

# Criteria guide

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## Residential Mortgages

### Important Update

In the current climate we have been working hard to continue to offer your customers a range of specialist lending solutions. We are reviewing our position on a regular basis and we would therefore recommend that you review our current product guides in conjunction with our criteria guides to see how best we can help your customer.

For our latest updates please [click here](#).

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# Applicant criteria

Applicant profile	
Minimum age	21
Maximum age	<ul style="list-style-type: none"><li>▶ 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.</li><li>▶ Maximum age of 85 for non-contributory applicants.</li></ul>
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	
Defaults	0 in last 24 months.
CCJs	0 in last 24 months.
DMPs	0 in 6 years.
Mortgage/secured loan arrears	0 in last 12 months, 1 in 36 months (worst status).
IVA and bankruptcy	Must have been discharged for 6 years.
Repossessions	Are not accepted.

The table above shows temporary changes to our maximum allowable adverse criteria.

Individual products may have different restrictions, please see the relevant product guide for further details.

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.

## 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).

## Furlough payments, bounce back loans and CBILS

- ▶ Furlough income is not acceptable as an income source
- ▶ Self Employed Income Support Scheme (SEISS) is not acceptable as an income source
- ▶ Bounce back loans and Coronavirus business interruption loans aren't acceptable as a source of deposit.

**Please note** there may be additional underwriting requirements. If you have any queries related to your application, please contact your Business Development Manager.

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

\*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.

## Maximum LTV

Individual products may have further loan restrictions, please see the relevant product guide for further details.

- ▶ 85% - up to £500,000.
  - ▶ 80% - up to £750,000.
  - ▶ 70% - up to £1,000,000.
  - ▶ 60% - up to £1,000,000.
- 
- ▶ 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:** £1,000,000.

## 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 offer validity

New build offers are valid for 6 months from the date of 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.
- ▶ Latest month's payslip (employed) OR latest month's bank statement (self-employed) for each applicant.
- ▶ 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% (product restrictions may apply).
- ▶ 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 Help to Buy or 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 Help 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.

## 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 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.
- ▶ Latest month's payslip (employed) OR latest month's bank statement (self-employed) for each applicant.
- ▶ 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).

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

\* 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 below 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.

We accept applications on the new Help to Buy England equity loan scheme 2021-2023, see page 13 for further details.

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](mailto: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](http://www.myfirsthome.org.uk)

For Wales - [www.gov.wales/help-buy-wales/repaying-shared-equity-loan](http://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](mailto: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](http://www.myfirsthome.org.uk)

For Wales - [www.gov.wales/help-buy-wales/repaying-shared-equity-loan](http://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% (product restrictions may apply)
- ▶ **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](http://www.gov.scot/publications/sale-shared-equity-procedures).

## Help to Buy England – equity loan scheme 2021-2023

We accept applications on the new Help to Buy equity loan scheme 2021-2023. The scheme is available to first time buyers only wanting to purchase a new build property.

- ▶ Eligible first time buyers can borrow an equity loan of up to 20% (40% in London) of the purchase cost of a new build home
- ▶ 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 5 years in addition to the repayments on the mortgage the customer takes with Precise Mortgages
- ▶ Each region has a maximum purchase price as detailed below:

Region	Price cap for Help to Buy homes April 2021 to March 2023
North East	£186,100
North West	£224,400
Yorkshire and The Humber	£228,100
East Midlands	£261,900
West Midlands	£255,600
East of England	£407,400
London	£600,000
South East	£437,600
South West	£349,000

Eligibility for the scheme is determined by Homes England and all enquiries should be submitted to them in the first instance. When eligibility has been agreed by Homes England and an Authority to Proceed (ATP) issued, an application can be submitted to Precise Mortgages.

For full details of the Help to Buy scheme visit <https://www.helptobuy.gov.uk/>.

**Please note:**

- ▶ We have product codes specifically for the Help to Buy England 2021-2023 scheme. All other Help to Buy applications - Wales, Scotland and the outgoing Help to Buy England scheme – use a separate set of product codes. It is important that you check the product code on your application to ensure it is submitted on the right scheme.
- ▶ Unfortunately applicants are not able to switch between Help to Buy schemes. If your customer wishes to change scheme, any application in progress will need to be canceled and a new application made to both Precise Mortgages and Homes England.

## 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 30m<sup>2</sup>.
- ▶ 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 30m<sup>2</sup>.
- ▶ 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 (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](http://www.istructe.org.uk))
- ▶ The Institution of Civil Engineers ([www.ice.org.uk](http://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.

## Cladding

Where the valuation is returned with noted uncertainty regarding the building's cladding or external wall system an EWS1 certificate with supporting covering letter from the certificate provider will be requested for review by our Real Estate team. The Real Estate team may need to speak with the EWS1 certificate provider as part of their validation process.

## 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, subject to a Finder's Fee or has been owned by the vendor for less than 6 months.
- ▶ 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.
  - More than one kitchen.

