

# Criteria guide


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## Residential Second Charge Loans - available direct through Precise Mortgages

**Important information:** Please ensure that this information is read in conjunction with the relevant product guide.

### Key points

- ▶ Second Charge Loans for any purpose
- ▶ No assessment fee when submitting a case direct to us
- ▶ AVMs used where possible to reduce costs and speed up valuations
- ▶ Large loan product range available
- ▶ Applications can be submitted directly or via our Master Broker panel

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Monday - Friday, 9am - 6pm

 [precisemortgages.co.uk](https://www.precisemortgages.co.uk)

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# Applicant criteria

At a glance

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Maximum mortgage arrears in last 12 months

2

Maximum number of defaults in last 12 months

1

Maximum number of CCJs in last 12 months

Applicant profile	
Minimum age	25
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 at the end of the loan term.</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 or are co-habiting should be in joint names.
Allowable adverse - please refer to the relevant product guide for further details	
Defaults	0 in 3 months; 2 in 12 months (maximum total value of £5,000)
CCJs	0 in 3 months; 1 in 12 months (maximum total value of £3,000)
Mortgage arrears	0 in 3 months; 1 in 12 months (worst status)
IVA and bankruptcy	Are not accepted in the last 6 years.
Repossessions	Are not accepted.
Debt management plans	Acceptable if active for over 12 months and no payments have been missed.

Please be aware that further restrictions may apply depending on the product chosen.

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	Applicants with diplomatic immunity from UK law will not be accepted.

**£15,000**

Minimum income for main applicant

**12**

Months minimum trading period

**12**

Months 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.
- ▶ Applicants must be in permanent employment that is not subject to a current probationary period.
- ▶ Applicants on a fixed term contract basis are acceptable.
- ▶ Agency workers not acceptable.
- ▶ Zero hour contracts will only be considered when the secondary applicant (i.e. not the main income earner) is employed on this basis.

### Annual income may comprise of:

Income type	Proportion allowable in calculation
Basic salary	100%
Shift allowance	100%
Large town allowance	100%
Childcare payments	100%
Mortgage subsidy	100%
Car allowance	100%
Overtime/bonus/commission	50% (if regular/guaranteed)

## 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.

### Acceptable income:

- ▶ For sole traders - net profit, private pension payments where declared on their SA302 or tax calculation.
- ▶ 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 SA302s and HMRC Tax Year Overviews or Tax Calculations and HMRC Tax Year Overviews or accounts (we only accept accounts prepared by accountants with the following qualifications: ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA.).
- ▶ We may request 2 years' accounting information on certain cases. The underwriter will advise of this requirement at the earliest opportunity.

Once the underwriter has assessed the Decision in Principle, they will advise you of specific documentation requirements.

# Income criteria cont.

## Retired

- ▶ Personal/occupational pension income can be considered as the sole source of income subject to a full review of the application.
- ▶ State pension is not accepted as a sole source of income but may be considered as an additional income.

## Additional income

The following income sources are acceptable, 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></ul>
Pension income	100%	<ul style="list-style-type: none"><li>▶ Confirmed personal, occupational, disability or state pension can be included.</li></ul>
Rental income	100%	<ul style="list-style-type: none"><li>▶ If this is the sole source of income this must be validated in accordance with self-employed guidelines.</li><li>▶ If this is an additional income this will need to be validated by way of bank statements/tenancy agreements. This will be subject to underwriter review.</li></ul>
Maintenance	50%	<ul style="list-style-type: none"><li>▶ Must be via a court or CSA 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>

## Unacceptable income sources

- ▶ Any state benefits including Child Benefit and Housing Benefit.
- ▶ Any child maintenance that is not court or CSA ordered.
- ▶ Investment income.

85%

Maximum  
LTV

35

Years maximum  
term

£10,000

Minimum loan  
amount

## Maximum LTV

- ▶ 85% up to £100,000
- ▶ 80% up to £250,000
- ▶ 75% up to £500,000

Loans greater than £500,000 may be available on referral.

## Loan term

**Minimum:** 3 years

**Maximum:** 35 years

## Loan size

**Minimum:** £10,000

**Maximum:** £500,000 (larger loans can be considered on referral).

## Ownership

Applicants must have owned the property for a minimum of 6 months.

## Service levels

Residential mortgage applications must be on an advised basis.

## Repayment method

Capital and interest.

## Offer validity

3 months from valuation.

## 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/purchase price

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

## Allowable locations

Mainland England and Wales.

## Retentions

Are not accepted.

## Tenure

- ▶ Freehold - Not acceptable for flats/maisonettes.
- ▶ 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 - Not acceptable.

## Flats/maisonettes/apartments

- ▶ Must be self-contained with private facilities.
- ▶ 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 masionettes may be considered on an individual basis.
- ▶ Studio flats are not accepted.

