

together.TM

Personal Finance Underwriting Guide
for residential mortgages, secured loans, consumer
buy-to-let, and regulated bridging

December 2018



Loans, mortgages & finance.

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1 Applicants

1.1 Address history

Minimum of 3 years address history is required for all applicants.

1.2 Age

The minimum applicant age is 18. For all residential mortgages and secured loans, the loan term should end before the applicants 80th birthday.

There is no maximum age restriction for consumer buy-to-let (CBTL) applicants where rental income meets or exceeds the required interest coverage ratio. If you are using Rental Income verified by an Estate or Letting Agent's rental projection, 90% of the rental income must meet or exceed the required interest coverage ratio. See Section 3.4 for further details.

There is no maximum age restriction for regulated bridging applicants where the customer's repayment strategy is sale of owner occupied property, or inheritance where a grant of probate has been issued. Where remortgage is being used as part of the customer's repayment strategy, the loan term should end before the applicants 80th birthday.

1.3 Number of applicants

The maximum number of applicants accepted on a case is 4.

1.4 Marital status

When an applicant is married, in a civil partnership, or in a couple living together in excess of 12 months (whether on the title or not) the application must be in joint names.

1.5 First time buyers

First time buyers are accepted on all products. They must have no declining unsecured credit.

1.6 Retired applicants

Retired applicants are accepted on all products. They must have no declining unsecured credit.

1.7 Lending in retirement- Retired Applicants

Retired applicants are accepted on all products. Where an affordability assessment is required, affordability must be assessed based on pension income and expenditure at the point of completion.

1.8 Lending into retirement- Employed / Self Employed

For employed and self-employed applicants the Lending into Retirement Policy applies if the term of the mortgage exceeds the applicant's intended retirement age or the age of 70; whichever is earliest.

We may lend beyond the applicant's retirement age subject to the following:

If the applicant is greater than or equal to 10 years from the agreed retirement age then:

- The applicant must sign a Lending into Retirement Declaration to confirm they are aware the loan extends past their retirement age stating how they plan to meet repayments post retirement;
- Where pension income is intended to be used to meet payments post retirement then the existence of a plausible pension provision must be evidenced by sustained contribution into a pension by way of pay slips or current year's pension statement. If there is a concern over the level of pension payment being made then a full illustration of projected benefits may be required.

If the applicant is within 10 years of the agreed retirement age we may proceed on a referral basis only.

In addition to the above, a full assessment of affordability post retirement must be completed based on:

- The expected income post retirement;
- Expenditure may be adjusted to reflect known changes in income such as maturity of a first charge loan or other committed loan payments or a reduction in number of dependents.

Please ensure that the Affordability Assessment Form, affordability assessment post retirement form, lending into retirement declaration and any relevant proofs are sent as part of the referral.

If the applicant is retired at the point of funding affordability must be assessed based on pension income and expenditure at the point of completion.

1.9 **Vulnerable applicants**

A vulnerable applicant can be described as “someone who due to their personal circumstances may need additional help and support to understand or manage their finances.”

Should you have any reason to believe that an applicant is vulnerable for any reason, perhaps they have declared they have a mental health issue, are recently bereaved or they appear to have difficulty in understanding the loan application process, then you should take additional care to ensure that they understand the transaction and make us aware if you have any concerns about them and their loan application.

1.10 **Gifted deposits and gifted equity**

Gifted deposits are only accepted from the following close relatives of the applicant(s):

- Parent/Step-Parent/Parent-in-Law
- Sibling; Child/Step-Child/Son-in-Law/Daughter-in-Law
- Grandparent/Grandchild
- Aunt/Uncle

Gifted Deposit letters will be required on all applications, In addition to the signed letter, we need proof of identification from the Donor to include proof of name and proof of current residence but this does not need to be a certified copy.

Gifted Equity is by referral only, however not accepted where an applicant has declining credit, LTV may be restricted

1.11 **Proof of residency**

Required when an applicant does not pass EID.

For a full list of what we accept for Proof of residence please refer to section 10 of the Personal Finance Packaging Guide.

1.12 **Non UK residents / passport holders**

All applicants must be UK residents, except for consumer buy-to-let applications.

We are happy to proceed with applicants who have passports from the following countries who reside in the UK:

- Any EU country, Switzerland, Channel Islands, USA, Australia, Canada and New Zealand
- Any applicants who do not have a UK Passport or do not satisfy the above criteria are subject to underwriter referral
- All applicants must be UK residents, paid in pounds Sterling and have a UK bank account.

1.13 Know Your Customer Requirements (KYC)

Together has implemented procedures to protect itself and others from financial crime.

It is a requirement that brokers and lenders verify identification for every customer. As part of that process we must take reasonable steps to establish that a customer is who he/she claims to be by obtaining sufficient evidence of identity. The requirements to verify ID are listed in the Together Personal Finance Packaging Guide.

In most cases Electronic Identification (EID) will satisfy our Know Your Customer (KYC) requirements. The EID result must be a 'pass' and the applicant must be on the voters roll, which will satisfy KYC for that applicant. In cases where full KYC requirements are needed certified copies of documents will be acceptable from Accredited and FCA Authorised brokers. We will also accept documents certified by the applicant's solicitor provided they are registered with the Law Society.

As a broker you must (if applicable):

Follow our KYC requirements by providing clearly certified documents from our acceptable list of documents for proof of name and proof of address.

For a full list of acceptable documents and how they should be certified please refer to section 10 of the Personal Finance Packaging guide

2 Credit profile and demerits

2.1 Demerit points

Demerit points are defined as arrears, a CCJ or a default. For CCJs and default definitions please see individual product cards. Any CCJs or defaults that require an underwriter approval will count as a demerit.

