

FLEXI PAYMENT TERM LIFETIME MORTGAGE

Lending criteria

The applicant

- Minimum age is 55 and the maximum age at application is 62 (+364 days).
- Sole or joint applications (in cases of a joint application the LTV is based on the age of the youngest borrower and the mandatory payment period is based on the age of the oldest borrower).
- The maximum number of applicants is two and the property must be registered to the borrower(s), jointly in the case of joint borrowers.
- The property must be the primary residence and borrowing cannot be secured against a second home (holiday home or rental property) of your client.
- A deed of consent (waiving occupancy rights) will be required for individuals over the age of 17 living at the property not subject to the mortgage or subsequently moving into the property prior to completion.
- Where an applicant has been previously married or in a civil partnership and they have subsequently divorced or separated within the last five years then a copy of the separation agreement or decree absolute is required.
- Where an applicant is still married but separated, a formal deed of separation must be in place confirming the ex-partner has no further financial or legal claim over the property.
- Where an applicant is still married but the funds will be used to pay a divorce settlement, then this is acceptable subject to there being a formal legal document in place at completion confirming that the ex-partner has no further financial or legal claim over the property and are no longer on the title deeds at completion of the loan. Where the ex-partner is still residing at the property then it should be conditioned that they leave the property within three months of completion of the loan. If the ex-partner is to reside at the property for a short period after completion of the loan then the usual deed of consent process applies.
- Tenants in common are acceptable with no limit on the maximum split.
- Applications will be accepted where the marital spouse is in long term care providing the property title is in the sole name of the applicant residing in the property and the application must be submitted in a single name.
- Intermediaries may not provide equity release advice in relation to their own application or that of their immediate family.

Residency

Applicants must be:

- Individuals with UK citizenship or individuals with settled status (permanent right to reside or indefinite leave to remain). Must have an address history covering the last 36 months and the property must be their main residence.
- An individual with a pre-settled status (maximum right to reside of five years) will not be accepted. This applies to both Initial and Further Advances.

- Where a property is unencumbered and the client has resided/owned the property for less than six months a reason for taking equity release must be provided as part of the application process.

Proof of identity (money laundering)

We are required to seek satisfactory evidence of identity from all new customers by completing identity checks or relying on the evidence from the intermediary. We may ask for copies of the evidence.

Proof of age

The intermediary will need to confirm that they have verified the age of each customer in the application. In addition, more2life will perform additional checks on proof of age. We may ask for copies of the evidence.

Power of Attorney is acceptable

- Applicants can appoint a Power of Attorney to sign any documents in relation to the mortgage on their behalf, providing that it has been correctly registered with the Court of Protection or Office of the Public Guardian. In the case of a joint borrower, neither borrower may appoint the other as Power of Attorney however they can be named providing there is another Attorney who is independent from the mortgage that is acting.
- Evidence to support this must be provided. On all Power of Attorney cases where the Attorney is not party to the mortgage, more2life will comply with the Money Laundering Regulations and thus the Attorney(s) will be subject to the same money laundering checks which are applied to all applicants.

Criminal convictions

We do not accept applicants who have (or live with someone with) a criminal record, unless the conviction is for minor traffic offences, or it is spent under the Rehabilitation of Offenders Act 1974.

The loan

- The minimum and maximum loan amounts are based on the LTVs currently available.

Early repayment charges

Should your client wish to pay off all or part of their loan, Early Repayment Charges may be charged, as detailed in the Key Facts illustration.

Fees

As part of the application there will be an arrangement fee payable. See Tariff of Charges for details.

The property

- The minimum valuation is £125,000 (£150,000 for ex-local authority houses and bungalows).
- The maximum valuation for all types of property is £2,000,000 in England and £1,000,000 in Scotland and Wales.
- For flats and maisonettes 85% of the LTV will be considered.

Tenure & property types

Please refer to the 'Acceptable property types' in the following table.

Leasehold requirements

Please refer to the 'Acceptable property types' in the following table.

