

Bridging Finance

Criteria guide

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](#).

Section	Page number
Bridging definitions	4
Applicant criteria	5
Applicant profile	5
Nationality and residency	5
Loan criteria	5
Loan term	5
Loan amount	5
Loan security	5
Maximum LTV/LTP	5
Limited company criteria	5
HMO criteria	5
Definition	5
Applicant profile	5
Minimum valuation	5
Maximum number of bedrooms	5
Licensing requirements	5
Multi-Unit	6
Definition	6
Applicant profile	6
Loan	6
Property	6
Refurbishment Buy to Let	7
Process	7
Criteria highlights	7
Example of what we can assist with	7

Property criteria	8
Property value	8
Location	8
Tenure	8
Flats/maisonettes	8
Social housing	8
Modern Methods of Construction (MMC)	8
New Build Properties	8
Unacceptable property types	9
Restrictive covenants	9
Structural reports	10
Specialist reports	10
Valuation	10
Legal fees	11
Other fees	11
Validation requirements	12
Submission requirements	13
Contact us	13

Standard Bridging	Examples of what we can assist with:
<p>Where short term finance is required and is secured on a property in a habitable condition and does not require any improvement works.</p>	<ul style="list-style-type: none"> ▶ Buying property at auction. ▶ Cash flow - funding for short term requirements. ▶ Chain-break finance. ▶ Meeting tight transaction deadlines. ▶ Landlords who want to make a quick purchase.
Light Refurbishment	
<p>This is suitable for properties where:</p> <ul style="list-style-type: none"> ▶ Building regulations are required. ▶ There is no change to the overall use/nature of the premises. 	<ul style="list-style-type: none"> ▶ Properties deemed uninhabitable by long term lenders. ▶ Internal refurbishment (i.e. new kitchen, bathroom, redecoration).
Refurbishment Buy to Let	
<p>Suitable for properties where light refurbishment is required prior to the property being let. Bridging finance is secured to complete works with the surety of an exit onto a Buy to Let Mortgage (providing there are no changes and the property meets the expected valuation following refurbishment).</p>	<ul style="list-style-type: none"> ▶ Properties requiring works to meet minimum EPC ratings. ▶ Properties purchased at auction requiring works to be acceptable for mortgage purposes. ▶ Landlords choosing to refurbish in order to maximise rental yield. ▶ Properties bought under value.

Applicant criteria

Applicant profile	
Minimum age	25
Maximum age	<ul style="list-style-type: none">▶ 75 at the end of term for Regulated Bridging Finance.▶ 85 at the end of the term for Non-Regulated Bridging Finance. We can consider lending outside of these limits subject to underwriter review, please contact us for further details.
Maximum no of applicants	4
Nationality and residency	
Residential status	All UK and EEA nationals are acceptable providing they have a 3 year UK residential history.
Non EEA Nationals	Are considered subject to satisfactory status being established.
Diplomatic immunity	Applicants with diplomatic immunity from UK law will not be accepted.

Loan criteria

Loan term
<ul style="list-style-type: none">▶ 12 months for Regulated Bridging Finance▶ 18 months for Non-Regulated Bridging Finance▶ 6 months maximum for Refurbishment Buy to Let
Loan amount
Minimum: £50,000 (net)
Maximum: £1,000,000 (gross including fees and retained interest)
Loan security
First charge only.
Regulated Mortgage Contracts
We will only accept advised sales on a retained interest basis.
Maximum LTV
65% LTV

Business applicants

- ▶ Available for Non-Regulated Bridging Finance.
- ▶ Registered limited companies including those set up with the specific purpose of buying property (SPVs) are accepted.
- ▶ Businesses must have a UK registered office address and must operate entirely within the UK.
- ▶ Maximum 4 qualifying directors/shareholders none of which may be another limited company.
- ▶ In all applications, personal guarantees will be required for all directors and shareholders over the ages of 25, subject to the company having a maximum of 4 qualifying directors and shareholders. There is no limit on the number of shareholders under the age of 25 subject to the shareholders being dependants of the directors.