Secured arrears are equivalent of 1 full calendar month payment. Arrears demerit points are defined as the highest number of arrears in the last 12 months on all first and second charge mortgages for the applicant(s) and cannot be deducted from the redemption figure. Arrears to be cleared are as detailed from the mortgage lender at the time of completion. Satisfactory explanation required for all CCJs, Defaults, and arrears.

For regulated bridging applications where the customer's repayment strategy is sale or inheritance only (with no element of remortgage), demerit points are ignored for plan selection (but may still impact our underwriting decision) and the Customer will receive the relevant "Prime" rate. Where remortgage forms part of the repayment strategy, demerit points will dictate plan selection.

2.2 Declining unsecured credit

2.3 First Charge Applications

For purchases, right-to-buy & shared ownership applications, applicants must have no declining unsecured credit in the last 6 months.

For remortgages declining unsecured credit is accepted for downsizing and deeds cases only where a plausible explanation is obtained and there is a clear benefit, bank statements may be required.

Second charge applications

For secured loans the unsecured payment profile of applicants will be taken into account. Please refer the case if the client's unsecured credit profile is declining or if there have been issues with unsecured payments in the past few months, particularly for cases with 70% LTV or more. Plausible explanations may be required.

2.4 Payday loans & home lender loans

2.5 First Charge Applications

Applicants with more than one active payday loan will not be considered. The only exception to this that may be considered is where an applicant is a home mover and will be redeeming all credit from the sale proceeds of their existing property.

Right-to-buy and first time buyers with any settled or active payday loans within the last 12 months will not be considered.

Applicants with one active payday loan will be considered however the payday loan must be redeemed from our new mortgage (Remortgage and deed cases only).

Second Charge Applications Together will accept up to 3 settled payday loans in the last 12 months

Applicants with one active payday loan will be considered however the payday loan must be redeemed from our new secured loan. However, not settling the payday loan can be considered by referral (where this is a high-cost short term loan with monthly repayments)

Applicants with existing payday loan and a declining credit profile will be considered by referral.

A plausible explanation is required from the applicant detailing why the payday loan(s) were required.

Any applicants with home lender loans within the last 12 months may need to provide a written explanation and will be subject to underwriter approval.

2.6 Debt management, bankruptcy, IVAs, & CVAs

Debt Management Plans

First Charges

We do not accept applicants who are in an active Debt Management Plan for purchases, remortgages, right-to-buy, deeds or shared ownership applications. We will accept applicants where a Debt Management Plan has been satisfied for at least 2 years.

Second Charges / Consumer Buy to lets

Secured loan and Consumer buy-to-let applicants who are in an active Debt Management Plan will be considered by referral only and placed on the appropriate medium or heavy plan (reduce the maximum LTV by 10% to a minimum of 50%) if there is satisfactory conduct for a minimum of 2 years. The Debt Management Plan may need to be repaid in full from the loan proceeds. A clear indication of what the customer intends to redeem will be required when the application is referred.

Applicants in a Debt Arrangement Scheme (DAS) in Scotland are not accepted.

Bankruptcies, IVAs, & CVAs

Second Charges

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

Applications for Second Charge Secured Loans from Bankruptcies and IVAs/CVAs that have been discharged or satisfied for more than one year are accepted. The maximum LTV for these applications is 65%

Satisfactory explanation is required in all instances and proof may be required.

2.7 Debt consolidation

Clearing loans secured against the applicant's home

Redemption figure(s) must be provided for any secured loans that are being repaid, these must be addressed to Together or the broker

Clearing fixed term unsecured credit / CCJS and Defaults

For any unsecured fixed term credit / Default or CCJ being repaid from the loan (e.g. unsecured loans, HP agreements), up to date redemption statements to repay these items must be provided. These will need to be obtained and submitted with the full case for underwriting.

We will make electronic payments directly to the creditors to repay these loans if the creditor provides their bank details with the redemption statement, this must be on company letterheaded paper

We will make cheque(s) payable to the creditors when bank details are not provided, to enable the applicant to promptly forward to the creditors in order to redeem and close the Account(s).

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Clearing revolving credit e.g. credit cards

For revolving credit items such as credit cards, store cards and mail order two options are available.

Option A:

- Provide a recent, full statement for each item of revolving credit being repaid, including the creditor(s) relevant bank details on company letterheaded paper.
- Where full statements are provided we will pay the balance of your revolving credit direct to the creditor(s) by electronic payment

Option B:

- Provide the full reference number for each item of revolving credit being repaid on the consolidation or affordability assessment form, signed by the applicant.
- The reference numbers should be clear and legible if handwritten.
- We will make cheque(s) payable to the creditors for the applicant to promptly forward on to redeem and close the account(s)

Please note that up to date figures will be confirmed in the Binding Offer document issued to the applicant(s). It will remain the applicants' responsibility to meet any additional expenditure or liability that has been incurred but is not included in the figures stated in the Binding Offer.

For CBTL applications the balance for debt consolidation will be paid to directly the applicant

2.8 **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 will need written authority from the applicant(s) that they understand and authorise them to be disbursed from the loan.

Any significant service or ground rent arrears may be considered when assessing the customer's affordability of the new loan with us, and where there are concerns the loan may be rejected.

On right-to-buy applications we will also take into account any future costs or service charges that the applicant will be liable for within the affordability calculation.

2.9 **Previous mortgage or rental history**

If the applicant has a mortgage we will require proof of the last 12 months payment history.

For residential mortgage applications, if the applicant has been a private or public sector tenant then we will require proof from the landlord that the last 12 rent payments have been made.