Use of the property

- The whole of the property including any annexes must be used as the family residence under one Land Registry deed.
- No business use is acceptable with the exception of a home office use where no structural change is needed to sell the property as 100% residential.
- Annexes are acceptable provided they are suited to the property and there are no more than two units in total (main residence and the annexe). The annexe can have its own living and sleeping area, kitchen and bathroom but must be on the same council tax as the main residence.
- No letting to family members or unauthorised letting, with the exception of the lodger rule below.
- Shared driveways, drainage and other services (for example one water, gas or electric meter serving the main residence and annexe) are acceptable.
- The annexe can be occupied by a family member but they have to sign a waiver as part of the agreement. Annexes cannot be let.
- Properties with lodgers will be considered up to a maximum of two lodgers with formal agreements residing in the property subject to the following – lodger(s) do not reside in any self-contained accommodation and any formal agreements do not have a notice period greater than one month.

Buildings insurance

The property must be insured by the applicant to cover the reinstatement value of the amount advised in the valuation report. A copy of the policy certificate or schedule is required for approval prior to completion and more2life must be noted on the policy in the case of freehold and absolute ownership properties. In the case of leasehold properties, the noted interest will be the landlord or management company. Where a copy of the policy, certificate or schedule is not available a fully completed Certificate of Comprehensive Building Insurance must be provided by the borrower's solicitors prior to completion.

Second and further charges

No second or further charges are permitted with any other lender on mortgaged property at the time of completion. Any outstanding secured loans must be repaid on completion. Further lending is subject to the prevailing criteria and interest rates at the time.

References

References, valuations and offers are valid for:

- Application form – 6 months.
- Voters roll/basic credit search – 6 months.
- Valuation report – 6 months.
- Offer – 42 days.

Valuer's report

Properties must be valued by an approved firm from the more2life valuer's panel. A full internal inspection report must be prepared on an approved more2life valuation report and supported where applicable, by an approved more2life mortgage valuation re-inspection report. Valuation reports are

only acceptable where they have been instructed by more2life directly with the panel valuer or by an authorised service provider to more2life.

Solicitors

more2life will always instruct its own conveyancing firm to act on its behalf in respect of conveyancing. Applicants may proceed with a firm of their choice. Applicants are liable for their own legal costs.

Acceptable property types

Location	England, Isle of Wight, Wales and Mainland Scotland.
Tenure	<ul style="list-style-type: none"> • Freehold houses and bungalows • Leasehold houses and bungalows, providing local authority/housing association are not the freeholder • Leasehold flats/maisonettes, blocks up to 4 storeys high (providing local authority/housing association are not the freeholder) • Leasehold where the applicant also owns the freehold on a separate title and there are long leases granted on the other flats in the building (will consider up to 4 flats in the block). Both the leasehold and freehold title should be charged • Leasehold where the flats in the block are all held on separate leases and the freehold is held jointly and equally by each flat (i.e. each owner is named on the freehold title). We will consider up to 4 properties in the block and it should be confirmed that maintenance of the building is shared equally between the flats (no formal management company is required) • Good leasehold title, provided the remaining term meets the standard leasehold requirements • Possessory title representing small strips of land • Underleases are acceptable provided they are covered adequately by title insurance and is >250 years • If it becomes apparent there is an absent freeholder, this is acceptable but the remaining lease term must be >250 years • Absolute ownership houses, bungalows and flats/maisonettes in a block up to 4 storeys high • Coach house style flats, subject to max of 85% LTV
Leasehold requirements	<p>If the property is leasehold it must comply with the following rules:</p> <p>Youngest applicant age : Minimum lease term remaining at application</p> <p>55–60 : 125 years</p> <p>61–65 : 119 years</p>
Ground rent, service charges and estate charges	<ul style="list-style-type: none"> • Where the ground rent is equal to or less than 0.25% of the property value this is acceptable unless the valuer has commented otherwise • Where the ground rent doubles every 25 years or more, this is acceptable provided the current ground rent being paid meets the % vs the value as per above