HMO criteria

Definition

The definition of a HMO is as follows:

- ▶ In England and Wales where there are at least 3 tenants who form more than one household and the tenants share toilet, bathroom or kitchen facilities.
- ▶ In Scotland where there are at least 3 unrelated tenants forming 3 or more households and the tenants share toilet, bathroom or kitchen facilities.

Applicant profile

- ▶ Available to experienced landlords only; no first time landlords.
- ▶ Available to individual and limited company applicants.
- ▶ Available for Non-Regulated Bridging Finance.

Minimum valuation

- ▶ £250,000 in London.
- ▶ £100,000 for all other allowable locations.

Maximum number of bedrooms

The number of bedrooms is limited to a maximum of:

- ▶ 6

Licensing requirements

Where applicable, an application for any HMO Licence required by the Local Authority must have been made prior to completion.

Definition

A Multi-Unit property is a single structure that contains separate self-contained units or flats that are held on a single freehold title. Each unit must be completely self-contained and meet our property criteria in its own right- including minimum valuation and ICR calculations.

Applicant profile

- ▶ Experienced landlords only.
- ▶ Available for Personal ownership and Limited Company applications.
- ▶ Available for Non-Regulated Bridging Finance.

Loan

- ▶ Maximum loan amount - £1,000,000.
- ▶ The loan and rental calculations will be based on an aggregate of the individual unit values and rental values provided on the valuation report. If the valuation or purchase price is lower than the aggregated values, our lending will be based on the lower figure.

Property

- ▶ Minimum valuation - £150,000 in London and £100,000 elsewhere (applies to each unit).
- ▶ Maximum of 6 units within a single block, each unit must have a separate tenancy agreement.
- ▶ New build properties and properties defined as an HMO are not acceptable.
- ▶ The property must be entirely on a freehold title, any property with separate leases will not be accepted.
- ▶ Each unit must have a minimum floor area of 30m².
- ▶ Multiple houses held on one freehold are not acceptable.
- ▶ Holiday Lets are not acceptable.
- ▶ Any adverse planning restrictions that could prevent the creation of leases are not acceptable.
- ▶ Available for properties in England and Wales.

Please note: AVMs are not permitted for Multi-Unit properties.

Refurbishment Buy to Let



Our Refurbishment Buy to Let product allows your customer to take advantage of the flexibility of Bridging Finance with the surety of an exit onto a Buy to Let Mortgage once the property has been refurbished (providing there is no change in circumstances and the property meets the expected valuation following refurbishment).

We are only able to consider properties requiring light refurbishment and each element of the loan should meet the relevant standard criteria. Customers must be confident they can complete any refurbishment work within the Buy to Let offer validity period (6 months from initial valuation).

Process

- ▶ One application submitted to us, which we will key for you.
- ▶ One expert underwriter will provide support throughout the whole case.
- ▶ One valuer will assess the property (where possible).
- ▶ One conveyancer can act on the application.
- ▶ Two offers will be issued - one for the Bridging Finance and one for the Buy to Let Mortgage (the Bridging offer will be valid for 3 months and the Buy to Let Mortgage offer for 6 months from the date of the initial valuation). The Buy to Let Mortgage product chosen will remain available whilst the Buy to Let Mortgage offer is valid, allowing customers the security of knowing what their monthly repayments will be once the refurbishment is complete.

