

# Switch & Fix

## Lending Criteria

THIS GUIDE IS FOR INTERMEDIARY USE ONLY AND  
SHOULD NOT BE SHOWN TO POTENTIAL CLIENTS

# Contents

- 2 Application Types for Existing Customers
- 2 Eligibility
- 2 Customers
- 3 Loan
- 3 Affordability
- 3 Tenancies and Licences
- 3 Valuation

Eligibility		
<b>Switch &amp; Fix (S&amp;F)</b>	New fixed rate only, no change in security, no extension of the contractual term and no capital raising.	
Customers		
<b>Customer type</b>	The borrowing entity and structure must remain the same as the existing loan.	
<b>Personal Guarantees</b>	A personal guarantee will be issued on the same basis as the original application.	
<b>ILA</b>	<p>We recommend Independent Legal Advice for the following:</p> <ul style="list-style-type: none"> <li>• Customers over 70 years old</li> <li>• A customer who will not benefit from the proceeds of the advance</li> <li>• A customer who is on the mortgage application but not named on the title</li> </ul>	
<b>Credit Status</b>	CCJs	No unsatisfied in the last 24 months Satisfied in the last 12 months considered by exception Large (>£5,000) historic considered by exception
	Mortgage / Secured Loan / Tenancy Arrears	0 missed in last 12 months No unpaid historic arrears
	Defaults	No unsatisfied >£100 in last 24 months
	Unsecured borrowing (not including communications suppliers or utility companies)	No more than 3 instances of arrears of arrangements to pay in last 12 months
	Bankruptcy / CVA / IVA	Discharged for at least 12 months
	CIFAS	No adverse fraud data
	Business Credit Profile	<p>No historic of the following within the last 36 months (this extends to associated companies within the same industry):</p> <ul style="list-style-type: none"> <li>• Receivership</li> <li>• Administration order</li> <li>• Winding up petition</li> <li>• Creditors or Compulsory Liquidation</li> <li>• Disqualified director</li> </ul>
Loan		
<b>Loan Size &amp; Repayment</b>	The repayment type of the original loan must remain the same – for example, if the existing loans is on capital and interest, the new loan must also be capital and interest.	
<b>LTV</b>	No change to the original application is permitted regarding loan size.	

Affordability	
<b>DSCR</b>	Minimum 110% cover required based on product pay rate of the origination rent or passing rent evidenced by the customer in the form of bank statements.
<b>Supplementary Income</b>	All cases must meet a minimum standard ICR of 110% based on the origination or passing rental income. The use of outside income can be used to support ICR requirements.

Tenancies and Licences	
<b>Licences</b>	All HMO refinances will be subject to the customer having an HMO licence (when a licence is applicable).
<b>Leases</b>	An acceptable commercial lease should be in place for all tenanted commercial investment property.

Valuation	
<b>Validity of Report</b>	AVMs and physical valuations are valid for 6 months.
<b>Automated Valuations</b>	<p><u>Residential Property</u></p> <ul style="list-style-type: none"> <li>• AVMs can be considered for security when the following standards are met:</li> <li>• Confidence rating of *3 is required.</li> <li>• Where the confidence rating is greater than 3 an AVM can be used, if less, then an indexed valuation can be considered.</li> <li>• Single-unit residential property and small HMOs valued on a single dwelling basis</li> <li>• Maximum value £2m in London and the South-East, £1m elsewhere</li> <li>• No property above or adjoining commercial premises</li> <li>• Freehold or minimum unexpired 85-years leasehold</li> <li>• No converted flats</li> <li>• Flats in blocks where no cladding is indicated</li> <li>• No new-build property built within last 24 months</li> </ul> <p>*If a confidence rating of 3 is not achieved the use of an indexed valuation can be considered.</p> <p><u>Investment-grade Residential, Commercial &amp; Semi-Commercial Property</u> An indexed valuation can be considered.</p>
<b>Valuation Requirements</b>	Where the customer is in breach of the original LTV and or DSCR covenants on a BTL, Commercial or Semi-Commercial Loan, a physical valuation may be requested, with the cost to be borne by the customer.

Cumulative Lending above £1.25m only		
	Requirements	Assessment
	Portfolio Schedule	Evaluation that the outside portfolio is geared no higher than 75% LTV. Affordability check to ensure the portfolio can meet a stressed interest rate at 6.25% with 125% cover.
	Business Bank Statements	The most recent 3 months business bank statements to evidence passing rent in line with the Portfolio Schedule.





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Registered office: Lutea House, Warley Hill Business Park, The Drive,  
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