstances at the time. This will include an affordability assessment, which may require income verification. All payment holidays are subject to Northern Rock plc's prior agreement.

Interest will continue to be charged during a payment holiday. Taking a payment holiday will also increase the outstanding balance upon which future loan interest charges are calculated.



Everyday BTL Fixed Range - Flat-fee option

Product	Max LTV	£1,995 Product Fee option		£995 Product Fee option		Fee Saver Option		Reverting Rate	Until	Early Repayment Charge
		Product Rate	Cashback	Product Rate	Cashback	Product Rate	Cashback			
2 Year Fixed Rate	60%	4.20%	£200	4.79%	£200	5.25%	£200	Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2014	2.5% until 1 May 2014
	70%	4.35%		4.99%		5.65%				
3 Year Fixed Rate	60%	5.09%		5.39%		5.69%				
	70%	5.25%	5.49%	5.79%						
5 Year Fixed Rate	60%	5.25%	5.69%	6.09%	1 May 2017	5% until 1 May 2017				
	70%	5.35%	5.75%	6.19%						

Everyday BTL Fixed Range - Percentage fee option

Product	Max LTV	2.5% Product Fee option		2.0% Product Fee option		Reverting Rate	Until	Early Repayment Charge
		Product Rate	Cashback	Product Rate	Cashback			
2 Year Fixed Rate	60%	3.95%	£200	4.20%	£200	Following the Fixed Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan.	1 May 2014	2.5% until 1 May 2014
	70%	4.20%		4.55%				
3 Year Fixed Rate	60%	4.59%		4.85%				
	70%	4.75%	5.19%					
5 Year Fixed Rate	60%	5.05%	5.20%	1 May 2017	5% until 1 May 2017			
	70%	5.20%	5.45%					

Everyday Tracker BTL range - Flat-fee option

Product	Max LTV	£995 Product Fee option		Reverting rate	Until	Early Repayment charge
		Product Rate	Cashback			
2 Year Tracker Rate	60%	4.09% (BoE + 3.59%)	£200	Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan	1 May 2014	1% until 1 May 2014
	70%	4.69% (BoE + 4.19%)				

Everyday Tracker BTL range - Percentage fee option

Product	Max LTV	2.5% Product Fee option		2.0% Product Fee option		Reverting Rate	Until	Early Repayment Charge
		Product Rate	Cashback	Product Rate	Cashback			
2 Year Tracker Rate	60%	3.69% (BoE + 3.19%)	£200	3.89% (BoE + 3.39%)	£200	Following the Tracker Rate period, the loan will revert to Northern Rock's Standard Variable Rate (currently 4.79%) for the life of the loan	1 May 2014	1% until 1 May 2014
	70%	3.89% (BoE + 3.39%)		4.38% (BoE + 3.88%)				

Cashback incentive available across all BTL products.

When porting your existing mortgage, cashback will not be available either on your existing product, or any new borrowing.

Rental Calculation

Rental income must be able to cover at least **125%** of the mortgage interest. This will be calculated at a notional rate of 5.99% or the rate of the selected product if higher.

Buy To Let key features

- Rental calculation based on 125% at 5.99% or payrate, whichever is higher.
- Product fees (where applicable) can be added to the loan on completion.
- Fee Saver Option available - no product fee payable. Valuation required as per fee scale on all Buy To Let cases.
- Maximum loan size of £1m.
- Buy To Let products available as Everyday option only with daily interest.
- Minimum combined income of £25,000 required. This excludes income received from Buy to Let properties.
- Cashback incentive available across all BTL products.

Cashback

We now offer a range of products with a cashback incentive to help your clients with the costs related to buying a new property. Your clients can use the money in any way they choose, for example to cover legal or valuation fees or to help decorate their new home.

Cashback is available on a selection of our residential and BTL products. See pages 3 and 6 for further details.

The cashback will be paid upon completion of your client's mortgage and there will be no claw back associated with the incentive.

When porting your existing mortgage, cashback will not be available either on your existing product, or any new borrowing.

Additional Information

Free basic valuation & free legal work for residential remortgages

Remortgage customers taking one of our residential products (excluding BTL) will be entitled to a free basic valuation report and free standard legal costs. Purchase customers will be required to pay the valuation fee as per fee scale below.

Free basic valuation

Remortgage customers will be entitled to a free basic valuation report. The valuation must be instructed by Northern Rock. If it is instructed by any other party, the cost of the basic valuation will not be covered by Northern Rock. If a Homebuyer's Valuation Report is chosen your client will be required to meet all costs relating to this survey.