Criteria Highlights

	Bridging Finance	Buy to Let Mortgages
Maximum LTV	Up to 65% LTV	Up to 75% LTV
Loan amount	Minimum: £50,000 Maximum: £1,000,000	Minimum: £40,001 Maximum: £3m (£1m HMO)
Minimum property value	£100,000 HMOs: £100,000 (£250,000 in London)	£50,000 (£150,000 in London) HMOs: £100,000 (£250,000 in London)

Examples of what we can assist with

- ▶ Properties needing works to meet the minimum EPC rating, such as boiler replacement.
- ▶ Properties purchased at auction that require light refurbishment to be acceptable for mortgage purposes.
- ▶ Landlords choosing to refurbish in order to maximise the rental yield of their property.
- ▶ Properties bought under value.

See our [Refurbishment Buy to Let Guide](#) for further details.

Properties where the proposed works require Permitted Development Rights (PDR) or would be classed as heavy refurbishment are not currently accepted.

Property criteria

Property value

Minimum - £100,000

Location

Mainland England, Wales and selected postcodes in Scotland. The list below shows the Scottish postcodes we accept:

Region	Postcodes
Tayside	DD - All
Lothian	EH - All
Stirlingshire	FK - FK1 to FK16
Glasgow	G - All
Ayrshire	KA - All mainland
Fife	KY - All
Lanarkshire	ML - All
Renfrewshire & Argyll	PA - PA1 to PA19

Tenure

- ▶ Freehold.
- ▶ 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.

Flats/maisonettes

- ▶ Must be self-contained with private facilities.
- ▶ Must have direct access to the highway via covered common parts.
- ▶ Maximum of 20 storeys.

Social housing

We are unable to consider any property being purchased under any social housing schemes (e.g. Right to Buy, 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.

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 | ▶ Checkmate (Castle 10) | ▶ Professional Consultants Certificate (previously an Architect's Certificate). |
| ▶ Aedis Warranties Ltd | ▶ Premier Guarantee Scheme | The issuing architect should have minimum professional indemnity insurance equivalent to the greater of £500,000 or the property value. |
| ▶ Build Assure | ▶ International Construction Warranties (ICW) | |
| ▶ Building Life Plans | ▶ LABC | ▶ Protek |
| ▶ Buildzone | ▶ N.H.B.C. Guarantee | ▶ The Q Policy |
| | | ▶ Zurich Municipal "New build" |

UPDATED - Unacceptable property types

- ▶ Holiday Lets
- ▶ If the construction is non traditional contact us for acceptability.
- ▶ Live/work units or any property where commercial usage exceeds 20% will not be accepted.
- ▶ Any property affected by Japanese Knotweed.
- ▶ 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.
- ▶ Properties affected by overriding interest.
- ▶ Property where saleability may be adversely affected by local planning or by an unsatisfactory mining search.
- ▶ 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).

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).

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.

Structural reports

We may require a structural report. 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(s).

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

On some occasions we may require a specialist's report for the property, these most commonly comprise of:

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

We will contact you if any of these reports are required. Any specialist report should be prepared by a reputable firm.

Valuation

Precise Mortgages will instruct the valuation in all instances.

We will aim to use a desktop valuation (AVM) for Standard Bridging Finance where possible, providing:

- ▶ The purchase price/property value does not exceed £750,000.
- ▶ The loan has a gross LTV of 50% or below. When multiple properties are used as security, an AVM can be used for each property where the overall LTV is 50% or below.
- ▶ The AVM achieves an acceptable confidence level as determined by Rightmove.

We will notify you at DIP stage if your application qualifies for an AVM. If an AVM cannot be used a physical valuation will be required.

AVMs are not available for the following property types:

- ▶ HMOs
- ▶ Multi-Units
- ▶ New build property or recently converted (built / converted in last 24 months)
- ▶ Properties that have never been occupied
- ▶ Flats
- ▶ Properties with significant land (more than 2 acres)
- ▶ Listed buildings
- ▶ Modern Methods of Construction
- ▶ Short leases (less than 85 years)
- ▶ Properties adjacent to or above commercial premises
- ▶ Properties subject to renovation/refurbishment

Legal fees

The borrower will be responsible for paying all the conveyancers fees, costs and disbursements. This includes the fees of the conveyancer acting for us in connection with the bridging finance if the borrower chooses to instruct a separate firm to act for them.

