

Criteria guide

Residential Mortgages

Key points

- ▶ **New!** Help to Buy capital raising remortgages acceptable up to 85% LTV
- ▶ Interest Only now available on Tiers 1-5 where a suitable repayment vehicle is in place
- ▶ Affordability calculated according to the repayment method selected - this now includes Interest Only
- ▶ Maximum loan amount at 80% and 85% LTV increased
- ▶ Studio flats accepted

Section	Page number
Applicant criteria	4
Applicant profile (inc. minimum age, maximum age, maximum number of applicants, guarantors and marital status)	4
Allowable adverse	4
Nationality and residency	4
Income criteria	6
Minimum earned income	6
Employed	6
Self-employed	6
Contractors	6
Retired	7
Maternity leave	7
Additional income	7
Unacceptable income sources	7
Loan criteria	8
Maximum LTV	8
Loan term	8
Porting	8
Remortgage applications	8
Service levels	8
Offer validity	8
Let to buy	8
Repayment methods	9
Repayment vehicles	9
Deposit criteria	10
Source of funds	10
Builder's deposit (new build)	10
Family gift	10
Builder's second charge	10
Unacceptable sources of deposit	10
Right to Buy criteria	11
Right to Buy definition	11
Maximum LTV	11
Property details	11

New build criteria	12
Definition	12
Maximum LTV	12
Source of deposit	12
Flats	12
Offer validity	12
Section 106 planning obligations	12
Building warranty	13
Help to Buy criteria	14
Help to Buy purchase	14
Help to Buy remortgage - no capital raising	14
Help to Buy remortgage - with capital raising	15
Forces Help to Buy	15
Help to Buy Scotland	16
Help to Buy Scotland - remortgage	16
Property criteria	17
General	17
Tenure	17
Minimum property value/purchase price	17
Allowable locations	17
Retentions	17
Other occupants	17
Inherited properties	17
Flats/maisonettes/apartments	17
Modern Methods of Construction (MMC)	18
Unacceptable property types	18
Restrictive covenants	18
Structural reports	19
Specialist reports	19
Other	19
Fees	20
Validation	21
ID and Residency documents	21
Supporting documents	21
Submission requirements	22
Documentation guidelines	23

Applicant criteria

At a glance

3

Maximum mortgage arrear in last 36 months

3

Maximum CCJs in last 24 months

5

Maximum defaults in last 24 months

Applicant profile

Minimum age	21
Maximum age	<ul style="list-style-type: none">▶ 70 at the end of term, providing within stated retirement date. We may consider up to age 75 upon referral subject to underwriter review and stated retirement date.▶ Maximum age of 85 for non-contributory applicants.
Maximum number of applicants	2
Guarantors	We are unable to accept guarantors.
Marital status	Applications from those who are married, in civil partnerships, co-habiting or where there is a financial dependency should be submitted in joint names. Where the original mortgage is in a sole name, we may consider a remortgage in a sole name, subject to underwriter discretion.

Allowable adverse

	Precise Mortgages allows a certain amount of adverse credit with levels being dependent on the product chosen. As a guide our maximum adverse allowed is:
Defaults	0 in last 3 months, 5 in 24 months (unlimited thereafter).
CCJs	0 in last 3 months, 3 in 24 months (unlimited thereafter).
Mortgage arrears	0 in last 3 months, 1 in 12 months, 3 in 36 months (worst status).
IVA and bankruptcy	Must have been discharged for 6 years.
Repossessions	Are not accepted.

Allowable adverse	
Debt Management Plans	<p>Active DMPs</p> <p>DMPs active at application will need to have been in place for at least 12 months and we will require a DMP reference from the provider to include:</p> <ul style="list-style-type: none"> ▶ Date of agreement ▶ Amount outstanding ▶ Details of all creditors including lender. Account number, payment and balance ▶ Confirmation that the last 12 months' payments have been on time <p>We will also require a completed DMP Submission form.</p> <p>Active DMPs do not have to be satisfied on completion but must be included as a monthly commitment on the application.</p> <p>Debt Arrangement Schemes (DAS) are acceptable and will be treated in the same way as a DMP (Scotland only).</p> <p>For active DMPs the repayment method must be Capital and interest.</p> <p>DMPs satisfied within the last 36 months</p> <p>For DMPs satisfied within the last 36 months we will require confirmation from the provider the date the DMP was satisfied and that it was repaid in full (satisfied DMPs do not need to have been active for 12 months).</p> <p>For DMPs satisfied within the last 36 months, the repayment method must be Capital and interest.</p> <p>DMPs satisfied over 36 months ago</p> <p>For DMPs satisfied over 36 months ago standard lending policy will apply.</p> <p>DMPs are acceptable on our Right to Buy product range providing they have been satisfied for over 36 months.</p> <p>Please note: any payment the customer makes directly to creditors within the DMP, outside of the arrangements of the plan, will be seen as a break in the agreement and we will be unable to consider the application.</p> <p>See our DMP Guide for more information.</p>
Nationality and residency	
Residential status	In all cases we require a 3 year UK residential address history.
Non EEA nationals	Must have been resident in the UK for the last 3 years and have permanent rights to reside in the UK.
Diplomatic immunity	Is not accepted if diplomatic immunity applies to immunity from UK law.