3 Income & Affordability

3.1 **Income and affordability proof**

For all personal mortgages, secured loan, and CBTL applications, proof of income is required for all applicants in all cases. In instances where the proof of income is the applicant's bank statements (including internet bank statements) please remember to cross reference any other items detailed in the bank statements to those stated for expenditure in the Affordability Assessment Form for accuracy.

Eligibility for regulated bridging is based solely on the customer having a valid repayment strategy as per criteria in place and an assessment of income and affordability will not be undertaken.

Where an applicant is employed by a family member, in addition to payslips, a letter from the company accountant will be required or a bank statement which confirms the income stated on the payslips. Employed income

We will require proof of income from the current employer in all cases where the applicant is employed (except for regulated bridging applications as detailed above). This can be in the form of pay slips or our "Employer's Confirmation" form if the required amount of pay slips cannot be provided. Please note when an applicant is paid in cash and cheque we will need an Employment Confirmation Form in all cases.

If the applicant receives pay slips they should include year to date totals, be computerised or printed and should confirm the applicant's name.

- If the applicant is paid monthly/4-weekly/fortnightly we require three of the last five pay slips
- If the applicant is paid weekly we require four pay slips from the last six weekly pay slips
- If the applicant does not receive pay slips then an Employers Confirmation must be provided, which is available on My Broker Venue

Bonuses paid to applicants on a quarterly /half yearly / yearly basis may be used and proof of bonus must be obtained. Please see the Affordability Assessment Guide for details, which is located under 'Help > User Guides' on MyBrokerVenue.

We will also require confirmation of the applicants' previous 12 month employment details. There is no minimum time requirement with the current employer however the applicant will need to have been in continuous employment for the last 12 months. This doesn't have to be in the same line of work. If an applicant has not been working, and/or has been claiming unemployment benefit, this will not be classed as continuous employment. If the

applicant is starting their first job they must be in their current position for a minimum of 6 months.

3.2 **Self-employed income**

The minimum trading period for self-employed applicants is 12 months.

Applicants will be considered self-employed if they are a:

- Sole Trader (including those who subcontract on an individual or multiple basis)
- Partner who is currently in a Partnership or Limited Liabilities Partnership
- Shareholder in a Limited company owning 20% or more of any shares issued

Applicants who employ an accountant

If the applicant has an Accountant, we require a copy of the Accountant's Certificate. This must be completed by an Accountant who holds a current practicing certificate and is a member of accepted accounting bodies. For details please see the current Accountant's Certificate.

The net income figure used to complete the Affordability Assessment is the amount shown on the certificate in the relevant box titled 'Total Net Income' This can be used providing the information provided is less than 6 months old.

Average Net Income is:

$$\frac{\text{Net income figure}}{\text{Divided by the relevant period e.g. 12 months}}$$

If the information is greater than 6 months old then the lesser of the amount detailed in the Accountant's Certificate or the projected earnings will be used.

If the applicant's projected earnings are higher than the year to date figures we will require a plausible reason for the increase in net income and confirmation that the increase is sustainable.

The Accountant can enter this information into the relevant section of the Accountant's Certificate.

The Accountant must be currently practising and hold one of the acceptable qualifications listed within the Accountant's Certificate,

Applicants who do not have an accountant

If the applicant doesn't have an Accountant then we will accept the applicant's last 2 SA302s provided the last SA302 is dated within the last 18 months. If we are using internet printed SA302s we will also require both Tax overviews to accompany these. The net monthly income will be calculated from the last SA302 and the previous one will be checked for sustainability of income.

We will also accept the last 2 100% Submitted Tax Calculations from HMRC along with the Tax Overviews provided the last Tax Calculation is dated within the last 18 months. The net monthly income will be calculated from the last Tax Calculation and the previous one will be checked for sustainability of income.

The net monthly income from the SA302 will be calculated using the following method:

Average Net Income is:

$$\frac{\text{Income for tax purposes - (Income Tax + NI Contributions due for the year)}}{\text{Divided by 12}}$$

If the applicant doesn't have an Accountant, or is unable to provide 2 SA302s, they will need to employ the services of an Accountant, who can then provide an Accountant's Certificate

3.3 **Rental income for consumer buy-to-let**

For CBTL applications, proof of income is required for all applicants in all cases. Where applicants are using rental income (or agent assessed rental income), the total rent received must be equivalent to a minimum of 125% of the total secured lending repayments as detailed below.

We will be using the following Interest Coverage Ratios when assessing affordability on consumer buy-to-let applications:

- Individual applicants that pay basic rate tax: 125%
- Individual applicants that pay higher rate tax: 145%
- Individual applicants that pay additional rate tax: 165%

Where rental income is verified by an Assured Shorthold Tenancy agreement (AST), 100% of the rental income must cover the required 125% / 145% / 165% of the total secured lending repayments; where rental income has been verified by an Estate or Letting Agent's rental projection, 90% of the rental income must cover the required 125% / 145% / 165% of the total secured lending repayments.

If rental income does not meet the required rental income affordability criteria you will be prompted to complete the full Affordability Assessment on My Broker Venue.

In addition to obtaining proof of rental income, the total gross income of all applicants must be entered into the Total annual taxable income including rental field in the CBTL affordability tab.

Where the interest coverage is less than 165% you will need to provide proof of gross income, using one of the following:

Employed applicants –most recent payslip or latest P60

Self-employed applicants – Accountant's certificate or letter from accountant confirming income or latest SA302

Retired applicant's – most recent pension advice slip or pension statement

3.4 Using additional rental income for residential mortgages & secured loans

Where the applicant has additional background Buy to Let properties we need account for the tax position on these as part of the overall affordability. We will need a copy of the AST for each property the applicant owns. A copy of the land registry details will need to be completed for each of the buy to let properties and confirmation of the mortgage payments will be required.

