United Trust Bank

Packaging Guide

# Second Charge Loans v20.0

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## 2 Abbreviations

The following abbreviations are used throughout this document:

| Abbreviations | Details |
|---|---|
| AML | Anti-Money Laundering |
| AST | Assured Shorthold Tenancy |
| (The) Bank | United Trust Bank |
| BTL | Buy To Let |
| CCA | Consumer Credit Act |
| CCJ | County Court Judgement |
| CSA | Child Support Agency |
| DTI | Debt To Income |
| Equifax | Equifax Europe Limited |
| HMO | Houses in Multiple Occupancy |
| HMRC | Her Majesties Revenue and Customs |
| ID | Identification |
| ILA | Independent Legal Advice |
| I&E | Income and Expenditure |
| IVA | Individual Voluntary Arrangement |
| LTI | Loan To Income |
| LTV | Loan To Value |
| NHS | National Health Service |
| ONS | Office of National Statistics |
| POR | Proof of Residency |
| UK | United Kingdom |

## 3 Document Purpose

The purpose of this document is to detail the Bank's Lending and Product Criteria for Second Charge Loans, and to specifically provide guidance allowing Introducers to successfully package and submit applications for underwriting and completion.

The Bank reserves the right to request additional documentation, referencing or evidence where appropriate.

## 4 Contact Details

To discuss a potential new submission or any specific area of criteria, please contact the Specialised Mortgage Lending Team on:
**Tel: 020 7031 1551**
**Email: mortgage.enquiries@utbank.co.uk**
**Address: United Trust Bank, One Ropemaker Street, London EC2Y 9AW**

To discuss an existing submission, please contact the Specialised Mortgage Underwriting Team on:
Tel: 020 7031 1552
**Email: secondcharges@utbank.co.uk**
**Address: United Trust Bank, One Ropemaker Street, London EC2Y 9AW**

## 5 Compliance Statement

The Bank will operate in a fully compliant manner at all times, in adherence with current pertinent regulation, and relevant codes of practice. Similarly, all Introducers must be approved and granted an Introducer agency with the Bank prior to submission of business. The Bank will monitor regulatory compliance of Introducers through a program of ongoing control and monitoring activity.

## 6 Product Criteria

For current interest rates, terms, maximum LTV's and maximum loan sizes please refer to the current Product Guides .

The following criteria will apply to all second charge mortgage loans:

- Minimum mortgage term of 3 years and a maximum mortgage term of 30 years;
- The nominal Interest Rate will be based on the Bank of England Base Rate, at a minimum of 0.5% with a margin loading depending on the risk profile of each Plan;
- Mortgages may be offered on a variable or fixed rate basis;
- Capital and Interest repayment method only, payable monthly;
- Interest to be charged daily and applied to the account monthly;
- Monthly payments to be made by Direct Debit, from an account held in the Applicants name, being the same account which funds were dispatched to;
- Applicants must be able to evidence affordability during the entire mortgage given any reasonably expected changes in income during the term;
- In the event of a customer being identified as potentially vulnerable, the Bank reserves the right to seek further information to ensure that the correct level of support is being provided throughout the customer's journey, the Bank will record such information subject to appropriate customer consent;
- Customers will be treated fairly, and communicated with in an open and clear manner;
- All loans will be assessed for suitability to ensure customers are achieving fair and good outcomes;
- Applications will be accepted for any legal purpose, excluding:
  - Avoidance of bankruptcy;
  - Debtor to Creditor payments (as defined under Section 75 of the CCA);
  - Repayment of gambling debts;

Loans for the purpose of Home Improvements require a full breakdown of works, detailing the specific items of work being completed regardless of loan size. We will require confirmation that the property will remain habitable at all times throughout the process and where the works proposed are of a structural nature then we may need further information/details as per the table below. Consideration will be taken to determine if an internal valuation is the most appropriate survey to ensure the structural integrity of the property.

| **Value of works** | < £50k and < 75% LTV | £50k - £100k | > £100k + |
|---|---|---|---|
| Confirmation property will remain habitable at all times during the works | ✓ | ✓ | ✓ |
| Borrower confirmation whether planning / consent is required and obtained | ✗ | ✓ | ✓ |
| Evidence of the Council's Planning permission approval | ✗ | ✗ | ✓ |
| Borrower confirmation of the breakdown of works | ✗ | ✓* | ✗ |
| Borrower to provide formal quotation of works | ✗ | ✗ | ✓ |
| Borrower to confirm what contingency funding is available | ✗ | ✓* | ✓ |
| Surveyor commentary on stage and cost of works | ✗ | ✓ | ✓ |

* If structural works >15% of property value

## 7 Applicant Criteria

**7.1 Unacceptable Applicants**
The following Applicants are unacceptable:
- Politically Exposed Persons (please refer);
- Those with HMRC Sanctions;
- Businesses;
- Those who have granted power of attorney to a third party;
- Non-UK residents;
- Applicants not paid in £ sterling, where that income is required;
- Applicants currently in an IVA, DAS, DRO or Trust deed;
- Those currently or previously Bankrupt within the last six years;
- Applicants not benefitting from the loan where ILA not offered or taken.
- Where more than 4 years has elapsed from the date of issue, the IVA, DAS and DRO can be considered if it has been settled for a minimum of 12 months and no new adverse in that period. Evidence of Discharge Notice/ Certificate required.

