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Buy to let and Consumer Buy to Let Underwriting Guide

September 2018



Loans, mortgages & finance.

Welcome to Together's Underwriting Guide for Buy to Let and Consumer Buy to Let applications

Acceptable Security

Most property structures and land in England, Scotland and Wales will be considered. See plans and underwriting criteria for details.

Leasehold properties: Minimum of the loan term + 50 years is required prior to expiry of the lease. If the case is on an interest only basis and to be secured on a leasehold property typically, for Buy to Let applications, a minimum of a 99 year lease will be required.

Accepted Applicants

Individuals, sole traders, partnerships, limited companies, pension funds, self-employment with proof are all acceptable applicant types. Only applications for individuals are acceptable on the Consumer Buy to Let product.

Bankrupts/IVAs/CVAs

See plans. It may be possible to clear the IVA / bankruptcy / CVA by underwriter referral.

Broker Fees

May be charged on all plans and must have been agreed with the customer.

Early Repayment Charges

Where applicable, ERCs are calculated as a percentage of the initial balance. See the relevant Product Plan for further details of ERCs.

Ground Rent and Service Charges

When the Security is a leasehold property we will require confirmation in writing from any freeholder that all ground rent and service charges are paid and up to date. Where there are arrears these will need to be cleared from the advance and we may need written authority from the applicant(s) that they understand and authorize them to be disbursed from the loan.

Identification

As part of 'know your customer' we may conduct Electronic Identification and Credit Searches on the customer. Should any additional information relevant to the application become apparent we may need to carry out further investigations which may require the broker's assistance.

Non UK Passport Holders

We will proceed with applications from customers who have passports from the following countries:

Any EU country, Switzerland, Channel Islands, USA, Australia, Canada and New Zealand

These applications must be witnessed and advised by a solicitor.

Any applicants who do not have a UK Passport or a Passport from the list above are subject to underwriter referral.

UK Passport Holders Living overseas (Expats)

We will proceed with applications where the customer is a UK Passport holder and is resident in the following countries: Any EU country, Switzerland, Channel Islands, USA, Australia, Canada and New Zealand

These applications must be witnessed by a Notary Public.

Any applications for a UK Passport holder residing in a country outside the list above are subject to underwriter referral.

Direct Debit

All applicants must set up a direct debit prior to funding. This direct debit must be in the customers name and be paid from a UK bank account.

Income Proof

An Assured Shorthold Tenancy agreement (or Agent Assessed Rental income) or lease with a 'Rental Income Schedule' to detail all properties and rental income in the portfolio is required in all cases.

Where rental income is not sufficient to illustrate affordability the following forms of additional income are accepted:

Employed: if the customer is monthly paid, 3 pay slips dated within the last 5 months are required; if weekly paid, 4 pay slips dated within the last 6 weeks.
Additional income may be considered with proof.

Self Employed / Corporate Entity (Limited Company, LLP, etc):

- Latest years Tax Calculation and Tax Overview
- Accountant Certificate / Reference – must be from an Accountant who holds a current practicing certificate and who is a member of one of our acceptable Accountancy bodies.

Responsible lending

Accounts and projections may be required and further information, such as other indebtedness may be taken into account when assessing affordability. For loans to corporate entities, personal guarantees and debentures will be required.

Maximum Age

There is no maximum age restriction for self funding Buy to Let borrowers where employed or self employed income is not required to evidence affordability.

For all other applications the loan should end on or before the customer's 80th birthday (maximum term may be restricted for applicants of state pensionable age). If the term of the loan exceeds the customer's retirement age special consideration must be given to this type of borrower as to how they will continue to support any loan once they have retired.

Proof of the applicants lending into retirement explanation may be required.

Portfolio Landlords

Portfolio landlords must have a maximum portfolio LTV of 75%. If a portfolio landlord customer has had secured arrears in the last 12 months a portfolio level ICR will be required, otherwise the ICR will be applied to the security property / properties only

Other factors such as the portfolio's geographical concentration and the customer's experience as a landlord will be reviewed on a case by case basis.

Purpose

Any legal purpose is accepted. This must be clearly detailed on the Application / Enquiry form.

Redemption Admin Fee

A fee will be charged on the redemption of the loan to cover administrative costs relating to closing the account.

Solicitors

All solicitors acting for customers must have 2 or more partners within the practice and a Law Society membership of 5 years or more.

If the client's solicitor does not fulfil these requirements please refer to the underwriter.

Solicitors Costs

The customer will need to pay for their own independent legal representation (if required), as well as the lender's legal costs.

Solicitors costs are charged on all cases and include VAT where applicable.

For difficult / unusual cases and multiple securities solicitor's costs may vary and will be based upon the merit of the individual case.

Valuations

The valuation will be instructed by Together and paid for by the customer directly to the valuer prior to the inspection.

Fraud Committee

Please note: Cases may be reviewed by the Fraud Committee for the purpose of identifying potential fraud. This may include income and valuation fraud. Should, in our opinion, any case you present be deemed to be fraudulent the case will be rejected and action taken by the Fraud Committee, which could ultimately result in your Accreditation being revoked and a third party alert being raised against the customer.