Free standard legal work

Northern Rock will appoint a solicitor from its panel who will act on Northern Rock's behalf to undertake the legal work involved. Northern Rock will cover all standard legal costs but your client will be responsible for paying the costs of any additional or non-standard legal work that may be required e.g. transfer of equity, Land Registry fees, etc. If the client wishes to appoint their own solicitor to act in this transaction they will be required to meet all legal costs.

Fees

■ All residential and all BTL applications are subject to a non-refundable £99 application fee, payable upfront.

Valuation Fees

Valuation/Purchase Price	Basic Valuation Report fee	HomeBuyers Report fee
Up to £60,000	£112	£270
£60,001 - £100,000	£132	£311
£100,001 - £150,000	£163	£352
£150,001 - £200,000	£188	£398
£200,001 - £250,000	£214	£444
£250,001 - £500,000	£275	£510
£500,001 - £750,000	£331	£561
£750,001 - £1,000,000	£377	£612
£1,000,001 - £1,500,000	£510	£817
£1,500,001 - £2,000,000	£663	£1,021
£2,000,001 - £2,500,000	£817	£1,225
£2,500,001 - £3,000,000	£970	£1,531
Over £3,000,000	By Negotiation	By Negotiation

The Basic Valuation Report fee includes the VAT charged to Northern Rock by the valuer.

The Homebuyers Report fee is made up of two elements:

1. the Basic Valuation Report fee (as above).
2. the additional cost of the HomeBuyers Report, on which VAT is charged to the applicant.

When the valuer is not instructed by Northern Rock, for example in Scotland, the £99 application fee will be debited to the mortgage account on completion. This policy applies across residential and BTL applications.

Please note that the Valuation Fee(s) above are based on the actual property valuation.

If the instructed valuer values the property at a figure which differs from the purchase price/estimated value stated on your mortgage application form, the fee payable may change in accordance with the table above.

In the event the property is valued at a figure higher than that stated on the mortgage application form, the difference between the Valuation Fee payable and the actual amount paid prior to the valuation will be payable prior to the issue of an Offer of Loan.

In the event the property is valued at a figure lower than the figure stated on the mortgage application form, the difference will be refunded to you.

Loyalty Discount

Once a customer has had their mortgage with us for seven years, a Loyalty Discount is available provided that:

- They do not continue to benefit from a special rate (such as a product discount, a Guaranteed Rate, or Fixed Rate) or other product benefit (such as a Cashback).
- They are not within an ERC period.

The Loyalty Discount will be at least 0.25% off Northern Rock's Standard Variable Rate for the rest of the life of the loan. The current Loyalty Rate is 4.54% (with effect from 1 May 2009).

If a customer moves home and takes a new mortgage product with Northern Rock (or they transfer their existing mortgage to their new home) they will lose the benefit of any time that has accrued towards the calculation of the seven years. On completion of the new mortgage the seven year period will begin again from year 0.

If a customer transfers to a new mortgage product without moving home the accrual of the seven year period will continue (provided they meet all other eligibility criteria).

Customers can choose to move to the Loyalty Rate (provided they meet all other eligibility criteria) even when they are within an ERC period but they will have to repay the ERC applicable to their current mortgage product.

Please note: the Loyalty Discount does not apply to Buy To Let mortgages.

Lending Policy

Procuration Fees

Procuration fees are available for mortgage completions up to and including 90% LTV. There is no cap on our maximum procuration fee amount. Contact your local Business Development Manager for details.

Insurance Procuration Fees

Northern Rock offers Home Insurance including Buildings and/or Contents cover. There is a single £50 insurance procuration fee, payable for each referral that results in a sale.

General Policy Information

- A credit check will be made on all applicants and the loan will be declined where an adverse credit history is revealed, for example if a County Court Judgement is registered. In addition, statistical techniques (credit scoring) will be used as part of the decision making process.
- Monthly mortgage payments must be made by Direct Debit otherwise an annual charge of £25 will be made to the mortgage account.
- Purchase and Buy To Let applicants will be responsible for all legal and valuation fees, whether or not the loan completes.
- The maximum number of applicants is four.
- The minimum age for all applicants is 18. For Buy To Let applications the minimum age for the main applicant is 21.
- The maximum age for applicants at the end of the mortgage term is 75 years. Please note that, as Northern Rock's minimum term is seven years, applicants will not be accepted if they are over 68 years of age.
- The maximum age to which Northern Rock will accept employed income is 70.
- If the term of the loan extends beyond the customers declared retirement age or the age of 70, we will require evidence of pension arrangements which must be registered with HMRC. The applicant's ability to afford the mortgage over the full term will be assessed.