	<ul style="list-style-type: none"> • Service charges equal to or less than £1,500 outside of London (outside M25) or £2,500 inside of London (inside M25) are acceptable unless they impact on the future marketability/saleability of the property. Confirmation that the latest balance has been paid and up to date is required as part of the application process • Historic Rent charges must be equal to or less than £25. Amounts up to £100 can be accepted subject to valuers comments. Amounts over £100 can be considered on a referral basis • Estate charges, which are commonly seen on newly developed estates, are acceptable provided the charge is no more than 0.1% of value of property, subject to valuers comments. Where we are made aware a clause exists that allows the 'Charger' to establish the lease on non-payment, then this should be removed. Where this is not possible then as a minimum there should be a requirement that advanced notice is given to the lender with at least 2 months' notice • If there are specific escalation terms on the estate charge or a cap on charges and these are not deemed onerous by the valuer then the charge is acceptable provided it is no more than 0.1% of the value of the property • Management companies owned by the residents where the residents set the charge or sign off on the charge each year (not a third party management company or agent)
Flying freeholds	Up to 15% of the total floor area or shared access alleys. Where the property is a modern coach house above garages or a vehicular accessway, flying freehold criteria does not apply.
Property type	<ul style="list-style-type: none"> • Studio flats located within M25 (please contact more2life for clarification) • Basement flats located in Greater London (please contact more2life for clarification) • Private drainage such as septic tanks, cesspits located inside or outside of the curtilage subject to satisfactory valuers comments and the drainage not being shared between more than four properties and where there is a formal agreement in place with regards to access and maintenance. Where outside of the curtilage appropriate agreements and rights of access must exist • Shared private water supplies are acceptable provided it is shared between no more than four properties, there is a formal agreement in place, and the water supply is located within the curtilage of the property. • Barn conversions subject to all relevant permissions gained • Coach house flats located over garage • Converted flats will be considered on a referral basis • Properties that have been underpinned more than 3 years ago should have a certificate of structural adequacy from a reputable company

	<ul style="list-style-type: none"> • Listed Buildings – Grade 2 in England and Wales and Grade C in Scotland • Ex-local authority/Council Houses or Bungalows with a minimum value of £150,000. Must be of traditional construction, poured in situ no fines construction (post 1940) or Laing Easiform cast in situ cavity wall construction type II, post 1940. • Ex-local authority/Council Houses or Bungalow properties must also be in an area which is predominantly in private ownership, which must be equal to or greater than 40% and subject to satisfactory valuer’s comments. The following link can be used to assist https://www.streetcheck.co.uk/ • Properties not directly above or attached to, but with commercial premises visible from the property and/or within potential influencing distance are acceptable subject to the valuer’s comments. Properties directly attached (sharing a party wall) to a commercial premises are not acceptable. Commercial includes (not an exhaustive list) Leisure - hotels, B&Bs, public houses, restaurants, cafes, sports facilities/gyms, Retail - retail stores, shopping centres, shops, Office - office buildings, serviced offices, Healthcare - medical centres, hospitals, nursing/care homes, Industrial - industrial property, warehouses, garages, distribution centres, working farms (specifically the outbuildings), modern built churches, schools and churches • Properties that are partly used for small business activity which do not require structural changes to the property or a change of planning use/business rates are considered acceptable. Acceptable forms of business activity include: Professional therapist, Individual tuition (music/academic), Childminder, Foster carer, Small outbuildings/room dedicated and used for hobby • Where there is a known registered business at the address, this is only acceptable where the business requires no products or equipment etc. to be stored at the premises and only limited customer visits to the property (i.e., limited to one room of the property). • Mundic concrete block, graded A1 only
Land	<ul style="list-style-type: none"> • Up to 5 acres of land, subject to no agricultural restrictions. Splitting of the title is not acceptable
Construction: Walls	<ul style="list-style-type: none"> • Conventional walls i.e. 265mm + cavity, 225mm + solid of brick, block, stone, flint etc. • Poured in situ no fines construction, built post 1940 • Wattle and daub • Lath and plaster inner walls • Steel/metal framed built blocks of flats, built post 2000 • Single skin walls (where single storey not greater than 15% including habitable accommodation)

