

**Packaging
guide for
unregulated
applications.**



Welcome to Together Commercial Finance.

This document will provide you with all of the information you need to know about submitting unregulated applications.

If you require any further support, please contact our Broker Sales support team on 0161 933 7100 or speak with your dedicated Business Development Manager. Alternatively, you can email newbusinesssteam@togethermoney.com.

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Packaging standards.

Day 1 Underwriting requirements.

To ensure we deliver the best service to you, we recognise the importance of a thorough and accurate underwriting assessment. In order to achieve this, our underwriters need to receive certain documents from you.

Here is what we need submitting to us via My Broker Venue so we can start progressing your application and avoid any delays:

NOTE: If you are a part packager you will not have access to Equifax or be able to produce the legal documents on My Broker Venue.

- **Application Form** - Fully completed.
- **Income Verification** - See Underwriting Guidelines.
- **Property Schedule** - Fully completed with details of other properties the applicant owns.
- **Know Your Customer (Proof of ID / Residency)** - Required if the customer fails the EID check or is a non UK resident / national.
- **Valuation** - This must be a Full, Drive-By or Desktop valuation including an EPC and HMO licenses (if applicable).
- **Statement of Permissions** - Homeowner Business Loans only.

If you provide us with these Day1 requirements, your underwriter can confirm our initial lending decision and progress the application. In order to release funds, further documentation will be required (see below).

We no longer require a signed Fair Processing Notice, however please ensure you have provided a copy of this to your customer(s).

Full pack submission requirements.

Please find below additional information that may be required in order for us to fund the application. By providing all relevant information to us on Day 1, we can provide you with the best level of service and progress your application more efficiently. For any outstanding items requested by your underwriter, these must be provided all together.

- **Direct Debit Mandate** - Fully completed, clear and handwritten by the customer without amendments.
- **Buildings Insurance** - The level of cover as per valuation (reinstatement value).
- **Original Loan Agreement and Legal Charge** - (Internal fundings only, please refer to Funding routes). Please note we require the original document to be posted to us.
- **Electronic Disbursement Authority (TT form) (Internal fundings only)** - to be signed by all applicants.
- **Mortgage Reference** - Required if the first charge mortgage doesn't appear on the credit search or there are multiple entries with a similar start date.
- **Consent to a second charge** - Only applicable for second charges. Required if there is a restriction in the B Register on Land Registry. This must be addressed to and in favour of Together Commercial Finance Limited.
- **Redemption Figures** - Required for any secured charges we are redeeming. This must be on company letter-headed paper with confirmation of the lenders bank details, along with an undertaking to remove the charge upon receipt of the redemption monies.
- **Ground Rent and Service Charge confirmation of no arrears** - Required for all leasehold properties.
- **Explanations for adverse credit / lending into retirement / exit routes** - As applicable. Evidence of a solid exit strategy is required for non serviced bridging loans.
- **Breakdown of use of funds and supporting evidence** - Always required for Homeowner Business Loans. Can also be requested on other products, subject to underwriter discretion.
- **One and the Same Letter** - Required if variances in names.
- **Solicitors Witness and Advice Certificate** - See Underwriting Guidelines.
- **Occupiers Consent form** - Required for any non borrowing occupiers aged 17 or over, when securing on the customer's residential property. Not required on Scottish securities.