The total gross monthly rental income for all Buy to Let properties should be captured under rental income in the affordability assessment.

In addition to this you will need to complete the total annual taxable income including rental field on the affordability assessment form.

In the credit commitment section under mortgages and secured loans you will need to indicate any Buy to Let mortgages in the charge type section by selecting the BTL option from the drop down menu.

Once all the above information has been captured the affordability calculator will take the Buy to Let properties into account and display the outcome.

Where an applicant has a rental property which is jointly with another party who is not associated with our application, please refer to an underwriter.

3.5 Retired applicants

The net monthly income for the relevant income is calculated using the following method:

Average Net Income is:

$$\frac{\text{Income for tax purposes} - \text{Income Tax}}{\text{Divided by the relevant period}}$$

Private pensions are accepted as income, with the following proof required:

- Annual pension - the last annual award statement or P60
- Monthly pension - two private pension payslips dated within the last three months

If the applicant doesn't have the requirements above, the following are acceptable:

- Annual pension – bank statement showing the amount credited
- Monthly pension - two bank statements dated within the last 3 months which shows the credit to their account

State Pension, Pension Credit, Disability Living Allowance, Child Tax Credit, Working Tax Credit, Child Benefit, Widowed Parent's Allowance, Carer's Allowance, and Attendance Allowance are also accepted as income, with the following proof required:

- Award statement for the current year, or
- Two bank statements dated within the last three months
-

3.6 Temporary contract workers

Applicants on a fixed term, long term, or renewable contract will be considered on a referral basis. Evidence of their contract must be provided in conjunction with the required relevant proof of income. Short term contracts are not acceptable.

3.7 Zero hours contracts

Applicants on zero hours contracts are accepted provided they have been in their current employment for a minimum of 6 months. 6 months pay slips are required as proof of income. Applicants in a probationary period will not be accepted.

3.8 Unemployed applicants

Incapacity Benefit and Employment and Support Allowance after 2008

Accepted, with the following proof required:

- Award letter dated within the last six months, or
- Two bank statements dated within the last 3 months, with confirmation that it will continue to be awarded throughout the term of the loan

Benefits for Children

Accepted in the following circumstances:

- The income will not cease during the term of the loan, as the children may attain an age during the term of the loan that makes them ineligible for the benefit
- The applicant provides a letter detailing a satisfactory and plausible explanation that they can sustain the payments once the benefit ceases

Child maintenance

Accepted in the following circumstances:

- Arrangements must be made via the Child Support Agency (CSA) or by Court Order
- The terms of the arrangements must be assessed by the broker before submitting the case to the lender
- In both arrangements the ages of the children must be established and the terms of the CSA Agreement or Court Order reviewed to assess for future affordability as the terms may vary

A certified copy of the CSA Agreement or Court Order must be provided as proof of income

Average Net Income is:

$$\frac{\text{Confirmed Income}}{\text{Divided by the relevant period}}$$

Industrial Injuries Benefit/War Pensions

Accepted, with the following proof required:

- Award letter dated within the last 6 months, or
- Two bank statements dated within the last 3 months

Job Seekers Allowance/Income Support/Employment and Support Allowance

Only accepted as income for the second or subsequent applicant where the first applicant is working and is a joint owner of the security.

ESA is accepted for single applicants where they are in receipt of Personal Independence Payment (PIP).

Unacceptable benefits

The following benefits are not accepted:

- Bereavement Allowance
- Bereavement Payments
- Health in Pregnancy
- Sure Start Maternity Grant

This list is not exhaustive – please refer any applications that have not been detailed above as we may be able to accept them.

3.9 Assessing affordability

An affordability assessment will be required for all residential mortgage, secured loan, and CBTL applications. The affordability assessment required will differ depending on the mortgage's regulation. An affordability assessment is not required for regulated bridging applications.

It is important that the broker and the lender assess an applicant's affordability thoroughly to ensure that they can afford the loan both now and in the known future. To assist you in making this assessment, applications will be assessed using an affordability assessment model which takes into account the applicant's income, expenditure and credit payments.

The Affordability Assessment Calculator is completed on My Broker Venue and will provide a Maximum Affordable Monthly Repayment (MAMR) that Together will accept based on the information provided.

As well as assessing an applicants income and expenditure there are three key elements that need to be considered:

- Is the income or expenditure stated plausible?
- Is the loan payment affordable now?
- Is the loan payment sustainable for the period of the loan?

The Affordability Assessment Calculator has been built to consider plausibility and sustainability when determining the MAMR however there are some points that you will need to verify and challenge with the applicant. Please see the Affordability Assessment Guide on My Broker Venue for information on how to complete the calculator.

Automated affordability model

Our affordability calculator will now assess the applicant(s) income and expenditure against our automated affordability model before requiring you to provide customer stated expenditure. This is using the Office of National Statistics data combined with household demographic and location. There are only two outcomes:

Automated Pass

If the outcome of the assessment passes, then there will be no further information required from the applicant(s) and you will not have to provide line by line expenditure items. The applicant(s) do not need to sign a paper affordability assessment form. If the applicant(s) are consolidating any items of credit from the advance they will need to sign the "Debt Consolidation Declaration".

Automated Fail

If the outcome of the assessment fails, you will need to 'Opt-In' to providing customer stated expenditure. A full affordability assessment will be required and the customer will be required to sign this form to confirm their expenditure. This will be assessed by our underwriting teams as part of our standard process.