Mortgage Terms

- The mortgage term for Residential mortgages (excluding BTL) must be between seven and 35 years.
- The mortgage term for Buy To Let mortgages must be between seven and 25 years.
- For products with an ERC period longer than seven years, the minimum loan term is the length of the Early Repayment Period.

Repayment Methods

- Residential and BTL products are available on a repayment, interest-only or part and part basis. The maximum LTV for customers taking a mortgage on an interest-only basis or the interest only element of a part and part mortgage is 75% (70% for BTL). If the customer chooses to take a mortgage on an interest-only basis, it is their responsibility to put in place and maintain an appropriate repayment vehicle which is expected to provide a lump sum sufficient to repay the interest-only loan at the end of the agreed mortgage term.

Please note, where LTV exceeds 85% the whole of the mortgage must be taken on a full repayment basis.

Northern Rock accepts the following repayment vehicles for Residential and BTL mortgages: investment plan, ISA, personal pension plan, endowment, share portfolio, sale of main property and sale of second property. The acceptance of sale of main property as a repayment vehicle will be limited to applications with a maximum LTV of 60% and minimum equity of £150,000 (maximum 70% for BTL with no minimum equity).

Northern Rock does not accept the following repayment vehicles: inheritance, dividends, regular overpayments, remuneration and intention to convert to repayment at a future date.

When making a full application for an interest-only or part and part mortgage the following information must be provided:

- Type of Repayment Vehicle.
- Present estimated value of Repayment Vehicle.
- Maturity date (N/A for sale of property or share portfolio).
- Monthly contribution (If applicable).
- Value at maturity (N/A for sale of property or share portfolio).

Northern Rock will not accept an application where the current/projected value of the repayment vehicle is less than the interest-only loan at the end of the agreed mortgage term. In these circumstances, details of a further repayment vehicle must be provided or the application can only proceed on either a repayment or part and part basis.

In circumstances where the customer's repayment vehicle is sale of their main property, a second property or share portfolio their current value must cover the interest-only loan at the end of the agreed mortgage term.

Lending Policy

New Build Policy

Please see below for details of the maximum LTV available for new build properties. Please note that the maximum LTV is based on the lower of the valuation or purchase price.

■ All Residential products:

- New build flats - maximum LTV is 70%
- New build houses - valuation/purchase price up to and including £500,000 - maximum LTV is 85%
- valuation/purchase price over £500,000 - maximum LTV is 80%

■ All Buy To Let products:

- New build flats and new build houses - maximum LTV is 70%

Any incentives offered by the housebuilder will be deducted from the purchase price before the maximum LTV limit is applied. The product fee can be added to the loan, and is allowed to take the maximum LTV above that which is determined by Northern Rock's lending policy.

Purchases by way of sub-sale agreement are not usually acceptable. Refer to Northern Rock if further guidance is required. We do not accept builders' incentives.

Residential Loan to Value Limits

Valuation or Purchase price, whichever is lower	Maximum Loan to Value			
	Home purchase		Remortgage	
	Interest-only	Repayment	Interest-only	Repayment
£0 to £500,000	75%	90%	75%	85%
£500,001 +	75%	80%	75%	80%

■ The maximum loan for Right to Buy, Sitting Tenants and remortgages is based on valuation. There is a maximum loan size of £1m on all products.

■ Where LTV exceeds 85% the whole of the mortgage must be taken on a full repayment basis.

Affordability

Our lending decisions are based upon a full affordability assessment whereby we will assess if the loan is affordable based on the applicant's income, loan/credit card commitments and regular and essential household expenditure.

Please ensure you use our online affordability calculator before submitting a Decision in Principle. The calculator can be found at www.northernrockforintermediaries.co.uk/affordability_calculator/

We require a **Monthly Essential and Regular Expenditure Form** for some customers who have low levels of outgoings in relation to their circumstances. An automated prompt on the Online Affordability Calculator will tell you when to fill this in for your client.

Providing the income and expenditure information input is accurate the calculator will provide you and your clients with an accurate illustrative borrowing figure.

To help you complete this process more easily, forms can now be e-mailed to docs@northernrock.co.uk. If you are unable to email the form you can fax or post as usual.

Please note that although products will be booked at the time of application, the valuation will not be instructed and the application will not be progressed until we receive all relevant supporting documentation, including the expenditure form where applicable.

