

Principality mortgages and the Mortgage Credit Directive

What you need to know

We're pleased to let you know that we will be implementing the new ESIS illustration as part of the Mortgage Credit Directive rules on our mortgage applications from 16 April 2018.

Please read the important information below to find out exactly what changes are being made and what you need to do.

What you need to know from 16 April 2018






We will be issuing a new ESIS illustration and offer document with effect from 16 April 2018 for all regulated mortgages.

For all non-regulated mortgages, you will continue to receive the current mortgage illustration and offer document as it currently is.

What you need to know about our pipeline management

All regulated mortgage applications we receive before 16 April 2018 will be issued with a KFI plus illustration however, after 16 April 2018 please be aware that an ESIS offer will be issued.

Pipeline management

	Pre 16 April 2018	Post 16 April 2018
App submitted and offered pre ESIS		
App submitted and offered pre ESIS – Offer amended post ESIS		
App submitted pre ESIS – Offer submitted post ESIS		
App submitted and offered post ESIS		

Please manage your customers' expectations accordingly because the appearance of the ESIS offer document will be different from the original illustration however, the information within the document will mostly be the same.

We're here to help

If you have any questions about these changes, please contact our Intermediary Team on **0330 333 4021** or call your dedicated Business Development Manager and they will be very happy to help.

You can also e-mail your query to us on **intermediary@principality.co.uk**

Binding offers and 7 day reflection period

Any offers we make to your customers will be binding and your customer will have a 7 day reflection period.

Customers can waive their right to reflect, through their solicitor. If we receive an instruction from the customer's solicitor within the reflection period, we will take this as the customer's instruction to waive their right to reflect. Details will be included on the customer's offer document.

Illustrations

We will continue to use the KFI and top up document until 16 April 2018 for all regulated mortgages. This top up sheet forms part of the illustration produced on Brokerpoint and you will need to print it off and give it to the customer for all applications submitted until 16 April 2018.

Consumer Buy to Lets (CBTL)

We still continue to offer consumer Buy to Let mortgages.

We will continue to identify customers that are eligible for CBTL with the question on Brokerpoint. We are providing help text to guide you on the CBTL definition and we are aligned with the CML Buy to Let best practice. Consumer Buy to Lets are customers who have no other rental properties and they or a related person(s) have previously occupied the property.

We are already compliant with the CML Buy to Let best practice statement so there is no material change to our current process and procedures for customers.

Non Regulated Buy to Let (investment property loans)

To ensure all of our non-regulated Buy to Let customers are acting for business purposes. Neither customers or related person(s) may occupy (or intend to occupy) any part of the property. This replaces the previous 40% occupancy rule. We do not require a declaration stating that they are acting for business purposes.

Regulated Buy to Let

Since 29 November 2016 our definition of a regulated Buy to Let is as follows: “If a customer or related person(s) occupies or intends to occupy any part of the property, this will be deemed as a regulated Buy to Let”.

Please note that we do not currently accept applications for new regulated Buy to Let mortgages.



Where home matters
principality.co.uk

Principality Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, reference number 155998. Principality Building Society, Principality Buildings, Queen Street, Cardiff, CF10 1UA. principality.co.uk