Plausibility

All expenditure declared by applicants should be a realistic reflection of their general spending. You should advise the applicant to use bills, invoices and receipts to help them complete the affordability assessment. Where the expenditure appears unrealistic or lower than we would expect, we will require a plausible explanation from the applicant as to why their expenditure appears to be low for that particular item.

We reserve the right to contact an applicant to confirm their declared expenditure for plausibility to enable the loan to proceed.

Income

Income, in UK currency only, must be appraised to ensure that it appears to be relevant to the occupation that has been stated by the applicant, particularly for self-employed applicants. Employment and accountant verification calls may be required and may be completed by the Underwriter.

Sustainability

It is essential that an applicant can afford the loan throughout the whole term. It is important therefore that the income they have declared will be sustainable for the whole term of the loan, taking into account the monthly cost of their debt may rise and other household emergencies may happen during the term of the loan.

Using benefit income

Where the term of the proposed agreement will extend beyond the period in which the applicant will receive particular benefits (e.g. Child Tax Credits) the applicant should provide a plausible explanation as to how the income will be replaced or any expenditure related to them benefit will be no longer required.

The explanation will be assessed for sustainability and plausibility and in some cases we may require proof.

4 The loan

4.1 Disbursement of funds

Funds are disbursed using next day BACS as standard unless the customer requests a Telegraphic Transfer (TT). A TT fee is not charged.

4.2 Equitable Charges

Equitable charges are by referral only.

4.3 Execution Only

Execution only is accepted for the following reasons:

- Rejected advice
- High net worth
- Mortgage professional
- Business loans

Execution only is not accepted for right-to-buy, debt consolidation, or regulated bridging applications.

4.4 Maximum loan amounts

Purchases & remortgages

Maximum loan amount includes the net loan amount, lender acceptance fees and all broker/intermediary/third party fees that are added to the loan.

Any fees that are prepaid by the applicant are not included in the maximum loan amount.

Right-to-buy & shared ownership

Maximum loan amount includes the net loan amount only.

Lender acceptance fees, insurances, broker/intermediary/third party fees, and any fees that are prepaid by the applicant are not included in the maximum loan amount.

Secured loans

Maximum loan amount includes the net loan amount, plus all broker/intermediary fees that are added to the loan.

Lender acceptance fees, third party fees, and any fees that are prepaid by the applicant are not included in the maximum loan amount.

Please note that applications where the secured loan amount is greater than the first charge mortgage balance must be referred for underwriter approval.

Consumer buy-to-let

Maximum loan amount includes the net loan amount, lender acceptance fees, and all broker/intermediary/third party fees that are added to the loan.

Any fees that are prepaid by the applicant are not included in the maximum loan amount.

Regulated bridging

Maximum loan amount includes the net loan amount, rolled-up interest and all broker/intermediary/third party fees that are added to the loan.

Any fees that are prepaid by the applicant are not included in the maximum loan amount.

4.5 Loan purpose

Any legal purpose is accepted however this must be clearly detailed on the application/enquiry form on day 1 as the purpose may affect the terms and conditions applied to the loan. Should Together establish at any stage that the incorrect documentation has been issued, we will request that the correct documentation be issued and the relevant regulation be applied.

For regulated bridging applications consolidation of unsecured credit and consolidation of CCJs and defaults is not accepted.

Business Purpose Loans

A secured loan application for business purposes will be treated as a regulated mortgage contract in the following circumstances:

- The loan amount is £25,000 or less, or
- The loan amount is greater than £25,000 **and**
 - there is only one security being used and any element of personal lending;
 - the application contains multiple securities and 50% or less of the loan amount is being used for business purposes
 - the application is for a bridging loan and 50% or less of the loan amount is being used for business purposes

All other secured loans taken for business purposes will be treated as unregulated.

4.6 Loan term

All regulated mortgage contracts are available on terms from 3 to 40 years.

Secured loans are available on terms from 3 to 30 years.

Consumer buy-to-let and FCA regulated loans secured on semi-commercial properties are available on terms from 4 to 40 years.

Regulated bridging loans are only available on a 12 month roll-up interest basis. At the end of the term the loan will not be renewed.

4.7 Loan to value (LTV)

Purchases & remortgages

LTVs are based on the open market value (OMV) or purchase price, whichever is the lower.

Maximum LTV includes the net loan amount plus any broker/intermediary fees; any fees that are prepaid by the applicant are not included in the maximum LTV.

Right-to-buy

LTVs are based on the OMV. Maximum LTV includes the net loan plus any broker/intermediary fees; any fees that are prepaid by the applicant are not included in the maximum LTV.

Shared ownership

LTVs are based on the OMV multiplied by the applicants' share. Maximum LTV includes the net loan only as long as gross loan is covered by Mortgagee Protection Clause (MPC); any fees that are prepaid by the applicant are not included in the maximum LTV.

Secured loans

LTVs are based on the OMV and the priority charge redemption figure and our advance.

Maximum LTV includes the net loan only plus any broker/intermediary fees; any fees that are prepaid by the applicant are not included in the maximum LTV.

Consumer buy-to-let

CBTL remortgage LTVs are based on the OMV.

CBTL second charge LTVs are based on the OMV and our advance. Maximum LTV includes the net loan plus any broker/intermediary fees; any fees that are prepaid by the applicant are not included in the maximum LTV.

Regulated bridging

LTVs are based on the open market value (OMV) or purchase price, whichever is the lower.

Maximum LTV includes the net loan amount plus any broker/intermediary fees, plus all rolled up interest. Any fees that are prepaid by the applicant are not included in the maximum LTV.

