

together.TM

Regulated Bridging and Commercial Bridging Underwriting Guide

November 2018



Loans, mortgages & finance.

Welcome to Together's Underwriting Guide for Regulated Bridging and Commercial Bridging applications

Acceptable Security

Most property structures and land in England, Scotland and Wales will be considered. See plans and underwriting criteria for details. For bridging loans secured on a leasehold property typically 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.

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.

Commissions

Commissions are paid on the loan advance.

You should disclose a monetary amount of the commission you will earn to the customer.

Early Repayment Charges

Early repayment charges do not apply on our bridging products.

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 authorise them to be disbursed from the loan.

We will also require confirmation in writing from the freeholder that there are no amendments due to the lease.

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

For Commercial Bridging, all applicants must set up a direct debit prior to funding. This direct debit must be in the customer's name and be paid from a UK bank account.

Income Proof

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.

Commercial Bridging

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, 2 pay slips dated within the last 3 months are required; if weekly paid, 4 pay slips dated within the last 2 months.

Additional income may be considered with proof.

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

- Company accounts
- SA302 (or equivalent tax certificate)
- 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. List of acceptable Accountancy bodies available on request – please refer to your underwriter
- Appropriate evidence such as business appraisals / plans, bank statements (excluding online statements), pay slips, contractor statements, pension statements, benefit statements, maintenance awards or other appropriate independent evidence

An Accountants reference must include the applicant's:

- Nature of business / trade
- Trading Name
- Most recent financial year's profits, with a projection for the forthcoming year
- Drawings and a projection for the forthcoming year.
- The accountant's opinion as to whether the applicant can afford the monthly repayment..

This reference letter will be accepted as one of the proofs of self-employment however a further strong proof may also be required.

Personal/Business Bank Statements must show the applicant's declared income being credited to the account. An affordability verification will also be conducted. Two further strong proofs of self-employment may also be required.

Responsible lending

Accounts and projections may be required and further information, such as other indebtedness may be taken into account when assessing affordability. Personal guarantees and debentures will be required for loans to Corporate Entities.

Maximum Age

Regulated Bridging

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.

Commercial Bridging

There is no maximum age restriction for Commercial Bridging where the loan is secured against a self-funded BTL. For all other scenarios the maximum age at the end of the term is 80.

Maximum Loan Amount

The maximum loan amount includes the loan amount, all insurances and all fees.

Personal Guarantees / Debentures

These will be required in cases where the case is for a corporate entity (e.g. Limited company, LLP, Pension Fund, etc) and not an individual.

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.

Repayment Strategies

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.

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.

Commercial Bridging

On all bridging cases, confirmation of how the customer is going to repay the loan back at the end of the term is required. The repayment method needs to be plausible, based on the customer's circumstances and the vehicle provided needs to be sufficient to clear the full balance of the loan at the end of the term.

Solicitor requirements for Regulated Bridging

Lender solicitor costs are not charged on Regulated Bridging cases.

For Regulated Bridging Independent legal advice should be recommended to all customers

Regulated Bridging 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.

Regulated Bridging Solicitors Costs

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

Solicitor's 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.

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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.