£15,000

Minimum income for main applicant

100%

Tax credit income accepted

12

Months of continuous employment required

Minimum earned income

- ▶ £15,000 for the main applicant from primary employment.

Employed

- ▶ A minimum of 3 months in current job, with 12 months continuous employment.
- ▶ Less than 3 months in the current job will be considered subject to underwriter approval. The reason for the latest change of employment should be established and confirmation dates must be obtained from current/previous employers.
- ▶ Applicants must be in permanent employment that is not subject to a current probationary period.
- ▶ Zero hour contracts are only permitted when the secondary applicant (i.e. not the main income earner) is employed on this basis. Payslips covering the last 6 months and the latest P60 are required. Eligible income is the lower of the average pay from the last 3 months / last 6 months.
- ▶ Agency workers are not acceptable.

The following are acceptable income sources:

Income type	Proportion allowable in calculation	Income type	Proportion allowable in calculation
Basic salary	100%	Mortgage subsidy	100%
Shift allowance	100%	Car allowance	100%
Large town allowance	100%	Overtime/bonus/commission	50% * (if regular/guaranteed)
Childcare payments	100%	* Full amount should be keyed into the online application.	

Self-employed

Where an applicant has a shareholding of 25% or over or is responsible for the overall payment of their tax and national insurance, they will be classed as self-employed. Applicants will need to have been trading for a minimum of 12 months and we will require income verification for the number of years' income keyed onto our online application.

Acceptable income:

- ▶ For sole traders - net profit, private pension payments where declared on their tax calculation (or SA302 for previous years).
- ▶ For partnerships - share of the net profit.
- ▶ For limited company directors - remuneration plus dividends, director's car allowance, director's pension payment.

Income verification:

- ▶ 1 year's HMRC tax calculations and corresponding tax year overview or accounts (we only accept accounts prepared by accountants with the following qualifications: ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA.).
- ▶ In some cases 2 years' income verification is required (SA302s will be accepted as verification for previous years).

Contractors

We will accept general contractors, CIS contractors and applicants employed on a fixed term contract. In all instances, where an applicant is responsible for paying their own tax or national insurance they will be classed as Self-employed and the relevant income verification will be required. If an applicant is employed on a fixed term contract that has less than 6 months remaining, we will require written confirmation from the employer stating their intention to renew the contract.

Maternity leave

Applicants on Maternity Leave are acceptable providing they will return to work on the same terms of employment. We will require a letter from the employer confirming the applicant's salary and working hours before commencing maternity leave, the return to work date, salary and working hours after returning to work and whether there are any changes to the applicant's contract of employment. This should be addressed to Precise Mortgages.

Additional income

The following income sources will be accepted, subject to underwriter discretion:

Source	Amount eligible	Criteria
Tax credits	100%	<ul style="list-style-type: none">▶ Latest Final Tax Credits award notification.▶ Must have a minimum of 3 years left to run (based on ages of children).▶ For joint applications, both applicants must be named on the Tax Credits award.
Child maintenance	50%*	<ul style="list-style-type: none">▶ Must be via a court order.▶ Must have a minimum of 3 years left to run.
Permanent second job	Maximum 50%*	<ul style="list-style-type: none">▶ Position held for more than 12 months.▶ Should be a permanent position.▶ Confirmation that the hours worked are sustainable.
Pension income	100%	<ul style="list-style-type: none">▶ Confirmed personal or occupational pension can be included.

*Full amount should be keyed into the online application.

Unacceptable income sources

We will not include the following sources of income:

- ▶ Any state benefits including Child Benefit and Housing Benefit- we are also unable to consider applicants who have been in receipt of housing benefits within the last 12 months.
- ▶ Any child maintenance that is not court ordered.
- ▶ Investment income.
- ▶ NHS Nurse banking income.
- ▶ Income from agency work.

85%

Maximum LTV

35

Years maximum term

80%

Maximum let to buy LTV

Maximum LTV

- ▶ 85% - up to £500,000.
- ▶ 80% - up to £750,000.
- ▶ 70% - up to £1,000,000.
- ▶ 60% - up to £2,000,000 (see our [residential large loan](#) product range for loans from £1,000,001).
- ▶ Interest Only - up to 65%.
- ▶ Part and Part - up to 75% (Interest Only element must not exceed 50% LTV).

Let to buy applications and applications where non self-funding mortgages exist are restricted to 80% LTV.

Studio flats - maximum LTV 70%.

LTV limits are based on the net loan amount exclusive of any fees.

Loan term

Minimum: 5 years.

Maximum: 35 years.

Loan size

Minimum: £25,001.

Maximum: £2,000,000 (see our [residential large loan](#) product range for loans from £1,000,001).

Porting

All products are not portable.

Remortgage applications

We are unable to accept remortgage applications within 12 months of either the original purchase date or the last remortgage date.

Service levels

Residential mortgage applications must be on an advised basis.