Married or co-habiting applications in sole name are acceptable. A Deed of Consent should be provided if in England and Wales, or the non-borrower added to the Standard Security as a Consenter if in Scotland. The non-borrower should also be included as a second adult within the affordability assessment where they are deemed to be dependent.

Separated and Divorced Applicants are acceptable. A copy of the Separation or Divorce Agreement will be required, and additional information may be required where the ex-spouse appears on the voters roll at the security address within the last 3 years, or has taken out active credit during this time. Care should also be taken to ensure any Spousal or Child Maintenance payments are taken into account when calculating affordability.

**7.2 Name**
Mortgage applications must proceed in the Applicant's full legal name, as evidenced through proof of ID, and as named on the mortgage and/or Land Registry.

**7.3 Age**
The minimum Applicant age is 18 and the Applicant must be under 85 at the end of the term. If aged over 70 at the start of the mortgage term, then ILA will be required to ensure that the customer is fully aware of the commitment and associated risks.

**7.4 Proof of ID**
Proof of ID will be required for each Applicant. The following methods will be utilised by the Bank to verify identity:

**1. Biometric ID check**
- All Applicants will be requested to complete a Biometric ID check through the UTB Secure Chat Hub, we will send an invite to complete this check upon receipt of the full mortgage application.
- The applicant must have an in-date Drivers Licence, Passport or EU/EEA issued National ID Card to complete this check. If they do not have one of these documents, then ILA for that applicant will be required.

**2. Equifax AML Search (EID&V)**
- All Applicants will have an EID&V search completed as part of the Credit Search. The Bank requires a 3-1-0 result to proceed without further information.
- IF EID&V fails, then ID may be evidenced using either ID List A or B below. Please note if the customer has successfully completed a biometric check Via the UTB Secure chat Hub then a copy of the ID utilised as part of their check can be used as evidence.

**ID List A**
One item from the following list:
- UK/EEA/EU Passport;
- UK/EEA/EU Photo Driving Licence;
- EU/EEA National Identity Card;
- Firearms or Shotgun Licence.

**ID List B**
Three items from the following list:
- Local Authority Tax Bill (dated within the last 12 months);
- Mortgage Statement (dated within the last 12 months);
- Bank Statement (dated within the last 3 months);
- Landline, Water, Gas or Electric Bill (dated within the last 3 months);
- UK/EEA/EU Non-Photo Driving Licence;
- Blue Disabled Drivers Pass;
- State Pension Notification.
- Credit Card Statement (dated within last 3 months)

Non-EU nationals will be accepted where a passport and proof of indefinite rights to reside in the UK is provided.

**7.5 Proof of Residency**
A full 3 year residential UK address history will be required for each Applicant. This can be evidenced using any of the following methods, in order:

**1. Voters Roll**
As evidenced from the Credit Search. If Voters Roll evidence does not cover the last 3 years in full, then POR may be evidenced using POR List A:

**2. POR List A**
One item for each year from the following list.
- Latest Mortgage Statement, Local Authority Tax Bill or Utility Bill (Landline, Water, Gas or Electric Bill). These can be online statements.
- Bank Statement. These can be online statements and must be dated within the last 90 days if evidencing the current year.
- Active Credit that commenced within the year required on a Mortgage, Current Account, Credit Card or Personal Loan.

An Applicant will be defined as a UK resident providing that no more than 50% of their time has been spent abroad in a rolling 12 month period. If an Applicant can only provide proof of residency using an alternative method not detailed above, then this will require prior approval before proceeding.

In England and Wales a Deed of Consent will be required for third party residents aged 17 or over. If indicated as not working or a student, they should be included as a dependent adult within the affordability assessment. In Scotland, confirmation will be required from the Applicants as to whether any third party residents are dependent or self-sufficient and included within the affordability assessment as appropriate.

**7.6 Mortgage History**
A minimum 12 month rolling mortgage history, usually evidenced on the Credit Search, is required within each application which must be held with an FCA authorised lender and/or servicer. This must usually include 6 months in the current property.

The balance of the first mortgage will be used to calculate LTV , as per the Credit Search, unless a higher maximum liabilities figure is confirmed by the first charge lender where appropriate. Applicants who are receiving third party support towards mortgage payments (such as from a Local Authority or Charity) are not acceptable.

The table below details additional mortgage referencing requirements which may be required:

| Document | Details |
|---|---|
| **Mortgage Consent Letter** | Only required when the first mortgage charge at Land Registry has registered a restriction requiring that consent be granted for any subsequent charge. |
| **Maximum Liability Statement** | Only required when the first mortgage charge at Land Registry states that the lender is obliged to provide further advances. Alternatively, a Deed of Postponement may be used to cap the first mortgage borrowing. |
| **Redemption Statement** | Only required when a (non-first) subsequent charge is being redeemed with the second mortgage, will also require an undertaking for the charge to be removed upon payment. |
| **12 Month Mortgage Statement** | Only required when the first mortgage does not show on the Credit Search, as a way of evidencing payments made. |
| **Full Mortgage Reference** | Required if there are current arrears outstanding, and are valid for 60 days or if greater than 1 year difference from registration date to credit search. |

**7.7 ILA**
Independent Legal Advice will be required for the following scenarios. If ILA is required, security checks do not need to be completed for that applicant.
- If debt consolidation and/or surplus loan funds, totalling less than 5% of the gross loan, are being sent to one of the applicants within a joint application, ILA should be provided for the non-benefitting party, unless they can confirm in writing how they are benefitting from this loan. This is subject to underwriter discretion.
- If aged over 70 at the start of the mortgage term, then ILA will be required to ensure that the customer is fully aware of the commitment and associated risks.