4.8 Repayment types

Capital & interest

All products are available on a capital and interest repayment basis, with the exception of regulated bridging products.

Interest only

Interest only is available across selected products and is strictly subject to the plausibility of the repayment strategy; please see [Section 4.14 – Repayment Strategies](#) for full details.

Where a secured loan is interest only, and all or part of the loan purpose is for debt consolidation, then a clear benefit to the applicant must be demonstrated.

An Interest Only Declaration form must be completed by the customer and will be assessed by an Underwriter.

Interest rollup

All regulated bridging products are available on an interest rollup basis only. There are no monthly repayments; interest is compounded on a monthly basis and the full balance of the loan, including all rolled up interest and any fees added to the loan, is payable upon redemption.

4.9 First charge mortgagees/lenders – secured loans

Acceptable first charge mortgagees/lenders

We will lend behind most high street banks and building societies, and will consider secured loans behind most non-conforming lenders. Where applicants have an existing mortgage with a non-conforming lender, they must be with same lender for a minimum of 12 months. Please note this list is not exhaustive and subject to change at any time:

- Accord Mortgages
- Advantage Home Loans
- Amber Homeloans
- BM Solutions
- Britannic Money / Mortgage Trust
- Capital Home Loans
- Capstone Mortgages
- Citibank, DB Mortgages
- Derbyshire Homeloans
- E Mex Home Funding Ltd
- Endeavour Personal Finance
- First Active
- First National
- Future Mortgages
- GE Money
- GMAC/RFC
- Godiva Mortgages
- I Group
- Infinity Mortgages
- Kensington Mortgages
- London Mortgage Company
- Money Partners
- Mortgage Agency Services
- Mortgage Business
- Mortgage Works
- Mortgages PLC (1-5)
- Oakwood Home Loans
- Paragon
- Platform Homeloans
- Preferred Mortgages
- Redstone Mortgages
- Rooftop
- SPML
- Stroud & Swindon
- Sunbank
- UCB Homeloans
- Verso
- Victoria Mortgages
- West Bromwich Mortgage Company

Unacceptable first charge mortgagees/lenders

We will not lend behind the following lenders or associated companies. Please note this list is not exhaustive and subject to change at any time:

- 5D
- Affirmative
- Associates
- Base
- Black Horse
- Black Horse / Cedar Holdings
- Central Trust
- Churchhouse Trust
- Davenport Securities
- Interbay
- London Mortgage Corporation (pre Oct 2004)
- London & Scottish Bank
- Norton Finance
- Ocean Money
- Prestige (Sheldon and Stern, Barex, Lawnbourne, etc.)
- Private Mortgages (dependant on terms)
- Sherringtons
- Swift Group
- Wave Lending
- Welcome
- Wood berry Securities

If the lender is not referred to here, please refer to underwriter, copies of the mortgage offer may be required

We will not lend behind any fringe lenders and will not secure a third charge behind other Lenders.

Lending behind non-standard first charge mortgages

We will consider lending behind fixed rate, daily interest, flexible, credit reserve, open plan, and other “non-standard” mortgage types. In certain circumstances, first charge lenders have an “obligation to make further

advances” on the security. Before we are able to complete the secured loan we require a signed deed of postponement or confirmation of what the maximum liabilities are and that it is capped at this level. (This is the Maximum Liabilities Confirmation). The Loan to Value will be based on the Maximum Liability not the mortgage balance and may be reduced. Where the security is in Scotland and the mortgage lender is predominately known to offer flexible, open plan mortgages, a mortgage reference and maximum liabilities / deed of postponement will be required

Mortgage reference & redemption figure bypass scheme

The mortgage balance on the Equifax search is accepted to calculate the Loan to Value. Consent and confirmation of arrears may still be required. Last update is required within 30 days before completion. Consent to register and redemption figures (if applicable - see plans) are required for lenders placing restrictions at HM Land Registry and for non-conforming lenders. Reference may be required if remortgaged in last 6 months.

If arrears are showing on Equifax / Experian, confirmation of arrears will be required from the lender. If the lender will only provide conditional consent, then the full amount to grant consent will be needed.

Landmark Mortgages, Northern Rock, NRAM, Virgin Money and flexible or open plan type mortgages are not accepted on bypass schemes and full mortgage reference will be required

4.10 Qualifying contracts

All properties must be greater than 40% residential use.

Consumer buy-to-let

An application will be considered a consumer buy to let (CBTL) on the basis of the following statements. The statements are in priority order, so for example if someone owns a BTL property already (No 4) and inherits a further property (No 7) the application will be unregulated due to the priority given to the statements.

1. If the borrower or a ‘related person’ does not occupy any part of the property
2. The borrower is an Individual, Partnership of 3 or less persons or an unincorporated body
3. The loan purpose is not to purchase the security
4. The borrower does not own any other properties which are rented out
5. The transaction is a ‘Let to Buy’ transaction
6. The borrower or a ‘related person’ has lived in the property since it was last purchased
7. The property was inherited

We can consider CBTL if an applicant lives abroad but only under the following circumstances:

- a. If the application meets the required Interest Coverage Ratio , the applicant must hold a UK bank account in their name and the rent must be received in sterling and paid into the UK bank account
- b. If the application does not meet the required Interest Coverage Ratio a full affordability assessment is required based on customer stated values, any income used must also be received in sterling and paid into a UK bank account.

(See section 3.4 for proofs of income required). All income proof must be in sterling.

4.11 Repayment Strategies

Interest only residential mortgages & secured loans

Acceptable repayment strategies are the sale of owner occupied property (downsizing) and/or the sale of a second UK property, where there is sufficient equity to make this strategy plausible.