Offer validity

- ▶ Offers will be valid for 3 months from the valuation date. An offer extension may be considered (up to a maximum of 6 months from the original valuation) on request from either a broker or a solicitor.
- ▶ New build: 6 months from valuation, extensions can be considered for a further 3 months subject to:
 - ▶ Confirmation of any changes of circumstance are received in month 5 of the mortgage offer, before the expiry of the initial 6 month offer period.
 - ▶ A new credit search and affordability assessment.
 - ▶ All supporting documentation is updated and resubmitted.
 - ▶ The case will be re-underwritten and must still be acceptable to us in line with our then prevailing mortgage lending policy and products.
 - ▶ A re-inspection of the property by the valuer (subject to a £100 fee).

All offer extensions must be requested by the acting solicitor or broker.

Let to buy

- ▶ Maximum LTV: 80%.
- ▶ A consent to let from the existing lender or evidence of refinancing on a buy to let basis will be required.

Repayment methods

- ▶ **Capital and Interest** - the monthly payment will pay off some of the amount borrowed, every month, together with a payment of interest charged on the mortgage.
- ▶ **Interest Only** - the monthly payment only covers the interest charged on the mortgage. At the end of the mortgage term, the customer will still owe the amount borrowed. The customer must be able to demonstrate that they have a clearly understood and credible repayment strategy which has the potential to repay the Interest Only mortgage balance at the end of the term.
 - ▶ Maximum LTV 65%.
 - ▶ Not available on DMP, Help to Buy or Right to Buy products.
- ▶ **Part and Part** - with this option the Capital and Interest method applies to one part of the mortgage and the Interest Only option applies to the other part. The customer must be able to demonstrate that they have a clearly understood and credible repayment strategy which has the potential to repay the Interest Only balance at the end of term.
 - ▶ Maximum LTV 75%, the interest only element must not exceed 50% LTV.
 - ▶ Each part of the loan (Interest Only and Capital and Interest) must be a minimum of £5,000.
 - ▶ Both the Interest Only and the Capital and Interest elements of the mortgage must be on the same product and term.
 - ▶ Fees added to the loan will be added to the Capital and Interest element of the loan.
 - ▶ Not available on DMP, Help to Buy or Right to Buy products.

Affordability will be calculated according to the repayment method selected.

Repayment vehicles

The value of the repayment vehicle, at the time of application will need to cover the Interest Only loan amount (inclusive of any fees). The repayment vehicle must be in pounds Sterling and for joint applications the vehicle can be owned jointly or in the individual names of each applicant.

A repayment vehicle that is owned with an individual that is not party to the mortgage will not be accepted.

We are able to consider the following repayment vehicles:

- ▶ **Sale of security property** - subject to a minimum equity of £150,000 at the time of application, this will be determined by a full RICS valuation carried out as part of the application process.
- ▶ **Sale of additional property** - the address of any property to be used as a repayment vehicle should be provided. An AVM will be used to validate the property value at the time of application. A Land Registry search will be undertaken to confirm ownership, although a Legal Charge will not be placed over any additional property used as a repayment vehicle.
- ▶ **Savings/Investments** - examples of acceptable savings/investments are:
 - ▶ Bank/Building society savings accounts;
 - ▶ ISAs including both Cash and Stocks & Shares ISAs;
 - ▶ Premium Bonds; and
 - ▶ Publicly listed UK Stocks and Shares (only shares listed on the FTSE Main Market and traded in Sterling are acceptable).

Evidence of the savings/investments will be required in the form of the most recent statement or share certificate (dated within the last 3 months).

- ▶ **Pension** - occupational or private pensions are accepted. Final salary pension schemes will not be accepted. The most recent annual statement will be required to confirm the current value of the pension at the time of application.

Source of funds

- ▶ The deposit must come from the applicant's own resources and have originated from within the EEA.
- ▶ Capital raising by way of a remortgage or secured loan on an existing property owned by the applicant is acceptable.

Builder's deposit (new build)

On new build purchases only - up to 5% cash based incentive is acceptable (i.e. stamp duty, legal fees, cash back, mortgage payments). Any incentive amount over this will be deducted from the lower of the purchase price/valuation before calculating the LTV.

Family gift

- ▶ Acceptable unless the property is being purchased from the family member who is providing the gift.
- ▶ Where the property is being purchased from a family member at a discounted price, this is acceptable providing the family member will not continue to reside in the property following completion. Our lending and LTV will be based on the reduced price and the vendor relinquishing all rights to the property.

Builder's second charge

Acceptable providing the customer is committing a 15% deposit from their own funds. Payments will be taken into account for affordability.

Unacceptable sources of deposit

- ▶ Vendor deposit (any vendor deposit will be deducted from the lower of purchase price/valuation and lending and LTV is to be based on the net figure).
- ▶ Purchase from a company that the applicant has an interest in.
- ▶ Ministry of Defence loan - this differs from Forces Help to Buy.
- ▶ Unsecured borrowing.
- ▶ Cryptocurrencies- any deposit sourced via cryptocurrencies e.g. bitcoins, is not accepted.

Right to Buy criteria

Right to Buy

Right to Buy (RTB) provides individuals with the opportunity to buy their social housing property at a discounted market price, providing they meet the scheme eligibility requirements. Visit <https://righttobuy.gov.uk/> for more information.

- ▶ Only Right to Buy schemes operated by recognised local authorities/housing associations are acceptable.
- ▶ We will require a copy of the Section 125 Right to Buy offer. All persons named on the Section 125 will also need to be on the application.
- ▶ We cannot accept applications where the customer has been in receipt of Housing Benefit during the last 12 months.