If the applicant(s) do not have valid ID to complete our security checks via the UTB Secure Chat Hub, ILA will be required. ILA will be accepted if completed via video. Please note solicitor certified ID documents will still be required in this instance.

Solicitors completing ILA must be registered with the SRA. Both the individual solicitor and firm should also be checked to ensure they are listed by the Law Society and do not have findings, conditions or orders.

**7.8 Consolidating an existing second charge loan**
Where the new UTB loan is being used to consolidate an existing second charge loan taken out with another lender within the last two years, an explanation will be required of the previous loan purpose. This is to ensure that the applicant is not debt consolidating further items of credit which could suggest an affordability or suitability issue.

**7.9 Further Advances**
Where the applicant holds an existing UTB loan and is returning for a further advance, the loan needs to have been held for a minimum of 12 months and with no missed payments during that time. A minimum of 24 months is required if the original loan was for consolidation. If the loan has been held for less than this, prior approval is required before proceeding.

## 8 Income Criteria

**8.1 Income Types**
All income used within the lending decision must be fully evidenced and paid in Pounds Sterling. No mortgages may be advanced on a self-certified basis.

Most legal sources of income will be accepted for affordability assessment purposes in calculating "Verified Gross Income". In order to proceed, the primary Applicant must have a minimum Verified Gross Income of £15,000. For loans over 85% LTV the minimum income for the application is £40,000.

Income will not be accepted from the following sources:
- Gambling;
- Grants;
- Employed or Self-Employed income not disclosed for tax purposes;
- Apart from Universal Credit (Standard Allowance/Child Allowance) and Child Benefit which can be used, most Benefits are generally not acceptable. This includes, but is not limited to, Job Seekers Allowance, Employment Support Allowance, Income Support, Disability Living Allowance, Carer's Allowance.

**8.2 Employed Income**
Applicants employed in a permanent position must have been with their current employer for more than 6 months. Applicants who have been with their current employer for 3 months can be accepted where they can evidence a 12 month continuous employment history and that they are not subject to any probationary period.

If the most recent payslip shows an element of sick pay, confirmation the applicant is back to work full time is required. If the applicant was off work for more than 1 week, we will require this confirmation to come from the employer.

| % used | Details |
|---|---|
| 100% | All guaranteed income, such as basic pay, car allowance and shift allowance. All intrinsic to role income, such as additional police and NHS allowances where supported via the latest 2 payslips and P60. Second jobs are acceptable providing combined hours do not exceed 50 hours a week. |
| 75% | All regular income, such as bonus, overtime and commission, capped at four times guaranteed income which is paid at least quarterly, with latest 2 months payslips and the latest P60. If non-standard payslips, in addition to the above also require latest P60/ bank statement showing salary credits to match.<br><br>Bonuses paid annually (or half yearly) are considered on referral with 2 years supporting evidence.<br>If latest bonus => £10,000, 75% of the last 2 years average could be used.<br>If latest bonus <£10,000, 50% of the last 2 years average could be used. |
| 0% | Unsustainable income, such as those working more than 50 hours per week (48 hours per week for HGV drivers) or any expenses. |

Regular, non guaranteed income, should be entered in to the "Total Monthly Gross Regular income " box on the affordability page of the portal at 100% as when affordability is calculated, the portal will factor in 75% of the amount keyed.

**Deductions:**
- Pension should be entered as a separate deduction if this is a post tax deduction. If this is a pre-tax deduction, this should be deducted from any guaranteed income and factored in within the amount keyed in the " Total Monthly Gross Guaranteed Income" box.
- Any other post tax deductions (not including Tax/NI) should be entered into the " Other Deduction" box e.g. student loans/season ticket/cycle scheme

**Maternity/Paternity/Adoption leave**
Where an Applicant is currently on or approaching a period of maternity, paternity or adoption leave, then the income currently received may be used to calculate affordability providing a reasonable written explanation is provided given the known change in income.

A letter confirming the length of leave being taken, and income being received during the period of leave, should be obtained from the employer. Where an applicant's salary will end whilst on leave, we will base our affordability calculation on the lowest income they will be in receipt of at any point once the mortgage has completed. For example, if the applicant is returning to work in 6 months but their salary will end in 2 months, we will base affordability on the lowest income during that time (usually either statutory or £0).

If we have evidence the applicant has sufficient savings in place to cover the reduction in income before returning to work, this can be considered and we may proceed on the applicants' full salary.

**8.3 Self-Employed Income**

Applicants who own more than 25% of a company, or pay their own tax, are considered to be Self-Employed. Tax must have been paid on this basis for 2 years (not simply 2 years trading). Any applicant with less than 2 years trading must be referred. Self-Employed income will not be accepted from companies subject to a Company Voluntary Arrangement.