## 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 | ▶ Crest Nicholson |
| ▶ Bellway              | ▶ Galliford Try   |
| ▶ Berkeley             | ▶ Persimmon       |
| ▶ Bloor Homes          | ▶ Redrow          |
| ▶ Bovis Homes          | ▶ Taylor Wimpey   |
| ▶ CALA Homes           |                   |

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

Please refer to UK Finance Mortgage Lenders' handbook for further information:  
<http://www.cml.org.uk/lenders-handbook/englandandwales/question-list/1913/>



## Unacceptable property types

If the construction of the property is non traditional please contact us for acceptability.

### Commercial:

- ▶ Property where commercial usage exceeds 20%. The commercial element should not extend to light engineering, manufacturing, livestock, rearing or caring for domestic animals. Home office usage is acceptable however, such use should not include circumstances where clients are seen on the premises on a regular basis (e.g. dental surgery would not be acceptable).
- ▶ Live/works units.

### 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.
- ▶ Mobile homes and houseboats.
- ▶ Properties constructed with high-alumina cement, timber framed property with no brick skin or 100% steel or timber framed property.
- ▶ Properties without a solid brick/stone wall.
- ▶ 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).

## Unacceptable property criteria

### 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. Right to Buy, Shared Ownership, Key Worker etc.).
- ▶ 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).
- ▶ We are unable to lend where the property has been purchased from a company that the applicant has an interest in.

## 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.

## 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.

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

# Valuation fee scale

## Valuation fee scale

We will look to use a desktop valuation in all cases. If we are unable to use a desktop valuation we will need to do a physical valuation and the corresponding fee will be payable.

Valuation up to	Valuation fee	Valuation up to	Valuation fee
£50,000	£220	£500,000	£350
£100,000		£600,000	£490
£150,000		£700,000	£600
£200,000		£800,000	£700
£250,000	£250	£900,000	£775
£300,000		£1,000,000	£850
£350,000	£275	£1,000,000 +	Please contact our support team
£400,000	£280		

The valuation fee is refundable if the valuation is not carried out.

# Fees

## Fees that may be added to the loan

Product fee and telegraphic transfer fee up to 88% LTV (any fees added will not be incorporated into LTV calculation, but will be included in our affordability calculation).

## 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).

## 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.

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

Application submission form	<input checked="" type="checkbox"/> Yes
Application form	<input checked="" type="checkbox"/> Yes
Direct debit mandate	<input checked="" type="checkbox"/> Yes
Debt consolidation form	<input checked="" type="checkbox"/> Yes, if applicable.
Authority to 1st Mortgage	<input checked="" type="checkbox"/> Yes
Authority to release information	<input checked="" type="checkbox"/> Yes, if applicable.
Standard declaration	<input checked="" type="checkbox"/> Yes
Proof of income	<input checked="" type="checkbox"/> Yes
Bank statements	<input checked="" type="checkbox"/> Yes
Asset and liabilities form	<input checked="" type="checkbox"/> No
Identification	If applicant fails electronic identification check.
Proof of address	Where the applicant has not been on the electoral register for the 12 months prior to the application.

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. We will not be able to proceed with the mortgage application if they do not and as a result we are unable to assess affordability.

Please note that further documents can be requested at the discretion of our underwriters if required to approve the mortgage. Where information/additional documentation is required, our underwriters will communicate these requirements to you and the associated time scale for their submission. Our approach to suitability of lending will take in to account Responsible Lending and financial ability considerations.

# Document requirements

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 11 for full details.

<b>Standard declaration</b>	Must be signed and dated.
<b>Proof of income - employed</b>	<ul style="list-style-type: none"> <li>▶ Most recent 2 months' payslips and P60 if applicable.</li> <li>▶ If weekly – 3 weeks required.</li> <li>▶ If employed by a family member – Letter from accountant to support.</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' accounts (please see the self-employed information on page 5 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> <p><b>OR</b> latest 1 or 2 years' SA302/Tax Calculation PLUS corresponding tax year overview.</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 or CSA order and 3 months' bank statements.</li> <li>▶ Rental income - Latest months bank statement plus either an SA302/Tax Calculation and tax year overview <b>OR</b> AST.</li> </ul>
<b>Bank statements</b>	<ul style="list-style-type: none"> <li>▶ Latest 2 months bank statements required on all applications.</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>Identification</b>	<ul style="list-style-type: none"> <li>▶ Refer to our 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, or 1 item from Group A/B and 1 from Group C.</li> </ul>
<b>Proof of address</b>	<ul style="list-style-type: none"> <li>▶ Bank statement.</li> <li>▶ Utility bill.</li> <li>▶ Council tax bill.</li> <li>▶ Mortgage statement (see list C on Anti-money laundering guidelines).</li> </ul>

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