## 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](https://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 and dated within the last 3 months by an independent professional; e.g. Broker (if FCA regulated), Solicitor, Accountant etc. and not by an applicant, guarantor or close relative.
- ▶ Where an applicant has been seen on a *face to face* basis:
  - all submitted documents **must** be certified as follows '**I certify this is a true copy of the original**'.
  - if the document contains a photograph it must also be certified as '**a true likeness of the applicant**'.
- ▶ Where an applicant has been seen on a *non-face to face* basis:
  - all submitted documents **must** be certified as follows '**I certify this is a true copy of the original**'.
- ▶ 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:

- ▶ Amiqus
- ▶ CallCredit / TransUnion
- ▶ Credas
- ▶ Experian
- ▶ Equifax
- ▶ GBGroup
- ▶ LexisNexis
- ▶ Onfido
- ▶ TrustID
- ▶ Yoti

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

<b>Standard declaration</b>	Yes, signed and dated
<b>Direct debit mandate</b>	Yes
<b>Proof of income</b>	Yes
<b>Bank statements</b>	Yes
<b>Proof of deposit (savings/other)</b>	Underwriter discretion.
<b>Gifted Deposit Form</b>	Yes, where gift is over £50,000. A Gifted Deposit Form is available on our website.
<b>Asset and liabilities form</b>	No
<b>Identification</b>	If applicant fails electronic identification check.
<b>Proof of address</b>	Where applicant has not been on the electoral register in the last 12 months.
<b>Mortgage conduct</b>	Only if conduct is not on the credit search.
<b>UK Finance disclosure of incentives form</b>	Required for new build.
<b>Anticipated exchange and completion dates</b>	Required for new build.
<b>Repayment Vehicle</b>	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 8 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.

<b>Standard declaration</b>	Must have both pages uploaded and be signed and dated.
<b>Proof of income - employed</b>	<ul style="list-style-type: none"> <li>▶ Most recent 3 months' payslips and P60.</li> <li>▶ If weekly – 12 weeks required.</li> <li>▶ 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.</li> <li>▶ Fixed term contract – a copy of contract (if less than 6 months to run, evidence of contract extension is required.)</li> <li>▶ Zero hour contracts - payslips covering the last 6 months and the latest P60 (this will only be considered for secondary applicant).</li> </ul>
<b>Proof of income - self-employed</b>	<p>Latest 1 or 2 years' HMRC tax calculation PLUS corresponding tax year overview  <b>OR</b> latest 1 or 2 years' accounts.</p> <p>We only accept accounts prepared by accountants with the following qualifications:            ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA.</p>
<b>Proof of income/other income</b>	<ul style="list-style-type: none"> <li>▶ Tax credits - All pages of award letter and age(s) of children.</li> <li>▶ Pension - Confirmation from pension provider.</li> <li>▶ Second job - 3 months' payslips and P60.</li> <li>▶ Maintenance - Court order and 3 months' bank statements.</li> <li>▶ Rental income - HMRC tax calculation and tax year overview OR 3 months' bank statements/AST.</li> </ul>
<b>Bank statements</b>	<ul style="list-style-type: none"> <li>▶ Latest 3 months' required.</li> <li>▶ Must show - Salary/self-employed income, household utilities, daily expenditure, current mortgage or rent payments.</li> <li>▶ Statements always required for the account nominated for Precise Mortgages' Direct Debit.</li> </ul>
<b>Mortgage conduct</b>	Proof of latest 12 months' payments via bank statements OR mortgage statement.
<b>Gifted deposit</b>	For gifts over £50,000, a Gifted Deposit Form is available on our website.
<b>Proof of deposit (savings/other)</b>	<ul style="list-style-type: none"> <li>▶ Regular savings - 3 months' bank statements to evidence build up of funds.</li> <li>▶ Lump sum - Latest statement plus evidence of the originating source.</li> <li>▶ Forces Help to Buy - Personal information note.</li> </ul>
<b>Identification</b>	<ul style="list-style-type: none"> <li>▶ Refer to Anti-money laundering guidelines available at <a href="http://precisemortgages.co.uk">precisemortgages.co.uk</a> for certification requirements and acceptable documents.</li> <li>▶ Confirmation face to face identification has taken place. Where not face to face, 2 forms of identification are required from Group A/B.</li> </ul>
<b>Proof of address</b>	▶ Bank statement/utility bill/council tax bill/mortgage statement (see list C on Anti-money laundering guidelines).
<b>UK Finance disclosure of incentives form</b>	To confirm full details of all incentives being received.
<b>Let to buy</b>	▶ Residential purchase - Either consent to let from existing lender OR a mortgage offer on a buy to let basis.
<b>Repayment Vehicle</b>	<ul style="list-style-type: none"> <li>▶ Sale of the subject property: RICS valuation carried out as part of application process</li> <li>▶ Sales of additional property: full property details including address, property type, number of bedrooms, estimated value and outstanding mortgage balance</li> <li>▶ Savings/investments: most recent account statement or share certificate (detailing the number of shares held) dated within the last 3 months</li> <li>▶ Pension - most recent annual statement which confirms the current fund value at the time of application.</li> </ul>

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](mailto:enquiries@precisemortgages.co.uk)

 [precisemortgages.co.uk](http://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.**

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