Self-employed applicants may derive their income in a number of ways including salary, dividends, drawings or profit. Income derived from Director Loans is unacceptable.

For sole traders/partnerships, the Profit from Self Employment/Partnerships from the most recent year's tax calculation will be used for affordability purposes.

For Limited companies, it is acceptable to use the appropriate % of the latest years net profit based upon the applicants shareholdings as dividends, in addition to any salary received, evidenced through either an Accountants Certificate or full set of Accounts. We will not accept year-on-year retained profits not drawn from the business as income.

Where year on year income differs by greater than 25%, a reasonable explanation will be required regarding the sustainability of income. This explanation should include the reason for the difference, sustainability of the current income, any projected future income and feedback from the Accountant for Limited Companies or the applicant for soletraders.

For self-employed applicants with a trading address that is not the security address, a standalone Equifax credit search, including linked addresses, should be provided on the other address noted. If the business address appear as linked addresses on the residential search a further search is not required.

A projection will also be required within the Accountants Certificate. Projected figures will not be used to calculate income, however in the event the projected figures are lower than most recent year-end, the affordability assessment must pass on the lower projected figures and a reasonable explanation must be provided by the Accountant to provide comfort with regards the sustainability of the income level.

For reference purposes, acceptable Accountant qualifications are:

| Body | Membership Level/Qualification |
|---|---|
| **Association of Chartered Certified Accountants** | ACCA or FCCA |
| **Institute of Chartered Accountants in England & Wales** | ACA or FCA |
| **Institute of Chartered Accountants in Scotland** | ICAS |
| **Chartered Institute of Management Accountants** | CIMA, ACMA and CGMA |
| **Association of Authorised Public Accountants** | AAPA or FAPA |
| **Chartered Institute of Public Finance Accountancy** | CIPFA |
| **Association of International Accountants** | AIA |
| **Institute of Chartered Accountants in England and Wales** | ICAEW |
| **Chartered Accountants Ireland** | CAI |
| **Association of Accounting Technicians** | AAT (AAT licensed Accountants Only) |
| **International Federation of Accountants** | IFAC |
| **Certified Public Accountants Association** | ACPA/FCPA/CPAA |

If the applicant does not have a suitably qualified Accountant to verify their income, additional documentation is required. Please refer to Section 8.7 Proof of Income for details of all acceptable income evidence.

Credit searches will be required for business addresses if not the security address.

**8.4 Savings Income**
Applicants who obtain a regular income from savings such as, but not limited to, ISA's and Bonds, may use this income within the Verified Gross Income calculation where it can be evidenced that the income has been generated regularly over the last 3 years. The applicant must confirm that such savings plans are not intended to be surrendered during the life of the proposed mortgage (unless such surrender would redeem the remaining balance).

**8.5 Maintenance, Universal Credit (Standard Allowance/Child Allowance) and Child Benefits**
Applicants who are in receipt of either court ordered or CSA managed maintenance, or Universal Credit (Standard Allowance/Child Allowance) and Child Benefit are acceptable and this income can be included within the affordability assessment. Income of this nature must be received alongside another earned source of income of at least £25,000 within the application, and proof of income is required as per the table below.

For Applicant(s) who request a mortgage term which takes them beyond the period for which they will receive maintenance or Universal Credit (Standard Allowance/Child Allowance) and Child Benefit, a reasonable explanation must be provided given the known change in future income.

Where both applicants work full time and the children are aged 11 or under, childcare costs/arrangements should be confirmed.

No other benefits are accepted, including but not limited to; Disability Living Allowance, Adoption Allowance or Mobility Allowance.

**8.6 Lending into Retirement**
For Applicants who request a mortgage term which takes them beyond their planned retirement age, or age 70 (whichever is the lower), then evidence of post-retirement affordability must be provided:

- For Applicants with more than 15 years remaining until their planned retirement age, or age 70, then evidence of payments into an appropriate pension plan must be provided ( a minimum of 3% of their monthly salary). This can include employee and employer contributions.
- For Applicants with less than 15 years remaining until their planned retirement age, or age 70, then the latest annual pension statement(s) must be provided evidencing affordability beyond retirement age.
- Self-employed applicants stating they are planning to work beyond age 70 may be acceptable, subject to a plausibility assessment.

Acceptable explanations include, but are not limited to:

- Maturity of an evidenced savings account;
- Willingness to sell an investment property or business, with sufficient equity appropriately evidenced.