Maximum LTV

We have products available at 90% and 100% of the discounted purchase price (plus lender fees). This is subject to the loan not exceeding 75% of the open market value of the property, as determined by one of our panel surveyors.

Repayment method

Capital and Interest.

Property details

Property type	Houses or bungalows. Flats are not acceptable.
Location	England.
Purchase or remortgage	Purchase only.

85%

Maximum LTV

35

Years maximum term

20

Storey flats accepted

Definition

Precise Mortgages defines 'new build' as a property that has never been occupied.

Source of deposit

- ▶ A maximum 5% builder's cash based incentive is acceptable. These incentives include a discounted purchase price, stamp duty paid, legal fees paid, cash back after completion, mortgage paid etc.
- ▶ A minimum customer contribution of 10% will be required, unless the applicant is using the Help to Buy shared equity scheme, whereby a minimum of 5% will apply.

Flats

- ▶ Borrowing is available on flats up to 20 storeys.
- ▶ New build flats with a commercial ground floor are considered.

Offer validity

All new build property offers are valid for 6 months from the date of valuation.

We can consider extending the offer by a further 3 months subject to the following:

- ▶ Confirmation in changes of circumstance are received in month 5 of the mortgage offer, before the expiry of the initial 6 month offer period.
- ▶ A new credit search and affordability assessment.
- ▶ All supporting documentation to be updated and resubmitted.
- ▶ The case will be re-underwritten and must still be acceptable to us in line with our then prevailing mortgage lending policy and products.
- ▶ A re-inspection of the property by the valuer (subject to a £100 fee).
- ▶ All requests for offer extensions should be submitted via the acting conveyancer.

Section 106 planning obligations

Section 106 planning obligations are accepted as detailed below:

- ▶ **Financial obligations** - Are acceptable subject to the conveyancer confirming that the monies due under the agreement have been paid in full or an indemnity exists within the agreement to indemnify any successors in title for any liability to repay any monies due.
- ▶ **In kind obligations (e.g. provision of open space, recreation facilities, education facilities, transportation plans etc.)** - Are acceptable.
- ▶ **Restrictions on who can purchase the property** - Where the property is subject to a restriction that only allows it to be purchased or occupied by someone living or working in a specified area this should be referred to us for individual consideration. Restrictions relating to purchasers being in housing need, not being able to afford to purchase on the open market or having income less than a certain amount are not acceptable.
- ▶ **Affordable housing** - It is acceptable for a development to be subject to a requirement to provide a proportion of affordable housing.

For any other planning obligation, please contact us.

Building warranty

For new build properties and those less than 10 years old, building warranty from one of the following providers should be in place:

- ▶ Advantage HCI
- ▶ Aedis Warranties Ltd
- ▶ Build Assure
- ▶ Building Life Plans
- ▶ Buildzone
- ▶ Checkmate (Castle 10)
- ▶ International Construction Warranties (ICW)
- ▶ LABC
- ▶ N.H.B.C. Guarantee
- ▶ Premier Guarantee Scheme
- ▶ Professional Consultants Certificate (previously Architect's Certificate)*
- ▶ Protek
- ▶ The Q Policy
- ▶ Zurich Municipal "New build"

* The issuing architect should have minimum professional indemnity insurance equivalent to the greater of £500,000 or the property value.

Please note: we are unable to accept retrospective building warranties.

Contact our dedicated New Build Priority Processing Team today on **0330 024 0349** to discuss a case.

Help to Buy purchases

We accept applications on the Help to Buy England, Help to Buy London, Help to Buy Wales and Help to Buy Scotland shared equity schemes. See page 16 for information on Help to Buy Scotland.

The following applies to Help to Buy purchases in England and Wales only:

- ▶ The government's Help to Buy shared equity schemes are only available to assist with the purchase of new build properties.
- ▶ Maximum property value: £600,000 in England and £300,000 in Wales.
- ▶ Customers will need to provide a minimum 5% deposit from their own resources.
- ▶ Payments will be required on the Help to Buy Equity Loan after five years in addition to the repayments on the mortgage the customer takes with Precise Mortgages.
- ▶ The Help to Buy Equity Loan should be added to the DIP as a monthly commitment.
- ▶ The monthly commitment can be calculated using Precise Mortgages' Residential Calculator.

When submitting applications for Help to Buy Mortgages it is the responsibility of the Intermediary to ensure that the application is eligible and compliant with the rules of the appropriate Help to Buy scheme before the submission is made.

For more information your customer should visit <https://www.helptobuy.gov.uk/equity-loan/find-helptobuy-agent/>.

Help to Buy remortgage - no capital raising

We are able to consider a remortgage transaction where the property was originally purchased on any shared equity Help to Buy Scheme where the loan amount will be limited to the repayment of the existing mortgage secured on the property.

The Help to Buy Equity Loan: Monthly interest fee payments are payable on the Help to Buy Equity Loan after five years, which are in addition to the monthly repayments for the mortgage the customer takes with Precise Mortgages.

