

# Second Charge Underwriting Guide

( 23/4/2019 )



## 01902 585052

**Dedicated Underwriter - Largest Panel of 20 Lenders - Active Sourcing - Best Case Updates in the Industry**

Underwriting	Specifics	Underwriting Notes	Rates from
<b>Self employed</b> (Some Lenders have no LTI or DTI caps)	Less than 1 year	Six months business bank statements evidence of continuation of work i.e. copy of the last payslip, and evidence of current contracts. Applications only considered where applicants demonstrate previous long-term employment in a professional role and ongoing earning capability is highly probable either in the self-employed or employed markets.	8.00%
	1 year to 24 months	Need one years trading details from Accountant with a projection / SA302 or Accountant Certificate - Max 85% LTV	4.45%
	Over 2 years	Need SA302 / Accountant certificate and tax overview - can go to 90% LTV	3.57% (2.99%)
<b>Contract workers</b> (Some Lenders have no LTI or DTI caps)	Agency zero hours contract	Up to 100% of the income – subject to evidence that the position has been held with the same agency for a minimum of 12 months.	5.00%
	Contractors / subcontractors over 12 months	If more than 12 months history of contracting, must have been in current contract for min 3 months. If less than 1 month remaining, evidence of renewal must be supplied. Contractors income calculation: Day rate x 5 (days) x 46 (weeks)	5.00%
	Contractors / subcontractors under 12 months	If less than 12 months contracting history must have been in current contract for a minimum of 3 months, evidenced by at least one renewal or a minimum of 6 months remaining on the current contract. Where there is less than 1 month remaining, evidence of renewal must be supplied. Contractors income calculation: Day rate x 5 (days) x 46 (weeks)	5.00%
	Umbrella Co's	Require last SA302, copy of any contracts, three months' payslips and evidence from Umbrella Company regarding frequency and terms i.e. amount of additional payments. If payment labelled as a loan payment then need to demonstrate they are not repayable. Three months bank statements required to show all credits	5.00%
<b>Company Directors and Ltd Co's</b> (Some Lenders have no LTI or DTI caps)	100% shareholder	Salary and dividends evidenced by SA302's, accountants certificate and overviews	3.57%
	Professionally qualified under 35% shareholding	Solicitors, doctors, dentists, vets etc treat as employed	Subject to score (2.99%)
	Less than 25% shareholder	Treat as employed - payslips etc	3.57% (2.99%)
	Retained profits	On Referral - must demonstrate that future income is sustainable if using retained profits in current years	4.24%
<b>Benefits Tax Credits Pensions etc</b> (Some Lenders have no LTI or DTI caps)	Pensions only	100% of all private pensions accepted evidenced by Bank Statements and or P60 with no earned income	3.57%
	Tax Credits	100% can be accepted with the latest award letter (which shows the income they are declaring) - if used to support earned income rates are from 3.95%	5.2% or 3.95%
	DLA	100% of any disability allowances to support other income but must be for the applicant. Benefits for others (carers allowance) will not be accepted	5.34%
	Child benefit	100% accepted subject to ages of children and plausible explanation of future income past age 17 if term exceeds this age. Rate determined by age of child at end of term	3.57% to 5.34%
	State Benefits	100% can be accepted with the latest award letter (which shows the income they are declaring)	5.34%
<b>Loan Purpose</b>	Very flexible	Will accept Tax, business, large 100% debt consolidation, marital buyouts and transfers of equity. Not keen on gambling or quoted stocks and shares	3.57%

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Adverse Credit	Current Heavy adverse	Upto 75% LTV 6 months current arrears and any CCJ's	12.00%
	Recent Heavy adverse	Upto 75% LTV any past arrears, CCJ's subject to no more than two months current arrears	10.50%
	Medium adverse	Up to 75% LTV An arrear, CCJ or Default in last year still outstanding - no missed mortgage payments in last 6 months	4.99%
	Light adverse	up to 85% LTV - Mortgage late payments within 30 days or arrears over 12 months ignored - even if some settled recently. CCJ's over 12 months ignored.	3.57%
	High LTV with adverse	Up to 100% LTV with 3 adverse points. <b>(Can Ignore</b> - Small utilities, unsecured / secured arrears over 12 months old and satisfied CCJ's or CCJ's over 24 months ) Adverse unit is a mortgage arrear, unsatisfied CCJ over £300 or recent payday debt management plan. CCJ's and Defaults in last 12 months not to exceed £5K	12.00%
IVA's	Must be settled from loan	Max LTV Can settle from loan proceeds. Can be ignored for adverse purposes	8.00%
Bankruptcy	Must be settled from loan	Max 75% LTV - we liaise with trustees - customer must have own solicitor acting	13.49%
Debt Consol	Accepted all Lenders	Up to 100% of the loan amount and generally unlimited borrowing up to 100% LTV etc etc	3.57%
Debt Management	Can clear or leave in place	Must have satisfactory reference to leave in place. If clearing DMP rate is determined by conduct of the DMP. If CCJ's & D/F's in the DMP total over £10K needs referral for rate	4.00%
Payday Loans	Habitual users	Occasional paydays will be considered at prime rates - if habitual users rates from 5.34% on referral and paydays need to be settled from the loan	4.00%
Property Construction and types	<b>NOTE</b> - Both Prime and adverse cases can be accommodated across the range of property types		
	Standard Construction	Including high rise flats in London, Excouncil flats etc	3.57%
	No Kitchen / bathroom	What's the story? Some Prime lenders will take a view on referral	3.95% (2.99%)
	Non Standard construction	BISF, Laing Easiform or restricted marketability etc – 60% LTV	5.34%
	Defective construction	Mundic Block, Cornish Unit etc – 60% LTV.	5.34%
	Un-mortgagable	Lenders will work on a cash purchaser valuation –circa up to 50% LTV	5.34%
	Knotweed / burnt out	Potentially a shell or heavy refurb property – again based on cash valuation – circa up to 50% LTV	5.34%
	BTL's	Affordability from 125% of rental income plus can use additional income to support - Higher rate tax payers may need higher retal coverage. LTV's from 65% to 85%	5.00%
	HMO's & semi commercial	Up to 65% LTV including interest only	6.99%
	Commercial	Upto 75% LTV including interest only. Minimum loan £20K. Can cross charge over additional properties.	7.90%
	Shared ownership	Can borrow up to 77% of the borrowers equity share	5.99%
Land	Preferably with planning but on referral - we have arranged loans on pony paddocks. Always worth asking.	8.00%	
Age	From age 18	Up to 85 at end of term subject to affordability. Interest only available from 5.34%	3.69%