If supporting documentation is not received in a timely manner, we reserve the right to cancel the original application including the product requested.

Property

If, for any reason, the application does not proceed on the original property the applicants must reapply for a new product available at that time.

The property offered as security must be in England, Scotland, Wales or Northern Ireland, residential, owner-occupied and of conventional construction.

Leasehold properties must have an unexpired term of at least 30 years at the end of the mortgage term.

Northern Rock requires a first legal charge over the property offered as security.

Additional Case Information – Residential

The table below provides details of the documents we will require to verify income. Please ensure that all paperwork, including fees, are in order and forms are signed and dated by submission. This will help us process the application quickly.

Income type	Income verification requirements
Employed (Standard Income)	Last two monthly payslips and last P60, or last four weekly payslips and last P60.
Employed (Variable Income)	Last two monthly payslips and last P60, or last four weekly payslips and last P60.
Self Employed	Last two year's accounts or accountant's certificate, or last two year's HM Revenue & Customs SA302 forms.
Pension income	Last annual pension statement (must be dated within the last 12 months), or last two monthly pension slips, or last two month's bank statements showing pension credits, or last P60, or last HM Revenue & Customs SA302 form.

For all clients

The Additional Case Information will be required for all First Time Buyers. Customers with low and medium credit scores are not eligible for the Fast Track Service.

For customers employed for less than six months, an employer's reference will be required.

Please note that we will require full verification of income as detailed in the table above for any loan where the property is worth less than £100,000.

For Buy To Let additional case information see pages 7 and 12.

Fast Track Service – Residential Only

Residential 'next time buyer' and remortgage applications that achieve a high score may be eligible for our **Fast Track Service**. Where an applicant meets our fast track criteria we may not require additional documentation to verify an applicants income in the majority of cases. The case must meet the following criteria at Decision In Principle:

- The application is accepted.
- The application is for an Everyday Fixed Rate, Everyday Tracker or Flexible Tracker rate product.
- The application is for an LTV up to and including 70%.
- The property being remortgaged or purchased is worth at least £100,000.
- The loan term must not extend beyond the applicant's anticipated date of retirement.

Once submitted, for the case to proceed on a Fast Track basis, the application must meet the following criteria:

- The case must satisfy all other aspects of our lending criteria.
- You must confirm your client's identity and their ability to afford the loan by providing the relevant information as detailed in the table above.
- No applicant or case details have been materially changed between Decision In Principle and Full Application submission.
- The case must achieve a high credit score.

We continue to reserve and exercise the right to contact intermediaries to confirm that any submitted details are correct. In these instances we will ask you to provide appropriate evidence of the income stated on the application form.

Please note, our usual requirements for verification of identity remain unchanged.

Please note that our Fast Track Service is not available for First Time Buyers or 'Next Time Buyers' and remortgage customers borrowing over 70% LTV.

Northern Rock reserves the right to seek additional information where we believe the lending risk requires further investigation. Northern Rock reserves the right to carry out occupation and income reasonability checks on any case at application stage. Following completion, Northern Rock will, from time to time, seek retrospective confirmation of income for loan performance monitoring purposes. This is in accordance with FSA Best Practice guidelines. These application and post completion checks will involve contacting employers in some instances.

Buy To Let Lending Policy

Product Terms – Buy To Let

- Buy To Let mortgages are available on the following terms: interest-only, repayment, part interest and part repayment basis.
- Buy To Let mortgages are available on loan terms of seven to 25 years.
- Buy To Let products are held per property, not per application, which allows you and your clients to choose the most appropriate product for each property.

Applicant Criteria – Buy To Let

- Buy To Let products are available to individuals only.
- Joint applications of up to four applicants are acceptable.
- Applicants must be at least 21 years old. Where there is more than one applicant, the main applicant must be 21 or over and the additional applicants must be at least 18 years old.
- If the applicant's proposed Buy To Let borrowing with Northern Rock is more than £1m, we will require information on any Buy To Let properties not mortgaged with Northern Rock, e.g. details of property values, rental income, outstanding mortgage commitments etc.

Property Criteria – Buy To Let

- Minimum property valuation of £40,000. Maximum Buy To Let borrowing with Northern Rock is £3 million (up to a maximum of 10 properties).
- Borrower must have (or have plans in place for) an Assured Shorthold Tenancy Agreement (or equivalent in Scotland and Northern Ireland). We will not lend where the applicant intends to let the property back to the seller at completion.
- Any property not recommended as suitable security by our panel of valuers or underwriters will be excluded.
- For Buy To Let mortgages we will only lend on up to 20% of any development - for example, blocks of flats or a housing estate. Further restrictions may apply to larger developments or where the application involves a number of adjacent properties within a development or block.
- The maximum LTV available for New Build flats is 70%. This 70% LTV limit excludes the cost of any mortgage Product Fee.