As part of the Help to Buy Equity Loan scheme the monthly interest fee payments will initially be charged at a rate of 1.75% per annum and will increase by RPI +1% every year until fully repaid. To account for the annual rise in the payments on the Help to Buy Equity Loan, Precise Mortgages stresses this commitment by multiplying it by 125%. The Residential Calculator will do this automatically.

The Help to Buy Equity Loan should be added to the DIP in the 'Applicant Commitments' section as a loan. We require both the Help to Buy Equity Loan balance and the monthly interest fee payment amount to be entered.

The monthly interest fee payment on the Help to Buy Equity Loan must be calculated using Precise Mortgages' Residential Calculator. To complete this information either the Help to Buy Equity Loan amount or the current Help to Buy Equity Loan monthly commitment is required, if this is already being paid.

As the Help to Buy agent needs to provide their approval of the remortgage, we need to be sure that this has been obtained before we proceed. We will not instruct our valuation until you have confirmed that the customer is happy to go ahead following our initial assessment. You should contact our processing team to confirm this by either calling 0330 1596001 or email new.build@precisemortgages.co.uk.

When submitting applications for Help to Buy remortgages it is the responsibility of the Intermediary to ensure that the application is eligible and compliant with the rules of the appropriate Help to Buy scheme before the submission is made.

Please see our Help to Buy Remortgage guide and our Help to Buy product guide for more details.

For more information your customer should visit:

For England - www.myfirsthome.org.uk

For Wales - www.gov.wales/help-buy-wales/repaying-shared-equity-loan

Help to Buy remortgage - with capital raising

We are able to consider a remortgage transaction where the property was originally purchased on any shared equity Help to Buy Scheme and the customer wishes to borrow additional funds to partially repay the equity loan, this is known as staircasing.

The new loan amount will be limited to the amount required to repay the existing mortgage on the property plus the amount required to partially repay the Help to Buy Equity Loan. If the Help to Buy Equity Loan is being repaid in full our standard residential criteria will apply and the application should be submitted on one of our core residential products and not as a Help to Buy application.

The Help to Buy Equity Loan: Monthly interest fee payments are payable on the Help to Buy Equity Loan after five years, which are in addition to the monthly repayments for the mortgage the customer takes with Precise Mortgages.

As part of the Help to Buy Equity Loan scheme the monthly interest fee payments will initially be charged at a rate of 1.75% per annum and will increase by RPI +1% every year until fully repaid. To account for the annual rise in the payments on the Help to Buy Equity Loan, Precise Mortgages stresses this commitment by multiplying it by 125%. The Residential Calculator will do this automatically

The Help to Buy Equity Loan should be added to the DIP in the 'Applicant Commitments' section as a loan. We require both the equity loan balance and the monthly interest fee payment amount to be entered.

The monthly interest fee payment on the Help to Buy Equity Loan must be calculated using Precise Mortgages' Residential Calculator. To complete this information either the Help to Buy Equity Loan amount or the current Help to Buy Equity Loan monthly commitment is required, if this is already being paid.

As the Help to Buy agent needs to provide their approval of the remortgage, we need to be sure that this has been obtained before we proceed. We will not instruct our valuation until you have confirmed that the customer is happy to go ahead following our initial assessment. You should contact our processing team to confirm this by either calling 0330 1596001 or email new.build@precisemortgages.co.uk.

When submitting applications for Help to Buy remortgages it is the responsibility of the Intermediary to ensure that the application is eligible and compliant with the rules of the appropriate Help to Buy scheme before the submission is made.

Please see our Help to Buy Remortgage guide and our Help to Buy product guide for more details.

For more information your customer should visit:

For England - www.myfirsthome.org.uk

For Wales - www.gov.wales/help-buy-wales/repaying-shared-equity-loan

Forces Help to Buy

We accept deposits from the Forces Help to Buy scheme. The monthly repayments for this will be included in our affordability assessment as a commitment. The Forces Help to Buy scheme can be used in conjunction with the Government Help to Buy shared equity schemes.

Help to Buy Scotland

We accept applications on the Help to Buy Scotland Affordable New Build and Small Development Schemes.

Help to Buy Scotland - Purchase

- ▶ **Maximum LTV:** 80%
- ▶ **Maximum property value:** £200,000
- ▶ **Repayment type:** Capital and interest
- ▶ **Maximum term:** 35 years
- ▶ **Deposit:** customers will need to provide a minimum 5% deposit from their own resources.
- ▶ **Property:** Help to Buy schemes are only available to assist with the purchase of new build properties.
- ▶ **Offer:** New Build mortgage offers are valid for 6 months from the date of valuation.
- ▶ **Equity Loan:** the Government equity loan does not have an associated fee payment in Scotland and therefore does not need to be included as a commitment in the affordability assessment.

Help to Buy Scotland - remortgage

We are able to consider a remortgage transaction where the property was originally purchased on the Scottish Shared Equity Help to Buy Scheme.

A Help to Buy remortgage is available where the loan amount is limited to the repayment of the existing mortgage secured on the property.

We are also able to consider a remortgage transaction where the property was originally purchased on the shared equity Help to Buy Scheme and the customer wishes to borrow additional funds to partially repay the equity loan, known as staircasing or tranching up. In Scotland, staircasing must be in tranches of 5% of the Help to Buy Equity Loan.