	<ul style="list-style-type: none"> • Post 1970's timber frame properties with external walls of brick or blockwork which may be rendered or clad. Where the external walls of the property are a mixture of timber and brick or blockwork, more than 50% of the external walls must be brick or blockwork. Where a property is borderline 50% or it is unclear the property is not acceptable. If cavity wall insulation has been added post construction, then the property is not acceptable • Period timber frame pre 1900 • Cross wall construction where the party walls are masonry construction, built post 1960 • Laing Easiform cast in situ cavity wall construction type II, built post 1940 • Cobb construction • Clay Lump construction (e.g. Norfolk Clay Lump)
Construction: Roof	<ul style="list-style-type: none"> • Tile or slate • Felt and asphalt • Flat roofs subject to traditional covering up to a maximum of 50% of the property's area. The calculation excludes attached or detached outbuildings of non-habitable usage i.e. garages, utility rooms, porches • Where the flat roof is covered with a modern material e.g. felt, asphalt, single-ply membrane, plastic or modern seamed metal, this is ok provided there are no adverse comments from the valuer • Copper and lead • Thatched roofs (reed or straw only) • Spray foam applied during the construction of the property as part of the design and is not applied to the tiles, or felting/batons then this is acceptable provided it is BBA approved, fully guaranteed and has all the relevant building regulation certificates
Builder's warranties	<ul style="list-style-type: none"> • NHBC • LABC • BLP • Build Zone • Checkmate/Castle 10 Warranty Certificate – separate endorsement needed for unattached garages • Ark Residential New Build Latent Defects Insurance – separate endorsement needed for unattached garages/outbuildings • CRL Limited Warranty – where Ark Insurance Group Ltd have underwritten the policy • PCC/Architect's certificate, subject to criteria • Premier Guarantee • One Guarantee • Build Assure (New Home Structural Defects Insurance) • Global Home Warranties (Structural Defects Insurance) • Protek • ICW • ABC+ • The Q Policy for residential properties

	<ul style="list-style-type: none"> • The Q Policy for bespoke properties (detached only) • Advantage (no more than 10 units in any continuous structure) • Homeproof (formerly Aedis) - no more than 20 units in structure
Other	<ul style="list-style-type: none"> • Solar Panels owned by the borrower or where leased, where the panels are leased these will be subject to review to ensure there are provisions contained in the lease that give the lender in possession the right to terminate the lease in a reasonable timeframe at no cost • Unadopted Roads – where the road/drive servicing the property is unadopted this is acceptable where the road is in good condition, subject to valuers comments. • Unmade road - where the property is served by an unmade road, this is acceptable provided the road is a no-through road, is in reasonable/good condition subject to valuers comments • Where the valuer identifies cladding is present an EWS1 form may be required before a decision to proceed can be made
Environmental matters	<ul style="list-style-type: none"> • Flood data checks will be carried out on each property and any that do not pass will be unacceptable • Presence of Japanese Knotweed category C or D, subject to valuers comments. Category B can be considered subject to the receipt of a specialist report outlining an appropriate remediation/management programme with an insurance-backed warranty by a PCA registered contractor and subject to valuers comments