Other repayment strategies that may be considered include tax free cash from a suitable pension plan, endowment policies, and stocks & shares ISAs., proof may be required,

The following repayment strategies are not accepted – sale of property to move into a rental property, cash savings (including cash ISA), switching to a capital repayment mortgage, remortgage, inheritance, increase in house prices, sale of property abroad and sale of business.

An Interest Only Declaration form must be completed by the customer and will be assessed by an underwriter.

Regulated bridging

Eligibility for regulated bridging is based solely on the customer having a valid repayment strategy in place and an assessment of income and affordability will not be undertaken. Proof of income is not required in most cases as this will not be used to assess affordability. Where remortgage forms part of the repayment strategy the applicant will be required to provide proof of income in order to validate this against the information provided by the applicant to obtain a decision in principle for the proposed remortgage.

Acceptable repayment strategies include the sale of owner occupied property or inheritance where a grant of probate has been issued. Where an additional security is being taken, a “part and part” repayment strategy can be used with

sale of property and remortgage. Remortgage cannot be used as a standalone repayment strategy.

For sale of owner occupied property the property must be on the market and sales particulars must be provided. For inheritance where a grant of probate has been issued we require confirmation that the grant of probate has been approved. We also require details of the applicant's solicitor and a copy of the Will which has been verified by the applicant's solicitor. Where the grant of probate was provided to the applicant within the last six months this must be reviewed by an Underwriter.

Where remortgage is being used as part of the repayment strategy, the applicant must provide the following evidence to confirm they are capable of remortgaging with another lender at or before the end of the term:

- Decision in Principle (DIP) from another lender
- Screenshots of all information provided to obtain the DIP
- Proof of income (used to validate information provided to obtain DIP)

There must be sufficient equity to make the repayment strategy plausible and all repayment strategies are subject to Underwriter review. Eligibility for regulated bridging products is based solely on the applicant having a valid repayment strategy in place and an assessment of income and affordability will not be undertaken.

A Bridging Finance Repayment Declaration is required with relevant proof of the applicants' repayment strategy.

4.12 **Responsible Lending**

If a client is remortgaging or redeeming a second charge it must be in the client's best interests and to their benefit.

Please check the following before submitting your application:

- It must be evident from the credit search that the Customer's financial position is stable or improving
- The expenditure stated on the affordability assessment form should be reflected from any evidence you have seen such as bank statements before submitting the case to us

We would expect the stated expenditure and affordability to reflect the last 12 months credit profile; for example, we wouldn't expect low expenditure and a high relative MAMR if the customer is using payday loans, they are not servicing current credit commitments, or they have credit card balances which are close to their credit limits.

These circumstances may suggest that the stated expenditure is inaccurate as the credit profile infers that there is a strain on their current affordability and you should review this with all the evidence that you have and challenge the customer where their responses do not seem plausible.

5 **Properties**

5.1 **Acceptable securities**

All property structures, including land, are considered in England, Scotland and Wales.

5.2 **Additional securities**

For regulated bridging applications, an additional property can be used as security where required – either a first or second charge can be taken against the additional security. Where a second charge is being taken, the second charge nominal rate will apply to the full loan amount. Second charge LTV is based on the redemption figure for the priority charge. Applications which are lower than 50% LTV do not require a redemption figure.

Where using multiple securities, all properties must be in the same legal jurisdiction (e.g. both properties must be in England/Wales, or both properties must be in Scotland).

5.3 **Buildings Insurance**

You must submit the current buildings insurance policy for the security address(es) prior to offer. For purchases, this must be obtained at exchange of contract and supplied prior to completion.

5.4 **Property types**

For definition of property types please see individual plans for details.

5.5 **Ex-council properties**

England & Wales - ignore all pre-emption.

We will only lend a maximum of the discounted purchase price within the first 12 months of the pre-emption period
Scotland – we do not lend on ex-council properties in Scotland within the pre-emption period.

5.6 Occupants for CBTL properties

A certified copy of a signed Assured Shorthold Tenancy (AST) is required for CBTL properties. If there the property is currently vacant with intention to let at the time of our loan, an agent's rental assessment is required

An AT5 must be signed and dated prior to the AST for consumer buy-to-let applications in Scotland.

5.7 Self-build properties and developments

Self-build properties and developments are accepted strictly by underwriter approval only and each application is considered on its own merits. Applicants must have NHBC, Zurich or Premier Guarantee, or Architect's Certificates along with a copy of the architect's indemnity details.

Stage advances for self-build properties are not considered.

5.8 Tenure

A minimum of 50 years must be remaining at the end of the loan term for all leasehold properties.

5.9 Valuations

The open market valuation (OMV) and projected 90 day market valuation (PMV) should not have more than a 10% difference between them. If the difference is greater than 10%, underwriter approval is required.

If the property is currently for sale with an estate agent, please supply a copy of the sales particulars along with the valuation.

Residential mortgages

Our free valuation scheme is available on all residential mortgage applications; your underwriter will instruct a valuation, AVM or drive by once they have approved the affordability assessment.

Secured loans & consumer buy-to-let

Our Residential Valuation Panel is available from your Business Development Executive. All valuers must be based within a 15 mile radius of the property. A specific valuer is required in some postcode areas surrounding London. If the valuation report is not completed by our specific valuer, we may refer the report for their comments. Please refer to the valuation panel on my broker venue.

Valuations must be dated within the last 2 months and we require original valuations with no amendments. If amendments have been made we require all previous versions of the valuation; the case will be referred and is strictly subject to Credit Committee approval.