Equity Loan: the Help to Buy Equity Loan does not have an associated fee payment in Scotland and therefore an amount does not need to be included as a commitment in the affordability assessment.

When submitting applications for Help to Buy remortgages it is the responsibility of the Intermediary to ensure that the application is eligible and compliant with the rules of the appropriate Help to Buy scheme before the submission is made.

Please see our Help to Buy Scotland Criteria and Product Guide.

For more information your customer should visit www.gov.scot/publications/sale-shared-equity-procedures.

General

All properties must comprise of a single residential dwelling unit i.e. own living accommodation/kitchen/bathroom etc. Taking a single mortgage over a property converted into more than 1 unit is not accepted.

Minimum property value

- ▶ £50,000 or £150,000 in London postcode districts.

Tenure

- ▶ Freehold - Unacceptable for flats/maisonettes. Heritable title acceptable in Scotland.
- ▶ Leasehold - Minimum remaining lease term should be 70 years at the time of application.
- ▶ Flying freehold - A property with an element of flying freehold can be considered providing it does not exceed 10% of the total area.
- ▶ Commonhold - Are not accepted.

Allowable locations

Mainland England, Wales and selected postcodes in Scotland.

The following Scottish postcodes are acceptable:

Tayside	DD - All	Lothian	EH - All
Sterlingshire	FK - All	Glasgow	G - All
Ayrshire	KA - All mainland	Fife	KY - All
Lanarkshire	ML - All	Renfrewshire & Argyll	PA - PA1 to PA19

Retentions

Retentions are not acceptable and lending will be based on the current value of the property, which must represent suitable security.

Other occupants

Any person over the age of 17 that will reside in the property after completion but will not be party to the mortgage, will need to be entered on the application. They will be required to complete a Deed of Consent to surrender interest in the property.

Inherited properties

- ▶ Where a property has been inherited, probate must have been granted prior to a mortgage application being made. Evidence of the Grant of Probate should be provided ahead of a Mortgage Offer being issued. Where the beneficiary is looking to capital raise on the property, the application should be submitted to us as a remortgage and no minimum period of ownership will apply in these cases.
- ▶ If the applicant is purchasing the property after being granted part of this in probate, we have no minimum period of ownership for the vendor.

Flats/maisonettes/apartments

- ▶ Must be self-contained with private facilities and have a minimum floor area of 30m².
- ▶ Must have direct access to the highway via covered common parts.
- ▶ Up to a maximum of 20 storeys.
- ▶ Flats above or adjacent to commercial premises may be considered on an individual basis.
- ▶ Ex-local authority flats or maisonettes may be considered on an individual basis. The block in which the security is situated must be predominantly owner occupied as determined by the valuer. Please refer your case to the intermediary support team.

Studio Flats

- ▶ Minimum floor area 30m².
- ▶ Must be self-contained with private facilities.
- ▶ Maximum LTV 70%.

Modern Methods of Construction (MMC)

Properties that have any MMC components can be considered providing the property was constructed by one of the following companies:

- | | | |
|------------------------|-------------------|-----------------|
| ▶ Barratt Developments | ▶ Bovis Homes | ▶ Persimmon |
| ▶ Bellway | ▶ CALA homes | ▶ Redrow |
| ▶ Berkeley | ▶ Crest Nicholson | ▶ Taylor Wimpey |
| ▶ Bloor Homes | ▶ Galliford Try | |

New Build Properties

If the property was constructed within the last 10 years it will need to benefit from one of the following warranties:

- | | | |
|-------------------------|---|--------------------------------|
| ▶ Advantage HCI | ▶ International Construction Warranties (ICW) | ▶ Premier Guarantee Scheme |
| ▶ Aedis Warranties Ltd | ▶ LABC | ▶ Protek |
| ▶ Building Life Plans | ▶ N.H.B.C. Guarantee | ▶ The Q Policy |
| ▶ Buildzone | ▶ Professional Consultants Certificate (previously architect's certificate) | ▶ Zurich Municipal "New build" |
| ▶ Checkmate (Castle 10) | | |

Please note: we are unable to accept retrospective building warranties.

Unacceptable property types

Commercial

- ▶ Live/work units or any property where commercial usage exceeds 20% will not be accepted.

Construction

- ▶ Coach houses.
- ▶ Any property of Easiform construction.
- ▶ Any property containing mundic concrete.
- ▶ Any property containing no-fines concrete.
- ▶ Flats or maisonettes in blocks exceeding 20 storeys.
- ▶ Grade 1 listed buildings in England and Wales/Grades A and B in Scotland.
- ▶ Mobile homes and houseboats.
- ▶ Properties constructed with high-alumina cement, timber framed property with no brick skin or 100% steel or timber framed property.
- ▶ Property designated defective under Part XVI Housing Act 1985, Housing (Scotland) Act 1987 or Pre-Cast Reinforced Concrete (PRC) property (irrespective of whether repaired under a licence repair scheme).