Unacceptable explanations include, but not limited to:

- Sale of the security property within the requested term, including down-sizing;
- Income from children/dependants

**8.7 Proof of Income**

Proof of all income is required within all applications to allow term affordability to be evidenced, usually using the methods detailed below:

| Income Type | Requirements |
|---|---|
| **Employed** | Last 2 months computerised payslips ( last 8 if paid weekly, last 4 if paid fortnightly )<br>If non-standard payslips, in addition to the above also require latest P60/bank statement showing salary credits to match |
| **Self employed: Sole traders/partnerships** | Latest 2 years Tax Calculations with corresponding Tax Year Overviews. Note; if the Tax Calculation is 100% submitted, the Tax Year Overviews are not required<br>Latest months business/personal bank statement showing business transactions |
| **Self employed: Limited Company (with >25% shareholding or where dividend income is being derived)** | Fully completed accountants certificate OR last 2 years full Accounts<br>Latest years Tax Calculation with corresponding Tax Year Overview. Note; if the Tax Calculation is 100% submitted, the Tax Year Overview is not required<br>Latest months business bank statement, if a future dated projection is not provided |
| **Professional/Fixed Term Contractors: Paid via Umbrella Company** | Last 2 months computerised payslips (last 8 if paid weekly, last 4 if paid fortnightly)<br>Current contract including the Assignment Schedule<br>12 months evidence of contracting ( only required if current contract doesn't cover 12 months )<br>If less than 3 months remaining on current contract one of the following is required; a letter of intent to renew from employer, renewal signed by both parties OR 24 months evidence in similar role/contracting.<br>Income is calculated as follows:<br>Day rate x number of days worked minus ALL pre tax deductions* x 48 weeks/12<br>* e.g. Apprenticeship Levy, Employers NI, Company Margin<br>For loans >£1m with less than 3 months remaining on current contract; renewal required signed by both parties. |
| **Professional/Fixed Term Contractors: Paid via their Limited Company** | For loans >£1m and/or applicants paid via LTD co:<br>Income to be evidenced as per umbrella criteria or:<br>Fully completed accountants certificate OR last 2 years full accounts;<br>Latest years tax calculation with corresponding Tax Year Overview. Note; if the tax calculation is 100% submitted the Tax Year Overview is not required;<br>Latest months business bank statement., if a future dated projection is not provided.<br>The company must be 100% owned and trading for a minimum of 12 months<br>Income can be calculated as:<br>Day rate x number of days worked minus ALL pre tax deductions* x 48 weeks/12<br>* e.g. Apprenticeship Levy, Employers NI, Company Margin<br>OR Salary drawn and latest years net profit |
| **Private Pension** | Latest Pension statement showing projected annual or monthly income<br>Latest months bank statement showing credits in line with statement |
| **State Pension** | Latest months bank statement showing state pension credits |
| **SIP Pension** | Latest Pension statement showing projected annual or monthly income<br>Latest months bank statement showing credits capped at 5% of total pension pot |
| **Savings Income** | Last 3 Annual Statements, and a selection of monthly bank statements to show credits to match |
| **Trust Income** | Copy of Trust Deed detailing the payment plan, and the latest bank statement showing credits to match |
| **Child/Spousal Maintenance** | Copy of appropriate Court Order or CSA documentation (If non court ordered, 18 months evidence required and this is to be referred pre submission)<br>Latest months bank statement showing credits to match |
| **Universal Credit: Standard Allowance / Child Allowance** | Latest entitlement letter<br>Latest months bank statement showing credits to match |
| **BTL income: if needed for affordability (not trading as a Limited Company)** | Latest 2 years Tax Calculations with corresponding Tax Year Overviews. Note; if the Tax Calculation is 100% submitted, the Tax Year Overviews are not required<br>Latest months business/personal bank statement showing rental credits<br>100% of the BTL monthly mortgage payment must be included in the "Other Commitments" section of the Affordability Calculator. |
| **CIS workers** | Treated as a Sole Trader; see above requirements |
| **Agency workers/Zero hours workers** | Last 2 months computerised payslips ( last 8 if paid weekly, last 4 if paid fortnightly )<br>Evidence of 12 months continuous employment history in the same industry, or 18 months continuous if in different industries<br>Confirmation that the applicant is not aware of any known changes to their future income |
| **Fostering Income** | Latest 2 years Tax Calculations with corresponding Tax Year Overviews. Note; if the Tax Calculation is 100% submitted, the Tax Year Overviews are not required<br>Council contract evidencing current Foster Carer eligibility including number of children to be cared for<br>Evidence of latest foster income payment via bank statement or supporting remittance slip<br>Foster children must be included within the Household Size for affordability |

If an Applicant can provide evidence of income using an alternative method not detailed above, then this will require prior approval before proceeding.

## 9 Security Property Criteria

**9.1 Unacceptable Property Types**

We take a view on most property types however the below are unacceptable:

- Valued under £90,000 for loans =<85% LTV. Valued under £125,000 for loans >85% LTV;
- Located outside of England, Wales and mainland Scotland;
- Owned for less than 6 months;
- Commercial properties;
- Semi-commercial properties, where more than 20% of the property is, or could be, used for business purposes (refer to Sales team for further guidance where required);
- Where the Land Registry Search indicates:
  - Possessory title, where an indemnity policy is not in place;
  - Agricultural restrictions;
  - Where there is a restriction on Land-Registry for Solar-Panels, and no satisfactory exit clause on the lease.
- Properties that:
  - Are classed as uninhabitable;
  - Are working farms or small holdings;
  - Are indicated as unmortgageable, through neither conventional or specialist lenders.
  - Are located on contaminated land;
  - Are listed as defective and unrepaired;
  - Are rated unsuitable within an EWS1 form, unless there is an agreed remediation plan in place and our securities leaseholder is free of liability;
  - Are affected by an invasive growth such as Japanese Knotweed where a report from a PCA Qualified Technician, along with an insurance backed guarantee, is not provided;
  - Are PRC (Precast Reinforced Concretes) which are listed as defective under Part XVI of the Housing Act 1985, unless they have been repaired and a valid Certificate of works provided at application;
  - Are Shared Ownership, unless the final share is being purchase resulting in 100% ownership upon completion;
  - Have been built without planning permission;
  - Cannot be deemed a 'permanent' building, such as mobile homes;
  - The valuer only provides a cash value for;
  - Require remediation as part of the Building Safety Act 2022, where there is no remediation plan, or evidence work has commenced.
  - Have a gross internal area of less than 30 sq metres (excluding outbuildings that are not habitable);
  - Have asbestos in the main walls;
  - Properties containing Mundic Block materials unless classified as Class A;
  - Grade 1 (Grade A in Scotland) listed buildings;
  - Are subject to onerous ground rent terms e.g. rise every 5/10 years to significant levels;
  - Live / work units.