The borrower should obtain a detailed quotation from the conveyancing firm.

For further information please visit our website at www.precisemortgages.co.uk/Bridging/Conveyancer

Whenever we require that a borrower, occupier or guarantor receives independent legal advice then they will need to pay the legal fees and disbursements of the conveyancer providing that legal advice.

Valuation fees

Purchase price or estimated value (up to)	Standard Bridging (AVM)	Standard and light refurbishment	Houses in multiple occupation (HMO)
£100,000	£99	£265	£500
£150,000	£99	£300	£500
£200,000	£99	£335	£515
£300,000	£99	£360	£585
£400,000	£99	£385	£645
£500,000	£99	£430	£705
£600,000	£99	£480	£770
£700,000	£99	£530	£830
£800,000	N/A	£585	£940
£900,000	N/A	£640	£1,015
£1,000,000	N/A	£735	£1,085
£1,000,000 plus	N/A	Contact us	Contact us

Please note: Where more than 1 property is used as security for the loan we require each property to be valued. The charge for each valuation will be as per the table above. Once a valuation has been carried out the valuation fee is non-refundable. In all instances the valuation will be carried out on behalf of Precise Mortgages. All of the above valuation scale fees are inclusive of VAT (where applicable).

Other fees

Telegraphic transfer fee: £25

Assessment fee: £295

Redemption administration fee: £114

Facility fee: Refer to product guide

Please note: Some of these fees maybe added to the loan subject to the maximum LTV limits applying to the product selected. In addition loan specific fees maybe added on a case by case basis. Valuation and legal fees cannot be added to the loan. The assessment fee is non-refundable.

Validation requirements

The below table provides a summary of the validation requirements which are based on the customer's intended exit strategy.

	Residential refinance	Buy to let refinance	Sale
Proof of income	Required	Not required	Not required
Bank statements	Required	Not required	Not required
Mortgage conduct	Required	Required	Required
Assets and liabilities	Required	Required	Required

Important information: Where a loan has one or more of the characteristics detailed in the table below, the following validation requirements apply.

	Monthly payments requested	Adverse credit and refinance exit	Loans above £1million	LTVs above 65%
Proof of income	Required	Required	Required	Not required
Bank statements	Required	Required	Required	Required
Mortgage conduct	Required	Required	Required	Required
Assets and liabilities	Required	Required	Required	Required

Please note, our underwriters reserve the right to ask for additional validation documentation at their discretion.

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

Submitting a case



We will notify you of our requirements following case assessments. However, the table below details our standard requirements:

Mortgage conduct	Proof of the most recent 12 months' mortgage payments is required for all current mortgages.
Self-employment	<ul style="list-style-type: none">▶ The existing business must have been trading for a minimum of 3 years and the latest 2 years' accounting information should be provided.▶ We accept a tax calculation, with a tax year overview from HMRC, in lieu of accounts (SA302s are acceptable for previous years).▶ We only accept accounts prepared by accountants with the following qualifications: ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA.
Company directors	Where a company director owns 25% or more of the company shares they must be treated as self-employed.
Employment	<ul style="list-style-type: none">▶ A minimum of 6 months in current employment and 12 months continuous employment history is required for all employed applicants.▶ Income for employed applicants must be verified by means of the last 3 months' payslips and most recent P60.▶ Where guaranteed or regular bonuses form a substantial part of an applicant's total income, please provide sufficient evidence to confirm that this is the case.▶ For regular annual bonuses, a 2 year track record should be provided.
Assets and liability statements	Statement should be signed by applicant/guarantor or their accountant.

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

Get in touch with our intermediary support team

 0800 116 4385 9am to 6pm, Mon to Fri
 enquiries@precisemortgages.co.uk

 0800 131 3180
 precisemortgages.co.uk

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