Other

- ▶ Any property affected by Japanese knotweed.
- ▶ Any property deemed in multiple occupation (HMO).
- ▶ Any property deemed unsuitable security by the valuer.
- ▶ Any property where there is ongoing movement/monitoring is required.
- ▶ Property where material environmental hazards are present.
- ▶ Property where saleability may be adversely affected by local planning or by an unsatisfactory mining search.
- ▶ We are unable to consider any property being purchased under any social housing schemes with the exception of Right to Buy (e.g. Shared Ownership, Key Worker etc.). Additionally, we are unable to consider remortgaging any property purchased under any such scheme where the original vendor retains any interest or where any pre-emption clause remains.
- ▶ We will not lend where the property is affected by or within influencing distance of any significant factor which will have a negative impact on the property's value or re-saleability (e.g. overhead pylons, sub stations etc).

Restrictive covenants

We are unable to consider any property that may have a restricted occupancy clause within the planning permission, for example, it can only be occupied for a maximum of 11 months in any one year. Property with unrestricted occupancy can be considered provided our normal requirements are met.

Similarly, property that can only be used for retirement or sheltered accommodation is not accepted. This is the same for any property where a planning restriction (e.g. agricultural restriction) effectively limits a property's appeal on the open market.

Please note for new builds, we do consider Section 106 planning obligations. Please see page 10 of this guide for further information.

Structural reports

Reports may be accepted from members of the following bodies:

- ▶ The Institution of Structural Engineers (www.istructe.org.uk)
- ▶ The Institution of Civil Engineers (www.ice.org.uk)

The report must be referred to the valuer for comment. If the report is not addressed to the applicant, written confirmation must be obtained from the originator that its contents may be relied upon by the applicant.

We will not lend on any property with either ongoing movement or where monitoring is required, where this is identified by either the valuer, or where evident in the structural engineer's report.

Specialist reports

We may require a specialist's report. Specialist reports most commonly comprise of:

- ▶ Timber and damp, electrical, trees, cavity wall tie
- ▶ Mining report (these are obtained by the solicitors and a special condition is imposed at offer).

Any specialist reports should be prepared by a reputable firm and should be forwarded to us for review and referral to the valuer.

Other

- ▶ We are unable to lend where the property has been purchased from a company that the applicant has an interest in.
- ▶ We are unable to lend where the property is subject to either a back to back or sub sale agreement or subject to a Finder's Fee.
- ▶ We may consider, on an individual referral basis, properties with:
 - 3 or more acres of land.
 - Deck access.
 - Majority flat roof.
 - Restrictive or unusual planning permission.
 - Overriding interests.

Fees that may be added to the loan

The product and telegraphic transfer fees can be added to the loan amount. Any fees added will not be incorporated into the LTV calculation but will be included in our affordability assessment.

Product switching fee

If the applicant decides to change the product on the application after the mortgage product has been offered, the below non-refundable administration fee is payable prior to the amended mortgage offer being issued.

£70

Valuation fee

Please see our dedicated web page for details of our valuation fees.

Property re-inspection fee

Where a reinspection is necessary after the initial valuation is carried out, the following fee is payable.

£100

Telegraphic transfer fee

£25

Redemption administration fee

£114

- ▶ Please refer to the 'Tariff of mortgage charges' document for full details. A downloadable version is available on the Precise Mortgages website under 'Document downloads'.
- ▶ All fees include VAT (where applicable).

Conveyancer fees

Full details of our conveyancing options can be found at precisemortgages.co.uk/Residential/Conveyancer

ID and Residency documents

If originals are not available, we are able to accept certified copies of any ID and Residency documents, subject to the following:

- ▶ The documents must be certified by an independent professional; e.g. Broker (if FCA regulated), Solicitor, Accountant etc. and not by an applicant, guarantor or close relative.
- ▶ All documents must be certified that the copy is '**a true copy of the original**'.
- ▶ Where the document contains a photograph it must be certified as '**a true likeness**' of the individual.
- ▶ The name of the person and employer/firm certifying the documents must be clear.

Where a copy of an applicant's ID documents have been obtained via a digital ID solution, we will require a copy of the broker's digital report showing the verified ID document from one of the following companies:

- ▶ Experian
- ▶ Equifax
- ▶ CallCredit
- ▶ LexisNexis
- ▶ TrustID
- ▶ Onfido
- ▶ GBGroup

Please refer to our **Anti Money Laundering Guidelines** for full details of our ID and Residency validation requirements.

Supporting Documents

If originals are not available, the following are acceptable subject to the documents being fully legible and the underwriter having no concerns in respect of authenticity:

- ▶ Photocopies
- ▶ Scanned images
- ▶ Photographic images
- ▶ Digital images

Precise Mortgages retains the right to request original documentation when considered appropriate.

Submission requirements

Standard declaration	Yes, signed and dated
Proof of income	Yes
Bank statements	Yes
Proof of deposit (savings/other)	Underwriter discretion.
Gifted Deposit Form	Yes, where gift is over £50,000. A Gifted Deposit Form is available on our website.
Asset and liabilities form	No
Rent conduct	Council or local authority tenant only.
Identification	If applicant fails electronic identification check.
Proof of address	Where applicant has not been on the electoral register in the last 12 months.
Mortgage conduct	Only if conduct is not on the credit search.
UK Finance disclosure of incentives form	Required for new build.
Anticipated exchange and completion dates	Required for new build.
Repayment Vehicle	Where the applicant has selected an Interest Only or Part and Part repayment method, evidence of the repayment vehicle will be required. Please see page 9 for further guidance on repayment vehicles.