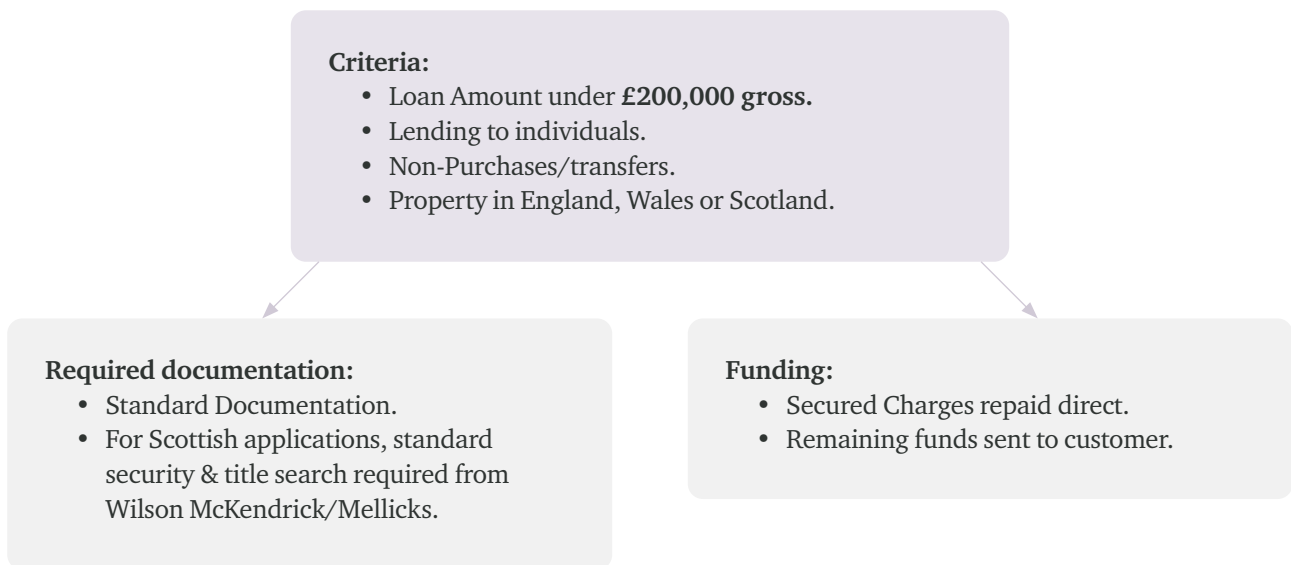
Underwriting guidelines.

Funding routes (Internal vs external).

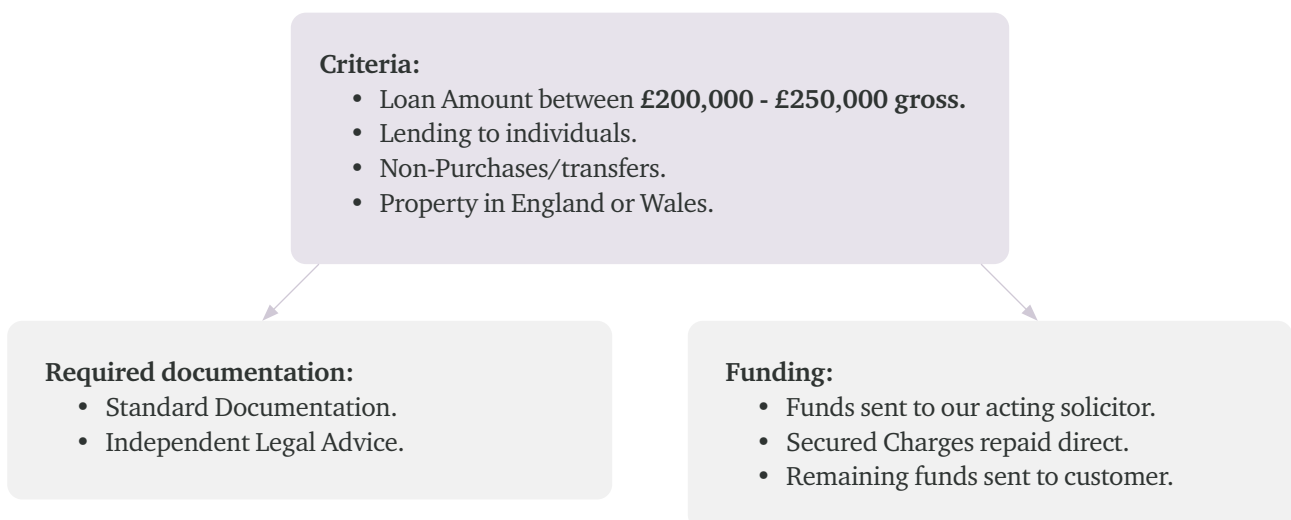
On receipt of the Day1 underwriting requirements and once your Underwriter has confirmed our initial lending decision, we can begin the legal process. The funding route will depend on whether the application meets our internal funding criteria and whether we would require the customer to have their own legal representation.

Please see below for an overview of our funding routes:

Internal funding (via our internal legal team):



Internal funding (via our external solicitors):



External funding (full instruction):



On receipt of the Report on Title from our acting solicitor on External fundings; we will have the anticipated completion date confirmed. Please note; we can require up to 48 hours to release funds after receipt of the Report on Title.