All property valuations of £1,000,000 or more are strictly subject to underwriter approval. We will contact any valuers or other appropriate sources regarding the valuations of a property. Should any further information be discovered which is not reflected in the valuation or may have a detrimental effect on the value of the property, we reserve the right to reduce the loan amount or decline the case.

Audit valuations may be required if the loan amount is greater than £50,000, the LTV is greater than 60%, the property value is greater than £500,000, or a valuation bypass scheme has been used.

Regulated bridging

A full valuation is required for each property being used as security.

Our Residential Valuation Panel is available from your Business Development Executive. All valuers must be based within a 15 mile radius of the property. A specific valuer is required in some postcode areas surrounding London. If the valuation report is not completed by our specific valuer, we may refer the report for their comments. Please refer to the valuation panel on my broker venue.

Valuations must be dated within the last 2 months and we require original valuations with no amendments. If amendments have been made we require all previous versions of the valuation; the case will be referred and is strictly subject to Credit Committee approval.

All property valuations of £1,000,000 or more are strictly subject to underwriter approval. We will contact any valuers or other appropriate sources regarding the valuations of a property. Should any further information be discovered which is not reflected in the valuation or may have a detrimental effect on the value of the property, we reserve the right to reduce the loan amount or decline the case.

Audit valuations may be required if the property valuation is greater than £1,500,000.

Valuation bypass schemes

Valuation bypass schemes will be subject to audit controls and underwriter approval, and must be used in conjunction with all other criteria. All maximum loan amounts and LTVs on bypass schemes are inclusive of broker/intermediary fees being added to the loan.

For a small percentage of bypass valuations a comparison between schemes will be conducted. Should this show a disparity between the valuations we may require a full valuation from a panel valuer; we will meet 50% of the valuation costs incurred (if applicable).

6 Fees and charges

6.1 Broker fees

Broker fees may be charged on all residential products and must have been agreed with the applicant.

The maximum broker fee that can be charged is as follows:

- Loans ≤£375,000 – 15% of the net loan, up to a maximum of £7,500
- Loans >£375,000 – 2% of the net loan, up to a maximum of £20,000

Where the property valuation is >£500,000 or an audit valuation is required, valuation costs that have been incurred may be added to these maximum amounts with underwriter approval; proof of valuation costs will be required.

6.2 Commission/remunerations

You should disclose a monetary amount of the remuneration you will earn to the customer and hold confirmation on file.

Details of commissions will be shown on MyBrokerVenue.

6.3 Early repayment charges

Selected residential products have early repayment charges, please see product plans for details. (overpayments of up to 5% of the completion balance can be made each year during any early repayment charge period)

6.4 Lender acceptance fee

Lender acceptance fees are paid by applicant and may be added to the loan. Please see individual product plans for details of lender acceptance fees.

6.5 Prepaid fees

Where an applicant requests to pay any of the lender fees as detailed in the Mortgage Illustration up front, we will contact them prior to completion for payment. All fees include VAT where applicable.

If the applicant has requested to pay any other fees up front (e.g. broker or third party fees) this will be by separate arrangement with the relevant third party involved.

6.6 Redemption Administration Fee

On redemption a fee of £150 is charged for all residential products.

6.7 Title insurance & solicitors costs

Title insurance is not charged on any residential products.

Applicants are responsible for paying their own legal costs. Together legal costs are not charged on residential products.

7 Legal advice

7.1 Solicitors to Witness and Advise

Independent legal advice should be recommended to all customers and will be required in all instances on the types of applications listed below:

- Loan amount > £150k (gross)
- Applicant(s) aged 70 years or older
- Parent and Child Borrowers
- English is not the applicants first language
- The mortgage / loan is for business purposes and the business only relates to one of the applicants
- Divorced/separated couples Some Purchases and Transfers of Equity

The solicitor giving advice should be registered with the Law Society. The solicitor must explain the terms and conditions of the mortgage offer and legal charge, witness the legal charge and complete the solicitors advice certificate.

If the applicant(s) do not speak English as their first language in addition to the above the solicitor should confirm advice has been provided in the applicant(s) first language and establish that the applicants will have support throughout the life of the loan to help interpret any correspondence we may send to them.

7.2 Conveyancing Requirements

For all non Purchase or Transfer of Equity applications under £200,000 we will complete the mortgage using our in house legal team or our Scottish Solicitor Wilson McKendrick. Where necessary the Independent Legal Advice requirements will still remain the same.

7.3 Solicitors acting

Where a solicitor has been instructed to act for an applicant, the solicitor must have 2 or more partners within the practice and 5 or more years of law society membership. If the solicitor does not meet these requirements please refer to the underwriter.

Solicitors must act for the applicant in the following instances (this list is not exhaustive):

- Loan >£250k
- Transfer of Equity
- All property purchases

8 Fraud prevention

Cases will be reviewed for the purpose of identifying potential fraud. This will 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, which will ultimately result in your Accreditation being revoked.

9 Underwriter referral

We will consider applications that don't meet our standard criteria; please use the 'Out of Plan Assistance Form' on My Broker Venue along with any supporting documentation regarding the referral e.g. credit search, land registry etc.

10 Additional information

10.1 Packaging

For details of our packaging criteria please see the Personal Finance Packaging Guide available through your Business Development Executives or on My Broker Venue.

10.2 Contact us

For details of our packaging criteria please see the Personal Finance Packaging Guide available through your Business Development Executives or on My Broker Venue.

New enquiries & in principle decisions team

Call: 0161 933 7100

Email: residentialsales@togethermoney.com

Underwriting Relationship Managers - Please note that these contact details should be used for pending applications only.

Call: 0161 933 7042

Email: URM@togethermoney.com