Loan To Value Limits – Buy To Let

- The maximum LTV on any individual property with Northern Rock is 70%. This will be based on the lower of the valuation or the purchase price.
- The maximum LTV on total borrowing with Northern Rock (including proposed changes to an existing portfolio) is 70%.

Additional Case Information – Buy To Let

The table below provides details of the documents we will require to verify income. Please ensure that all paperwork, including fees, are in order and forms are signed and dated by submission. This will help us process the application quickly.

Income type	Income verification requirements
Employed (Standard Income)	Last two monthly payslips and last P60, or last four weekly payslips and last P60.
Employed (Variable Income)	Last two monthly payslips and last P60, or last four weekly payslips and last P60.
Self Employed	Last two year's accounts or accountant's certificate, or last two year's HM Revenue & Customs SA302 forms.
Pension income	Last annual pension statement (must be dated within the last 12 months), or last two monthly pension slips, or last two month's bank statements showing pension credits, or last P60, or last HM Revenue & Customs SA302 form.

We require income verification for all Buy To Let applications.

Northern Rock reserves the right to seek additional information where we believe the lending risk requires further investigation. Northern Rock reserves the right to carry out reasonability checks on any case at application stage. Following completion, Northern Rock will, from time to time, seek retrospective confirmation of income for loan performance monitoring purposes.

Existing Northern Rock plc Customer Moving Home

■ Porting Cases - Products launched before 12 May 2008

Northern Rock plc will allow customers who completed onto products launched prior to 12 May 2008 to take additional borrowing when porting at the same rate as their existing product, so long as the application fits the maximum LTV of the product and our prevailing lending policy, including credit scoring and affordability assessments. A Porting Additional Borrowing Fee may apply, which is currently £495.

■ Porting Cases - Products launched after 11 May 2008 where completion takes place prior to 25 July 2011

Customers who have a product launched after 11 May 2008 and who completed before 25 July 2011 will be able to port their existing mortgage balance or a reduced balance, subject to any applicable Early Repayment Charge.

Customers who wish to move home and increase their mortgage balance, will only be able to do so by applying for a new product from our prevailing range at that time.

The new product will be for the value of the entire loan. Any applicable Early Repayment Charge on the original product will be payable, however your client may be eligible for an Early Repayment Charge refund of up to 50%, subject to their terms and conditions.

■ Porting Cases - Completions that have taken place on or after 25 July 2011

Customers who have completed on or after 25 July 2011 will be able to port their existing mortgage balance or a reduced balance subject to any applicable Early Repayment Charge.

If your client requires additional borrowing to purchase their next property, they will be able to apply for the additional amount from the product range available at that time.

■ Existing Customers Moving Home and taking an entirely new product

All customers who are moving home also have the option to take a new mortgage product from our prevailing range for the entire loan for their new property. Provided the new loan completes within three months of redemption of the existing loan they may receive a refund of up to 50% on any applicable Early Repayment Charge, subject to their original terms and conditions.

■ Customers redeeming and completing on different days

If a customer does not repay the loan on their property on the same day as they complete the loan on the next property, then any applicable Early Repayment Charge will be payable in full on the day they redeem. If they complete the loan on the next property within three months of redeeming then the Early Repayment Charge will be refunded. If there is a reduction in the balance, any applicable Early Repayment Charge will be payable on the difference.

Please refer to the Offer of Loan issued to your client(s) for confirmation of their terms and conditions when moving home.

■ Procuration Fees

If your clients choose to take an entirely new mortgage product from our current range for all borrowing, then you will be entitled to the full procuration fee for that product. For porting cases, where your clients choose to transfer the remaining terms and conditions of their current product to their new property, we will pay a flat procuration fee.

Conditions apply, please refer to your club or network for details of Northern Rock plc's procuration fee package.

■ Intermediary Returning Home Mover Contact Centre

Call our Intermediary Returning Home Mover Contact Centre on 0845 604 4898.

To validate that you have the authority to discuss a client's current mortgage, you will need to provide the following security information:

- Your name and Northern Rock P Number or your firm's FSA Register number.
- Your client's name and current mortgage account number.
- Verbal confirmation that you have gained your client's authority to discuss their current mortgage arrangements and future options.