All of the above are subject to a mortgage valuation

Unacceptable property types

Location	<p>Scottish Isles, Isle of Man, Northern Ireland, Channel Islands and</p> <ul style="list-style-type: none"> • Isles of Scilly
Tenure	<ul style="list-style-type: none"> • Freehold flats/maisonettes • Commonhold Tenure • Blocks of over 4 storeys height may be referred in exceptional circumstances, such as highly sought after and 'excellent' locations • Crofted and de-crofted properties • Leasehold properties in Scotland • Properties held in Trusts and will trust • If it becomes apparent there is an absent freeholder, this is unacceptable if the remaining lease term is <250 years • Underleases are unacceptable where they are not covered adequately by title insurance and is <250 years • Leasehold where the applicant also owns the freehold on a separate title and there are long leases granted on the other flats in the building with 5 or more flats in the block) • Leasehold where the flats in the block are all held on separate leases and the freehold is held jointly and equally by each flat (i.e. each owner is named on the freehold title) if there are 5 or more properties in the block or no confirmation that maintenance of the building is shared equally between the flats
Leasehold requirements	<ul style="list-style-type: none"> • Where the remaining lease term does not meet the criteria, as per table above
Flying freeholds	<ul style="list-style-type: none"> • Flying freeholds greater than 15% of the total floor area or shared access alleys, or where the property is NOT a modern coach house above garages or a vehicular accessway.
Ground rent and service charges	<ul style="list-style-type: none"> • If the ground rent or service charge are considered onerous the property is not acceptable • If ground rent doubles in less than 25 years, this is not acceptable • Any provisions which allow for the ground rent to be increased over and above the Retail Price Index (RPI) e.g. doubling or where the increase is linked to another method including increase in the capital value of the block is not acceptable • Service charges greater than £1,500 outside of London (outside M25) or £2,500 inside London (inside M25). Where the service charge is greater than £1,500 but less than £2,500 outside London and greater than £2,500 but less than £3,500 inside London the property can be considered on a referral basis subject to valuers comments and no unreasonable escalation

	<ul style="list-style-type: none"> • Estate charges, which are commonly seen on newly developed estates, are unacceptable where the charge is greater than 0.1% of value of property. Where we are made aware a clause exists that allows the 'Charger' to establish the lease on non-payment and this is not being removed or where the advanced notice given to the lender is less than 2 months • Where the lender becomes aware that there is an estate charge calculated by a third party (even if they are appointed by a residents management company)
Property type	<ul style="list-style-type: none"> • Studio flat; i.e. open plan living area that incorporates kitchen and bedroom facilities outside M25 (please contact more2life for clarification) • Basement flats located outside Greater London zones 1 or 2 • Properties where the floor area is less than 30 square metres (unless studio/basement flat as stated in acceptable properties) • Grade 1 and 2* listed buildings • Grade A and B listed buildings in Scotland • Shared ownership • Commercial properties Properties directly attached to commercial properties. Commercial includes (not an exhaustive list) Leisure - hotels, B&Bs, public houses, restaurants, cafes, sports facilities/gyms, Retail - retail stores, shopping centres, shops, Office - office buildings, serviced offices, Healthcare - medical centres, hospitals, nursing/care homes, Industrial - industrial property, warehouses, garages, distribution centres, working farms (specifically the outbuildings), modern built churches, schools and churches • Properties directly adjacent to infrastructure, including but not limited to a main dual carriageway, motorway, busy railway or airport. • Properties used for business/ commercial use such as Bed and breakfast facilities including holiday lets and Air BnB, Farm/small holding, Equestrian business/livery, Kennels/cattery, Caravan site • Caravans/mobile homes/houseboats and park homes • Retirement properties/Sheltered accommodation • Properties without suitable services (such as not benefiting from electricity or water) • Ministry of Defence (MOD) housing • Steel/metal framed properties built pre 2000 • Steel framed houses & bungalows • Septic tanks shared between five or more properties or where there is no formal agreement in place relating to access and maintenance • Properties subject to localised issues, e.g. landfill sites, telephone masts, wind farms