Criteria.

Equifax.

We require a credit search on all applicants who reside in the UK to establish confirmation of the applicant's credit history. We also require a full 3 years address history for all applicants.

An electronic identification (E-ID) search will be carried out on each application for each applicant. If the E-ID is not a pass, then please revert to our standard Know Your Customer (KYC) requirements. We do reserve the right to request further information even if the applicants pass the E-ID search.

Demerit points are defined as mortgage arrears, CCJs or defaults. For full definitions, please review our individual product guides. Please note, the Underwriter reserves the right to request further explanations for any adverse credit.

Note: If you are a part packager you will not have access to credit search/Equifax on My Broker Venue. Our lending decision will be confirmed once we have received a submitted application and we have run a credit search.

Know Your Customer (KYC) - Proof of ID/residence.

The following list is deemed to be acceptable forms of evidence to prove a customer's identity and residency. These documents should be valid, in date and include the full name of the applicant (and not just the initials). Proof of ID and residency must be certified by either an FCA regulated broker, licensed conveyancer or solicitor. The documents must be of a good quality, with photos, where applicable, clearly visible.

Acceptable forms of Proof of ID:

- **Current signed UK/EU/EEA Passport.**
- **Current EEA National Identity Card.**
- **Current UK/EU Photo Driving License** - Must show current address (cannot be used for both ID and proof of residency).
- **Current Full UK Driving License (old paper style)** - Must show current address (cannot be used for both ID and proof of residency).
- **HMRC Tax Code Notification** (this document confirms the tax code for the forthcoming tax year).
- **State Pension or Benefits Book/Notification Letter** - dated within the current tax year.
- **Firearms certificate or Shotgun license.**

Acceptable forms of Proof of Residency:

- **Current UK/EU Photo Driving License** - Must show current address (cannot be used for both ID and proof of residency).
- **Current Full UK Driving License (old paper style)** - Must show current address (cannot be used for both ID and proof of residency).
- **HMRC Revenue Tax Code Notification** - Must be in relation to the current tax year.
- **State Pension or Benefits Book/Notification Letter** - Must be in relation to the current tax year.
- **Current Tax Awards Letter** - Must be in relation to the current tax year.
- **Current Council Tax Bill/Statement** - Must be dated within and relevant to the current tax year. Must relate to the customer's residential address (not a Buy to Let property).
- **Mortgage Statement** - Must be dated within the last 12 months.
- **Bank/Building Society/Credit Card/Credit Union Statement** - Must be dated within the last 3 months. This cannot be an internet produced print out or printed out in branch.
- **Utility Bill** - Must be dated within the last 3 months (gas, electric, water or landline phone - mobile or broadband bills not acceptable).
- **Current Local Authority rent card or tenancy agreement** - Must be dated within the last 12 months.

If there are discrepancies with the spelling of the customer's name, between the ID, land registry or credit information, an explanation and a signed 'one and the same letter' will be required. This letter should confirm they are one and the same person and should confirm how they wish to be known. A copy of the name change/ID may also be required. If Land Registry needs updating, this letter should also authorise Land Registry to update their records accordingly.

Non UK Residents / Passport Holders:

If the customer is a non UK citizen, a certified copy of their passport must be obtained (regardless of whether they pass EID or have provided another form of ID).

Please ensure evidence of the applicant's permanent right to reside in the UK is provided. If this is an old passport, a copy of the applicant's previous passport is also required. If they do not have a permanent right to reside, please refer to your Underwriter.

UK passport holders who live abroad will be required to have their legal documents witnessed and advised by a solicitor or a public notary. Any applicants who do not hold a British passport are subject to underwriter referral.

Please refer to the product plans in relation to rate loadings.

Valuations.

Valuations must be dated within the last 3 months and are to be addressed to Together Commercial Finance. Written confirmation from the Valuer confirming we can rely on the original report may be accepted up to a further 3 months.

Together Commercial Finance's valuation panel is available on My Broker Venue. Please review this before instructing a valuation.

All property valuations over £1 million are strictly subject to Underwriter approval. Additional audit valuations may be required on properties worth £1.5 million or above and on higher loan-to-value applications.