Existing Customer Not Moving Home

Existing customers who are not moving home may be offered a new product from Northern Rock.

Additional Borrowing For Existing Customers

We offer Personal Secured Loans (PSLs) exclusively to our existing mortgage customers. These could suit clients that you have already placed with Northern Rock who may wish to release additional equity without remortgaging.

Product	Rate	Availability	Admin Fee	ERC
Standard Variable PSL	currently 9.79% (SVR + 5.00%)	All Residential and BTL customers	£349	None

Our PSLs have the following key features:

- Borrowing available from five to 35 years, but must not exceed the term of the main mortgage.
- A minimum loan of £3,000.
- Borrowing is allowed up to 85% LTV, subject to terms and conditions.
- Flexible features (if applicable to main mortgage).

For more information or to obtain a KFI please contact our PSL Sales Team on 0845 602 2106.

Northern Rock Online

Visit northernrockforintermediaries.co.uk

Applications for all Northern Rock products, including Buy To Let can be submitted online.

Key Benefits

- Instant decisions.
- Improved case tracking and management services.
- Input data offline or online.
- Outbound email update service keeping you up to date on the progress of your cases.
- Full pre-population of data between KFI, Decision in Principle and full applications.

- Archiving and storage facilities to support compliance.
- Immediate registration.
- Available for all Northern Rock products.

Installation

The Northern Rock Online system can be installed onto your desktop or laptop by contacting our online support team on 0845 602 8348. Lines are open Monday to Friday 8.30am to 6.00pm excluding Bank Holidays. They will provide you with a link to download the software, and guide you through registration.

Mortgage Trading Exchange

Key benefits include:

- Instant decision.
- Pre-population of full application form.
- Full case tracking facility.

MTE
Northern Rock is a member of
the Mortgage Trading Exchange



TCF

- TCF Info is supported by Northern Rock and other major mortgage lenders, offering intermediaries practical, free guidance on the FSA principle of 'treating customers fairly' (TCF).
- Visit www.tcfinfo.co.uk to receive the TCF Info e-Newsletter which will provide updates on TCF and TCF Info initiatives.



How to contact us

Intermediary Support Unit (ISU) 0845 600 1516* For information relating to Northern Rock's general products and policy.
BTL 0845 602 8323* For information relating to Northern Rock's BTL products and policy.
Fax 0845 603 5885

You can send supporting documentation by fax or email to docs@northernrock.co.uk

For queries on existing Northern Rock plc customers moving home, call our Intermediary Returning Home Mover Contact Centre on 0845 604 4898*

*Lines are open Monday to Friday 8.30am to 6.00pm excluding Bank Holidays.

For further information or mortgage application forms, please contact your local Business Development Manager.

For details of your nearest Business Development Manager please call our ISU.

All post relating to mortgage applications should be sent to Mortgage Processing, Northern Rock plc, Northern Rock House, Gosforth, Newcastle upon Tyne NE3 4PL.

Any 0845 telephone numbers will be charged at your service provider's prevailing rate. All calls may be monitored and recorded.

Complaints Procedure

In the event of a complaint or dispute, a copy of our complaints procedure can be obtained from the following address; Customer Support Manager (Indirect Sales), Customer Support Team, Ref: CSTSales01, Northern Rock plc, Northern Rock House, Gosforth, Newcastle upon Tyne NE3 4PL.

It is an offence to knowingly make a false, inaccurate or misleading declaration when applying for a mortgage. If you make such a declaration you may face criminal prosecution and/or civil action for recovery of any losses incurred by Northern Rock.

Registered Office: Northern Rock House, Gosforth, Newcastle upon Tyne NE3 4PL. Telephone: 0191 285 7191. northernrock.co.uk. Branches throughout the UK. Licensed Credit Broker.

This description of Northern Rock's mortgages is directed at professional intermediaries who are authorised or exempt by the Financial Services Authority. The products described in this guide are available, through professional intermediaries only. This is not a financial promotion and should not be displayed as such. People who do not have professional experience of mortgage products should not rely on this guide.

Our products may be withdrawn without notice. Please check availability of these products with your local Business Development Manager.

Only available to persons of 18 years of age or over (or aged 21 or over for main applicant for Buy to Let Products). Subject to status.

Northern Rock plc - Registered in England and Wales (Company No. 6952311).

Registered Office - Northern Rock House, Gosforth, Newcastle upon Tyne NE3 4PL. Authorised and regulated by the Financial Services Authority.

NRB0215V57

Valid from 01.02.2012