You must provide this information when submitting the application. You must notify the applicant(s) of these requirements and that they need to provide correct and complete information. Our ability to make a full assessment and proceed with an application may be affected if we do not receive all required information.

Please note that further documents can be requested at the discretion of our underwriters if required to approve the mortgage. Where additional documentation is required, our underwriters will communicate these requirements to you and the associated time scale for their submission.

Please refer to our handy [Document Submission Form](#) for further details.

Documentation guidelines

If original documents are not available we will accept copies subject to the documents being fully legible and the underwriter having no concerns in respect of authenticity. Please see page 21 for full details.

Standard declaration	Must have both pages uploaded and be signed and dated.
Proof of income - employed	<ul style="list-style-type: none"> ▶ Most recent 3 months' payslips and P60. ▶ If weekly – 12 weeks required. ▶ If employed by a family member – letter from the company's accountant addressed to Precise detailing the applicant's job title, role, salary, and length of time with the company. ▶ Fixed term contract – a copy of contract (if less than 6 months to run, evidence of contract extension is required.) ▶ Zero hour contracts - payslips covering the last 6 months and the latest P60 (this will only be considered for secondary applicant).
Proof of income - self-employed	<p>Latest 1 or 2 years' HMRC tax calculation PLUS corresponding tax year overview OR latest 1 or 2 years' accounts (please see the self-employed information on page 6 of this criteria guide).</p> <p>We only accept accounts prepared by accountants with the following qualifications: ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA.</p>
Proof of income/other income	<ul style="list-style-type: none"> ▶ Tax credits - All pages of award letter and age(s) of children. ▶ Pension - Confirmation from pension provider. ▶ Second job - 3 months' payslips and P60. ▶ Maintenance - Court order and 3 months' bank statements. ▶ Rental income - HMRC tax calculation and tax year overview OR 3 months' bank statements/AST.
Bank statements	<ul style="list-style-type: none"> ▶ Latest 3 months' required. ▶ Must show - Salary/self-employed income, household utilities, daily expenditure, current mortgage or rent payments. ▶ Statements always required for the account nominated for Precise Mortgages' Direct Debit.
Rent/mortgage conduct	Proof of latest 12 months' payments via bank statements OR rent reference/mortgage statement.
Gifted deposit	For gifts over £50,000, a Gifted Deposit Form is available on our website.
Proof of deposit (savings/other)	<ul style="list-style-type: none"> ▶ Regular savings - 3 months' bank statements to evidence build up of funds. ▶ Lump sum - Latest statement plus evidence of the originating source. ▶ Forces Help to Buy - Personal information note.
Identification	<ul style="list-style-type: none"> ▶ Refer to Anti-money laundering guidelines available at precisemortgages.co.uk for certification requirements and acceptable documents. ▶ Confirmation face to face identification has taken place. Where not face to face, 2 forms of identification are required from Group A/B.
Proof of address	▶ Bank statement/utility bill/council tax bill/mortgage statement (see list C on Anti-money laundering guidelines).
UK Finance disclosure of incentives form	To confirm full details of all incentives being received.
Let to buy	▶ Residential purchase - Either consent to let from existing lender OR a mortgage offer on a buy to let basis.
DMP	<p>For active DMPs a DMP reference from the provider is required to include:</p> <ul style="list-style-type: none"> ▶ Date of agreement. ▶ Amount outstanding. ▶ Details of all creditors including lender, account number, payment and balance. ▶ Confirmation that the last 12 months' payments have been made on time. <p>For DMP satisfied within the last 36 months.</p> <ul style="list-style-type: none"> ▶ Confirmation from the DMP provider of the date of satisfaction and that the DMP was repaid in full.

<p>Repayment Vehicle</p>	<ul style="list-style-type: none"> ▶ Sale of the subject property: RICS valuation carried out as part of application process ▶ Sales of additional property: full property details including address, property type, number of bedrooms, estimated value and outstanding mortgage balance ▶ Savings/investments: most recent account statement or share certificate (detailing the number of shares held) dated within the last 3 months ▶ Pension - most recent annual statement which confirms the current fund value at the time of application.
<p>Help to Buy</p>	<ul style="list-style-type: none"> ▶ £ for £ remortgage - one of the following: a copy of the original Authority to proceed (ATP), Equity Loan annual statement or Bank statements showing the current Help to Buy Equity Loan interest fee payment. ▶ Staircasing remortgage - a copy of the original Authority to Proceed (or documents confirming the original Help to Buy Equity Loan amount) and for London and Wales cases only Redemption letter issued by the Help to Buy agent.

Get in touch with our intermediary support team

 0800 116 4385 9am to 6pm, Mon to Fri

 0800 131 3180

  Follow us

 enquiries@precisemortgages.co.uk

 precisemortgages.co.uk

We can provide literature in large print, Braille and audio tape. Please ask us for this leaflet in an alternative format if you need it.

Precise Mortgages is a trading name of Charter Court Financial Services Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register Firm Reference Number 494549). Registered in England and Wales with company number 06749498. Registered office: 2 Charter Court, Broadlands, Wolverhampton WV10 6TD.