We require valuations with no amendments. If amendments have been made, we require all previous versions to be reviewed. The surveyor must be within 25 miles of the property. We reserve the right to contact any valuers or any other appropriate sources regarding the valuations of the property. Should any further information be discovered which is not reflected in the valuation and may have a detrimental effect on the value, we reserve the right to reduce the LTV accordingly.

A full valuation is always required on properties with a commercial element. On commercial properties the LTV is based on the 180 day valuation, as long as there is less than 20% difference between the 90 day and the 180 day valuation. Please refer to your underwriter if the difference exceeds this.

On residential properties, the LTV is based on the Open Market valuation. The maximum LTV may be reduced if there is more than 10% difference between the market value and the 90 day valuation.

Maximum LTVs can be reduced for 'cash' valuations and for any poor comments on the valuation.

If the property is currently for sale, a copy of the sales particulars will be required.

Please refer to the product matrix for further details.

EPCs.

The Minimum Energy Efficiency Standards (MEES) stipulate that all privately rented properties in England and Wales are required to meet a minimum Energy Performance Certificate (EPC) rating of E or above. If the property has an EPC rating of F or G, the landlord will be required to make improvements to the property to raise the rating to a minimum of band E before the property can be let.

An EPC is required on all applications where the security property is rented or intended to be rented out.

If the valuation does not include an EPC then please provide a copy of this. The EPC register lists all properties that have been bought or sold in the last 10 years. If the security property has not been bought or sold in the last 10 years, the customer will need to arrange an energy assessment. Details of how to do this can be found online. <https://www.epcregister.com/reportSearchAddressByPostcode.html>

If the property has a current EPC rating of F or G, we will require confirmation of the customers' intentions to increase this to a rating of E if these improvements will not be completed prior to completion. Please provide a detailed explanation from the customer with regards to their plans and refer to your underwriter for review.

Lending to companies.

We will consider lending to all types of borrowers including Limited Companies, LLPs, Trust funds and pension schemes. All directors should be named applicants on the application. The following will also be required by Together solicitors:

- **Personal Guarantees:** These will always be sought from the beneficiaries of the borrowing entity. This will be shareholders with 25% or more shares. Together's solicitors will require the individuals giving PGs to obtain independent legal advice.
- **A debenture:** This is a fixed and floating charge over all the company's assets.

Income and affordability.

Affordability.

Self-funding calculations.

Where the security property is rented out, a copy of the full signed Assured Shorthold Tenancy (AST) agreement is required and 100% of this income can be used. If the property is currently vacant, 90% of the projected rental income as confirmed by the Valuer can be used for the affordability assessment. If the property is currently vacant, further information will be required to understand the customer's circumstances and how long the property may be vacant for. A full affordability assessment may be carried out if rental income is not due to be received for some time as we need to ensure our first payments are affordable.

Affordability for Buy to Let term applications.

The following Interest Coverage Ratios (ICRs) will be used when assessing affordability on Buy to Let term applications. The rental income must cover all secured payments on the security property by the relevant percentage.

- Basic rate tax payer (gross annual income up to £50,000) - 125%
- Higher rate tax payer (gross annual income up to £150,000)- 145%
- Additional rate tax payer (gross annual income above £150,000)- 165%
- Limited company applications - 125%

In addition to obtaining proof of rental income, proof of the customer's tax banding will be required if the customer has declared they are a basic rate tax payer and the ICR is below 145%.

Full affordability.

If the rental income does not meet the required ICR affordability criteria, you will be prompted to complete a full affordability assessment on My Broker Venue. In these instances, full proof of all income must be provided. For Limited Company applications, we will assess the affordability against the Director(s) personal income.

The affordability calculator will assess the applicant's income and expenditure against our automated affordability model. This is using the Office of National Statistical (ONS) data combined with household demographic and location.

If the affordability outcome passes, then no further information will be required. If the applicant is consolidating any unsecured items of credit from the loan advance, they will need to sign the Debt Consolidation Declaration which can be obtained from My Broker Venue.

If the automated affordability outcome fails, then a full customer stated affordability assessment will be required and the customer will be required to sign the affordability assessment form (available on My Broker Venue) to confirm their monthly expenditure. This will then be assessed by our underwriting teams who reserve the right to request bank statements to evidence the expenditure where necessary.

Proof of benefit/pension income.