**9.2 Leasehold Properties**

There must be at least 40 years remaining on the lease at the start of the mortgage term if securing against a leasehold property. Confirmation of ground rent and service charge monthly costs are to be keyed onto the affordability page. Ground Rent should be reasonable and not exceed 0.1% of the market value. Ground rent may be considered up to 0.2% of the current market value subject to referral prior to submission.

**9.3 Freehold Properties**

The Land Registry search must state either Title Good or Title Absolute if securing against a freehold property.

**9.4 Valuation Types**
The below valuation types will be required where appropriate:

| Valuation Type | Criteria |
|---|---|
| **Home-Track Assessed Valuation** | • Up to 70% LTV and £250k Gross Loan, minimum confidence score of 5<br>• Up to 75% LTV and £100k Gross Loan, minimum confidence score of 5<br>• Up to 80% LTV and £25k Gross Loan, minimum confidence score of 6<br>• Maximum £1m property value |
| **Drive-By Valuation** | • Up to 65% LTV and £100,000 Gross Loan<br>• Up to 75% LTV and £50,000 Gross Loan |
| **Full Valuation** | • Up to maximum LTV and maximum Gross Loan<br>• Specialist reports will be required if requested by the valuer and the property has not been purchased or remortgaged in the last 5 years<br>• Minimum valuation £275,000 for loans over 85% LTV |

All valuation types should be dated within the last 90 days and for Drive-By or Full Valuation reports be provided on the appropriate Bank templates.

Consideration will be taken to determine if an internal valuation is the most appropriate survey to ensure the structural integrity of the property.

For Drive-by or Full Inspection reports, comparable sale evidence should generally be within 10% of the security property and within the last 12 months or with further explanation where necessary. In the event no direct comparable evidence is available, the Surveyor should provide an explanation detailing why this is and how the comparables used support the valuation figure provided.

When providing an amended valuation report, the original will also be required, with an explanation for the amendment from the Surveyor.

**9.5 Valuer Panel**
The Valuer panel is managed by Pure Panel Management Limited of 5 Diamond Court, Kingston Park, Newcastle-Upon-Tyne, E3 2EN. Tel: 0191 2142459.

Instructions can be made through Pure Panel Management Limited, or directly to any other of the UTB approved panel below :

| UTB Approved Valuation Panel | |
|---|---|
| Pure Panel Management Limited | 0191 214 2459 |
| Gateway Surveyors | 01293 820233 |
| DM Hall Chartered Surveyors | 0131 477 6006 |
| Shepherd Surveyors | 03330 164000 |

## 10 Owner-Occupied Mortgage Affordability Criteria

Affordability for Owner-Occupied Mortgages will be assessed using the three key methods detailed below. These are based on Verified Gross income, and are evidenced within the Banks current Affordability Calculator. Once completed, an Approve/Fail decision will be provided.
- Affordability Model;
- DTI (Debt to Income);
- LTI (Loan to Income).

**10.1 Affordability Model**
Total Verified Gross income for each applicant will be compared against the Bank's affordability model.

To ensure expenditure reflects the Applicants' total outgoings, on-going credit commitments from the Credit Search will be used and details of any other known on-going commitments (such as maintenance, childcare, stables, moorings etc.) must be provided.

**10.2 Debt to Income**
DTI is a ratio of total evidenced income for each application compared to the total ongoing serviceable debt payments, and may be manually calculated as below:

(Total ongoing debt payments including UTB payment / Verified Gross income) *100 = DTI %

The maximum DTI is 45%.

**10.3 Loan to Income**
LTI is a ratio of total evidenced income for each application compared to the total outstanding first and second mortgage balance, and may be manually calculated as below:

Total first and second mortgage balance / Verified gross income = LTI

LTI is driven by product, for further details please review our product guide.

**10.4 Additional BTL Properties**
Applicants with additional BTL properties are acceptable providing a Portfolio breakdown is provided. This must include:
- Address
- Property value
- Mortgage balance
- Mortgage repayment
- Monthly rental income

These additional BTL properties may be ignored for Affordability purposes if the rental yield for the Portfolio covers 125% of the current mortgage payments.

