

HSBC UK Criteria Bulletin

New builds

September 2021



New build properties: one that will be occupied for the first time and/or has been built and completed within the last 24 months.

Conversions: where the property has been converted in the last two years and the property has a new Land Registry title or where it is being presented as new by a developer.

Standard Lending Criteria apply subject to:

- ◆ A minimum £25,000 deposit for properties is required where the LTV is greater than 75%
- ◆ A maximum 85% LTV for houses
- ◆ A maximum 80% LTV for flats
- ◆ A structural defects warranty being in place

New build incentives:

Financial incentives

Financial incentives up to 5% of the purchase price are acceptable without impacting the property value.

Where the value of a financial incentive is **above 5%**, the difference must still be deducted from the purchase price for LTV purposes.

Non-financial incentives

Any non-financial incentives offered by a builder/developer are acceptable without impacting LTV.

Any incentives either financial or non-financial must still be declared.

Structural defects warranties:

If the applicant is purchasing a property built within the last 10 years, or remortgaging a property built in the last 2 years, we require a suitable structural defects warranty to be in place. We will accept warranties from the following providers:

- ◆ Advantage HCI
- ◆ Aedis Warranties Ltd
- ◆ Ark Insurance Group Ltd
- ◆ Build Assure New Homes/Build Assure 10
- ◆ Building Life Plans (BLP)
- ◆ Build-Zone New Home Warranty
- ◆ Checkmate Castle 10 Home Warranty
- ◆ Global Home Warranties Ltd
- ◆ International Construction Warranties Ltd (ICW)
- ◆ Local Authority Building Control (LABC) New Home Warranty
- ◆ NHBC
- ◆ One Guarantee
- ◆ Premier Guarantee
- ◆ Protek
- ◆ The Q Policy
- ◆ Zurich Municipal - **Please note:** although Zurich Municipal have now withdrawn from the market, we are still able to accept their policies/warranties

Affordable housing schemes:

Shared Ownership

We do not currently accept applications for properties under Shared Ownership schemes via our Intermediary channel. We do accept some types of Shared Ownership scheme applications directly in our branches and over the phone.

Help to Buy and Right to Buy

We do not currently accept any Help to Buy or Right to Buy applications via our Intermediary channel.

Valuations:

All New Build properties will require a physical valuation to be completed. This is currently free with HSBC UK.

Although we can approve mortgages on properties not yet built subject to a satisfactory valuation, we will not release funds until the property has been completed. A re-inspection may be required if the surveyor advises one is necessary in their original valuation.

Offer validity:

Our offers are valid for 180 days from offer, we are not able to extend offers and a new application will be required.