Benefit income may be taken into account where a full affordability assessment is being conducted. The following benefits may be taken into consideration where evidence is provided and the benefits are not the sole source of a customer's income:

- **Attendance allowance.**
- **Carers allowance.**
- **Child benefit payment.**
- **Child tax credit.**
- **Disability allowance.**
- **Industrial injuries benefit.**
- **Court mandated maintenance payments.**
- **Private/State pension.**
- **Personal independence payment.**
- **Universal credit.**
- **Widowed parents allowance.**
- **Working family tax credit.**

The latest award letter dated within the last 12 months is required and benefits must be likely to be paid for the duration of the loan at their current level or higher.

Affordability for non Buy to Let term loans.

Where the security property is rented out, the rental income must cover all secured payments on the security property by 120%. For vacant properties, 90% of the projected rental income will be used for this calculation.

Where the rental income is not applicable or not sufficient to prove affordability, we will calculate affordability following a Total Secured Debt to Income (TSDI) calculation whereby 50% of all **net** income must cover all secured debt payments.

Where a bridging loan is serviced or partially serviced, affordability for the monthly payments will be assessed.

Affordability for Holiday Let applications.

Rental income from a holiday let security is not as stable or regular as a Buy to let security rented on an AST. For this reason, affordability is not assessed on an ICR basis and must be calculated using the following Debt to Income calculation.

- 50% of all income (rental and earned) must cover all secured debt payments.
- Income generated by the holiday let security can be included however will be capped at 50% of the projected income.
- Projected income can be based on appraisals or previous years accounts.

Holiday Lets.

Some key considerations for Holiday Let applications:

- We will need confirmation that any relevant planning permissions are in place for the use of the property as a holiday let.
- In leasehold cases, we will check that the lease doesn't prevent the property being let on a short-term basis
- Building insurance must be in place, and the policy must state it is suitable for properties let out on a short-term basis.
- If lending on a second charge basis, we must receive consent from the first charge holder to our charge for holiday let purposes.

Income proof.

Proof of employed income.

If the customer is paid:

- **Monthly** - 2 out of the last 3 months payslips will be required.
- **Weekly** - 4 out of the last 3 months payslips will be required.

We reserve the right to ask for additional proof of income if there are any inconsistencies or concerns over the regularity of additional payments i.e. overtime, bonuses. Where a customer is paid by cash, or if payslips are unavailable, an employer's reference must be obtained.

Proof of self-employed income.

- **Accountants Certificate** - this must be fully completed by an accountant who holds a current practicing certificate and is a member of one of the accepted accounting bodies (for details, please see the accountants certificate template on My Broker Venue). If the applicants projected earnings are higher than the year to date figures or the latest years figures we will require a plausible explanation from the accountant for the increase in net income and confirmation the increase is sustainable. 90% of projected income can be used when substantiated by the accountant.
- **Latest years HMRC tax calculation (SA302) accompanied by corresponding tax year overview** - the tax calculations must be dated within the last 18 months and confirm the submission is 100% complete.

Non UK income.

We can consider using non UK income to support the loan repayments on non self funding applications however this is strictly subject to referral. Please liaise with your underwriter in the first instance.

Portfolio Landlords.

Portfolio Landlords are identified as customers who, at the end of our transaction, have 4 or more mortgaged buy-to-let properties. Portfolio Landlords must have a maximum portfolio LTV of 75% including our new loan. If a portfolio landlord customer has had secured arrears in the last 12 months the portfolio ICR must be at the required ICR for the applicant's tax banding. Your underwriter will assess the customers' portfolio and other factors such as the geographical concentration and the customers experience as a landlord will be reviewed on a case by case basis.

Homeowner Business Loans.

When we are securing a second charge on the customers' home, we will require a breakdown of the proposed use of funds to evidence that more than 50% of the loan funds will be used for business use. We reserve the right to request supporting evidence. Some examples of acceptable evidence are invoices, evidence of onward purchase, sale of contract, mortgage offer, solicitors/accountants confirmation. Please note, this list is not exhaustive.

Where we are lending to a limited company and securing on the directors home, we will need to be satisfied that the monies being raised are to be used for that specific limited company and that our client/s are associated to that company.

Redemption figure/Mortgage reference/Consent.