Mortgage profile evidence required:
100% of 1-9 mortgages
80% of 10 -14 mortgages
60% of 15+ mortgages

Where the loan purpose is to purchase a BTL property we will require the following:

If the property has already been found:
- Sales particulars for the property being purchased
- If we are not providing the full funds, evidence of the additional borrowing will be required by way of an ESIS from a BTL lender.
- Evidence that the anticipated rent will cover the BTL payments e.g. lettings particulars for the area and property type
- Written confirmation from solicitor dealing with the purchase with their bank details and undertaking

If the property has not yet been found:
- Evidence of properties available at purchase price advised
- If we are not providing the full funds, evidence of the additional borrowing will be required by way of an ESIS from a BTL lender.
- Evidence that the anticipated rent will cover the BTL payments e.g. lettings particulars for the area and property type
- Funds will be sent to the applicant on completion

## 11 Suitability Criteria

Suitability will be assessed for each individual application by the Introducer, and will also be assessed and documented by the Bank during underwriting to ensure customers are achieving fair and good outcomes.

During this assessment consideration will include, but is not limited to, the following:
- Mortgage purpose;
- Nature of product and plan requested;
- Applicant payment profile and credit search data;
- Existing and on-going debt levels;
- Movement of unsecured to secured debt;
- Changes to the interest rate and monthly payment of consolidated credit;
- Total cost of credit;
- Affordability;
- Adequate advice was received by the customer from a suitably authorised and qualified credit intermediary.

## 12 Credit Search Criteria

An Equifax Credit Search is completed within the Broker Portal as part of the application process. This includes Linked Addresses and Anti Money Laundering reporting options.

**12.1 Debt Consolidation / Ongoing Credit Commitments**
The credit which appears on the credit search and any disclosed ongoing regular commitments will be used to calculate any debt consolidation and establish ongoing credit commitments.

Where an element of the loan is being used to consolidate unsecured credit the payment will be made to the applicant(s).
It is the responsibility of the customer to clear the declared unsecured credit as per the consolidation sheet provided.

For affordability purposes the monthly payment amount will be used for ongoing credit commitments not being repaid.

For credit card, current account or mail order commitments not being repaid, 3% of the outstanding balance will be used. For Defaults, the actual payment made is taken into account. CCJ balances are ignored for affordability purposes. If the settlement figures provided by the applicant differ from the current balances on the credit search the Bank may require sight of recent statements or settlement figures for verification, or include 3% of any surplus remaining.

Consideration will be given to balances on Charge Cards and their ongoing feasibility of payment in line with all other credit commitments.

**12.2 Status Units**
When assessing product and plan eligibility, the below adverse credit definitions will be used to calculate status units:

| | **Prime Plus and Prime** | | **Near Prime** |
|---|---|---|---|
| | **< 85%** | **> 85%** | **< 85%** |
| **Unsecured** | Currently up to date | Currently up to date | Ignore if consolidating |
| **Secured Loans and Mortgages** | 0 in 3m, 0 in 12<br>0 Outstanding | 0 in 3m, 0 in 12<br>0 Outstanding | 0 in 3m, 0 in 12<br>Max 1 Outstanding |
| **CCJ's** | 0 in 24<br>Ignore if < £300 | 0 in 36<br>Ignore if < £300 | 1 in 24<br>Ignore if < £300 |
| **Defaults** | 0 in 24<br>Ignore if < £300 | 0 in 36<br>Ignore if < £300 | 1 in 24<br>Ignore if < £300 |
| **All plans** | Mail order and comms ignored.<br>Previous conduct will effect credit score. | | |

*Debt consolidation for Prime and Near Prime products must be no more than 1.5x total gross annual income

Applicants with Payday/Home Lender loans or Short Term Credit in the last 12 months are generally not acceptable. If satisfied over 12 months ago these may be accepted at the Bank's discretion, subject to a satisfactory explanation and overall assessment of the credit profile.
Please refer to the team prior to submission.

We can consider applicants with a previous Debt Relief Order or in a Debt Management Plan (DMP) subject to:
- Evidence the DMP has been maintained satisfactorily for the last 12 months
- Adverse for Product Plan is as per adverse seen on the Credit Search
- If the DMP is staying in place, we would factor in 3% of the outstanding balance in the plan for ongoing affordability, not the lower amount being paid into the DMP
- Consolidation of the DMP will be repaid to the applicants so they can negotiate a lower settlement.

Any caution, equitable charge, legal aid charge or Scottish inhibition recorded against the security property must be redeemed with the second mortgage, and will also require a redemption statement and undertaking for the charge to be removed upon payment.

Explanations regarding a customer's previous adverse credit or missed payments are acceptable from the approved Introducers. In addition, explanations for adverse credit will be required in the following instances:

- Always required if occurred within the last year
- Not required if occurred on 1 account only, this was only 1 down and now up to date

Explanations regarding a customer taking out recent credit within the last 12 months will be required from the Introducer, unless the new credit taken out totals less than £5000. Queries may be raised if excessive borrowing and/or a change to borrowing habits are seen.

In addition, explanations are not needed for store cards, new credit with zero balances that have been open for more than 3 months, mail order or communication suppliers.

## 13 Mortgage Process

There are typically 4 stages in the mortgage process, as detailed below:

**Stage 1 - Packaging**
- Introducers will be responsible for gathering the relevant documentation required for submission to the Bank based upon the requirements of each individual application.
- This will / may include liaising with the applicant, employer, accountant, surveyor, first mortgage lender and the Land Registry.