	<ul style="list-style-type: none"> • Ex-local authority flats/maisonettes including those built for housing associations are not acceptable • Ex-local authority houses and bungalows of non-traditional construction are not acceptable including any which have been repaired • Ex-Local Authority houses and bungalows with a property value <£150,000 • Ex-local authority properties where the private ownership is equal to or less than 40%. • The following link can be used to assist https://www.streetcheck.co.uk/ • Properties that have high voltage power lines passing directly over the site or within 100 metres of high voltage equipment. For smaller sub-stations, often located on residential streets and typically no larger than a garage, the property will be acceptable based on the valuer's comments and valuation • Back to back cluster homes • Tyneside flats • Post 1900-1970 timber framed properties • Modern methods of construction (MMC) • <i>NB. The unacceptable property types should not be used as an exhaustive list. If in any doubt, refer to more2life for a decision on acceptance</i>
Land	<ul style="list-style-type: none"> • Greater than 5 acres of land • With agricultural restrictions • Where there is a title split required • Additional land not to be charged as part of the mortgage but there is no clear separation/boundary between main title and the additional land • Additional land not to be charged as part of the mortgage with a clear separation/boundary between main title and the additional land but the only access is via the main title
Construction: Walls	<ul style="list-style-type: none"> • Non-standard construction types – see list of unacceptable property types or as determined by the Surveyor • Airey construction • Asbestos walls • Colt construction • Cumber homes • Concrete block with cement render • Concrete slabs/blocks with timber frames • Laing Easiform solid concrete wall construction type I, built pre 1940 • Prefabricated homes • SSHA (Scottish Specialist Housing Association) No Fines Concrete • Shiplap built on brick piers

	<ul style="list-style-type: none"> • Single skin walls (except where single storey, a minor part of the whole property & not greater than 15% of the habitable accommodation) that are deemed as non-traditional or non-standard by the Valuer • Steel frame with brick or other cladding built pre 2000 • Timber frame property (pre 1970) with brick outer wall/cement & rendered outer wall (pebble dash)/fibreglass & plasterboard insulation/timber cladding • Unity build • Properties built entirely of wood • Prefabricated or any properties constructed of or supported by concrete (wimpey no fines concrete walls & subject to individual approval by the Valuer) • Poured in situ no fines construction, built pre 1940 • PRC of any kind – repaired or unrepaired <p><i>NB. The unacceptable property types should not be used as an exhaustive list. If in any doubt, refer to more2life for a decision on acceptance.</i></p>
Construction: Roof	<ul style="list-style-type: none"> • Asbestos roof/tiles • Flat roofs more than 50% of property's roof area. Non-habitable areas i.e. garages or small front porches, do not need to be included in the % calculation • Thatch roof not constructed of reed or straw • Traditional pitched roofs which have been treated internally or externally with coating or foam
Environmental matters	<ul style="list-style-type: none"> • Coastal erosion • Properties that have flooded within the last 5 years • Presence of Japanese Knotweed category A
Other	<ul style="list-style-type: none"> • Solar panel leases that do not grant rights of termination or where the valuation raises concerns • Retentions for essential works • Unadopted roads that are in poor condition • Heavily cluttered properties • Where materials containing asbestos are present e.g. sprayed asbestos, lagging, insulating boards or vermiculite • loose insulation

Referable property types

(please contact more2life for clarification)

<p>Ground rent and service charges</p>	<ul style="list-style-type: none"> • Where the ground rent is greater than 0.25% and less than 0.3% against the property value can be considered subject to satisfactory valuers comments confirming the future saleability is unaffected. If the ground rent is above 0.3% against the value of the property these can be considered by exception • If the service charges are greater than £2,500 outside of London (outside M25) and £3,500 inside London (inside M25) subject to satisfactory valuers comments. In exceptional circumstances properties above this can be considered also on a referral basis • Historic rent charges that are greater than £100, can be considered on a referral basis
<p>Property type</p>	<ul style="list-style-type: none"> • Flats in blocks of over 4 storeys in height in exceptional circumstances, such as highly sought after and 'excellent' locations • Properties with more than 6 bedrooms • Private water treatment plants • Properties that appear in flood zones 2 and 3 but it is known to have flood defences • Properties adjacent to churches that are historic in nature in small villages, can be considered on a referral basis • Properties impacted by future developments, e.g. fracking, HS2, new airport runways etc • Properties above commercial premises in exceptional circumstances, such as highly sought after and 'excellent' locations where the commercial activity has no negative impact e.g. noise, smell, unsociable hours etc

NB. All properties must be registered with absolute title, possessory title is unacceptable.

FLEXI

PAYMENT TERM LIFETIME MORTGAGE

Income and Expenditure Guide

Income

Income multiples

Lending will be restricted to a maximum 4.49 x total annual income.