Redemption figures are required in any instance where we are to redeem an existing secured charge. The redemption figure must be on company headed paper, include an undertaking to remove their charge and must include bank details.

Consent to register our charge will be required if the first charge lender has placed a restriction at HM Land Registry. The consent letter must be in favour of Together Commercial Finance Limited.

The mortgage balance on the Equifax search can be accepted to calculate the LTV. If the mortgage is not showing on the credit search, a Mortgage Reference will be required from the first charge lender, confirming the balance, monthly payment and the last 12 months payment history. A recent mortgage statement may also be accepted.

Terms and acceptable security.

Most property structures in England, Scotland and Wales will be considered. Please refer to our product guide for details and any LTV restrictions.

- **Leasehold properties:** A minimum of the loan term + 50 years is required prior to expiry of the lease. If the applicant is proceeding on an interest only basis and the loan is to be secured on a leasehold property, typically a minimum of 99 year lease will be required. 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 any arrears, these will need to be cleared from the advance and we may need written authority from the applicant that they understand and authorise them to be disbursed from the loan.
- **HMOs:** Confirmation of the appropriate licence will be required prior to completion. If a property meets the HMO definition, please ensure the valuation instruction encompasses the HMO requirements i.e room sizes. Some councils have different requirements as to whether a licence is required, please refer to the relevant council website for clarity.

Buildings Insurance.

In all instances, we require a copy of the building insurance policy or schedule detailing the following:

- Start and expiry date of the policy.
- Insurance provider and policy number.
- Address of the property being insured (the security property).
- Correct sum insured figure of at least the reinstatement figure as per the valuation.
- For leasehold properties, a copy of the current block policy is acceptable.

Ages.

The minimum age for an applicant is 18 years old. There is no maximum age at application, however the mortgage term should end on or before the customers 80th birthday, this may be restricted for applicants of state pensionable age. Special consideration must be given if the term of the loan exceeds the customers retirement age. This does not apply for self funding applications or fully rolled up lending with a plausible exit strategy.

Lending into retirement.

Where an applicant will enter into retirement during the course of the loan term and personal income is being used for affordability, we will require a plausible explanation as to how they will continue to support the loan once they have retired and proof may be required. The underwriter reserves the right to request proof of the lending into retirement explanation if there are any doubts over the plausibility.

Independent Legal Advice.

In some scenarios, the customer will be required to obtain independent legal advice. A completed 'Solicitors Advice and Witness Certificate' will be required and the solicitor should witness the legal charge for:

- Gross loan amounts over £200,000.
- Customers who are of state pensionable age.
- Non English speaking customers.
- Joint applications where only one applicant is benefitting from the loan advance.
- Where the underwriter deems necessary.

Interest Only Lending.

For all applications where the customer wishes to repay on an interest only basis, we require a clear and acceptable repayment/exit strategy. Exit strategies will be assessed for plausibility. For non serviced bridging loans, a solid exit route will need to be evidenced. Some examples of acceptable exit strategies for term loans are:

- **Sale of security or another property.** We will establish that the borrower owns the property and the value is likely to be sufficient to repay the loan.
- **Re-financing with another lender.** We will establish how likely it is that the customer will be able to obtain alternative finance e.g. review of their credit file.
- **Pension payment/endowment.** We will require confirmation of the payment amount and date.

Direct Debit Mandate.

All applications must have an acceptable Direct Debit Mandate on file prior to funding. The Direct Debit must be in the customer's name and be paid from a UK bank account. Please ensure the Direct Debit Mandate is **fully** completed by hand by the customer and there are no amendments on the form.

Electronic Signatures.

We can accept some documents that have been electronically signed. We still require the following documents to be 'hand signed' by the customer:

- Loan Agreement
- Legal Charge / Standard Security
- Direct Debit Mandate

All other documents that request a signature (e.g. Application form) still need to be signed, however we can accept a document that was signed electronically using, for example, an iPad. Please note; this does not include a 'picture' of a signature being placed on top of a document, the customer must still physically sign it.

Vulnerable Customers.

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, (i.e. 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.

Fraud Committee.

If we have reasons to believe that information provided to us is inaccurate or fraudulent, we reserve the right to reject the application and details may be passed to fraud prevention agencies. Ultimately, this may lead to your accreditation being revoked and a third party alert being raised against the customer.

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