**Stage 2 - Submission**
- Our online portal will display a list of documents/explanations required at full mortgage application – these will be displayed on the "broker checklist" section of the mortgage portal once you have fully completed the data entry and successfully ran a DIP.
- You are required to upload your items against each specific requirement e.g. payslips to payslip section.
- Those marked with an * are required as mandatory for Day 1 submission and you will not be able to submit the case without these.
- We encourage you to send as much as possible from the DIP requirement list Day 1 as this will help us to provide the best possible service to you and our customer.

**Stage 3 - Underwriting**
- After the minimum submission documents have been sent to the Bank, they will be fully underwritten by a mandated underwriter, who will then be the case owner until completion.
- Once your application has been worked, we will send you an email notification for you to review your checklist. (Telephone calls will still be attempted where necessary).
- The status of the checklist items will have been updated and a message added (where required) for you to review.

| Status | Definition |
|---|---|
| **Awaiting action** | Nothing uploaded by Introducer (requires action). |
| **In progress** | Documents have been uploaded but application has NOT been submitted yet. |
| **With UW** | When the application is submitted, all requirements with information uploaded will be automatically transferred to the Underwriter for review. |
| **Satisfied** | Once the requirement has been approved by your Underwriter, the status will be updated to **Satisfied**. |
| **Further Action Required** | If we require further information in relation to an existing requirement or add on a new requirement the status will be updated to **Further Action Required**. (requires action). |

**Further Updates**
- Once further requirements have been gathered by the Introducer these should be submitted to the Bank in one grouping, rather than piecemeal as this helps us to improve the customer journey as well as the speed and efficiency of our service to you, as our Introducer.
- Submitted documents are generally valid for 90 days from the date of approval by the case owner.

**Security Checks**
- All applicants will be invited to download the UTB Secure Chat Hub whilst we process their application – here we have created a centralised "customer hub" where they can locate a copy of our standard documents, FAQS and a facility to send us direct messages should they wish to.
- Here they will be asked to be complete a Biometric ID Verification check they will need their ID to hand to complete this exercise (see proof of ID section for further information)
- We will also provide the customer with a copy of their latest Mortgage Illustration for them to review and confirm is correct along with some other general information in relation to the application.
- Once this has been instructed the relevant task list requirement will be updated to "in Progress" and then once completed satisfactorily will be updated to "Satisfied".
- Where Interest Only is chosen as the Repayment Type, the Security Check will be completed via telephone.

**Legal searches**
- Prior to offer we will complete Bankruptcy searches on all individuals and register a priority with Land Registry for properties in England and Wales.
- In the event an alternative mortgage lender having an outstanding priority registered, then a letter of no interest from that lender will be required before mortgage completion, along with an explanation as to why the application did not proceed with them.

**Stage 4 - Mortgage Completion**
- Following the satisfaction of all underwriting/solicitor requirements and receipt of signed legal documents, monies will be sent to the Applicant(s) and any third-party creditor (where required).
- A mortgage charge will be registered upon the security property.
- Commission and Broker fee payments will then be dispatched to the Introducer as appropriate.

## 14 Introducer Information

**14.1 Mortgage Illustration and Offer**
All applicants must have received advice from a suitably regulated and qualified Credit Intermediary, following which a Mortgage Illustration must be provided. Any changes to the fundamental loan details (amount, term, interest rate, fees etc.) after submission will require re-advice to be given by the Credit Intermediary and a new Mortgage Illustration provided. The Mortgage Illustration is only valid on the day of production, and does not constitute an offer by UTB to provide a loan.

Once the loan application has been fully underwritten and security checks completed with all applicants, the case will be subject to loan approval in line with the UTB mandate structure. This will typically take place within 24 hours of the last underwriting requirement being satisfied, after which the Binding Offer and Mortgage Deed/Standard Security will be issued by email to the Applicant(s) and on the UTB Broker Portal to the Introducer.

The Mortgage Offer is valid for up to 30 days from the date of issue. If the loan does not complete within this time period then it will require re-underwriting and may be subject to further requirements.

The Applicant must be given sufficient time to consider the Mortgage Offer and accompanying terms and conditions. Once happy to proceed, the Applicants must return an original signed mortgage deed or standard security along with a completed Direct Debit Mandate as acceptance of offer. Upon receipt of the correctly signed and witnessed Mortgage Deed/Standard Security UTB will proceed to release funds to the Applicant and any creditors as indicated on the Debt Consolidation form

**14.2 Commission and Broker Fee Payments**
Commission payments are paid at least weekly by the Bank. A 6 month claw-back period applies to Commission payments, where the loan redeems early.

Any Broker, Valuation, Advice, Packaging Fee payments due to the Introducer will be made as part of the distribution of funds, on the day of completion.

**14.3 Original and Certified Documents**
The only original documents required for completion are the Mortgage Deed in England/Wales or Standard Security in Scotland. All other documentation should be uploaded to the broker checklist page on the mortgage portal, unless specifically requested otherwise by the Bank.

When requested, documents should be certified by an appropriately approved member of staff within the introducing company. Apart from where necessary due to ILA being required, documents cannot be certified by an individual who is employed elsewhere, including but not limited to IFA's, lead sources or private individuals.

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