Pay as you earn requirements (PAYE)

P.A.Y.E customers must have been in their current job for a minimum of 3 months, with 6 months' continuous employment and passed any probation period. The customer must be permanently employed and not under notice of termination or redundancy.

Type of income being used	Acceptable proof of income
Basic Pay	<ul style="list-style-type: none"> • 3 full latest month's payslips. <ul style="list-style-type: none"> ○ Monthly pay – 3 consecutive payslip's ○ Four weekly – 4 consecutive payslip's ○ Fortnightly – 7 consecutive payslip's ○ Weekly pay – 13 consecutive payslip's • Latest p60 <p>All PAYE income from payslips will need to be reviewed in line with 3 full month's corresponding bank statements showing salary credited into account.</p>
Overtime / Commission / Bonus	<ul style="list-style-type: none"> • 3 full month's payslips AND • P60's for the latest 3 years OR • March payslip's showing YTD figures for the last 3 years <p>50% of overtime, commission and bonus can be accepted with an average of 3 years taken from corresponding P60 or last tax year's payslips.</p>

Car Allowance	<ul style="list-style-type: none"> • 3 full month's payslips. <ul style="list-style-type: none"> ○ Monthly pay – 3 consecutive payslip's ○ Four weekly – 4 consecutive payslip's ○ Fortnightly – 7 consecutive payslip's ○ Weekly pay – 13 consecutive payslip's
London Weighting	<ul style="list-style-type: none"> • 3 full month's payslips. <ul style="list-style-type: none"> ○ Monthly pay – 3 consecutive payslip's ○ Four weekly – 4 consecutive payslip's ○ Fortnightly – 7 consecutive payslip's ○ Weekly pay – 13 consecutive payslip's

Secondary income

Where the customer has secondary employment, the income can only be included if the associated employment period is greater than six months. Confirmation of income would be required in accordance with the requirements for primary employment. The secondary employment must be permanent and the overall time commitment to both jobs must be seen as reasonable and maintainable i.e. combined working hours should be no higher than 40-45 hours per week. No discretionary income permitted (bonus, commission or overtime).

PAYE Income Type	Acceptable	Allowable % for affordability calculator
Secondary Income	Yes	50%

Self-employed requirements

Type of Self Employment	Criteria	Acceptable Proof of Income
Sole Trader	A minimum of 2 year's trading history is acceptable and in general the minimum of either the most recent year's net profit figure, or the average of the last 2 years' net profit figures will be considered when assessing affordability.	2 years SA302's/tax calculations 2 years tax year overviews (TYO's) 3 months bank statements
Limited Liability Partnership	Where a partner's or member's shareholding is greater than 25%, we will include the latest year's partner / member share of net profit for affordability. For equity partners in a professional partnership practice, we will use the latest year's partner share of net profit and the partner's salary.	2 years SA302's/tax calculations 2 years tax year overviews (TYO's) 3 months Personal AND Business bank statements

Partnerships	<p>We will include the latest year's partner share of net profit for affordability.</p> <p>For equity partners in a professional partnership practice, we will use the latest year's partner share of net profit and the partner's salary.</p>	<p>2 years SA302's/tax calculations</p> <p>2 years tax year overviews (TYO's)</p> <p>3 months bank statements</p>
Limited Company Directors >25% holding	Where a director's shareholding is greater than 25%, we will use the latest year's remuneration and dividends.	<p>2 years SA302's/tax calculations</p> <p>2 years tax year overviews (TYO's)</p> <p>Latest 2 years trading accounts</p> <p>3 months Personal AND Business bank statements</p>
Limited Company Directors >50% holding	Where the applicant is a Company Director with more than 50% shareholding, underwriter can use share of net profit after tax figures, rather than dividends, plus salaried income.	<p>2 years SA302's/tax calculations</p> <p>2 years tax year overviews (TYO's)</p> <p>Latest 2 years trading accounts</p> <p>3 months Personal AND Business bank statements</p>
Holding Companies	<p>A holding company is a separate parent company created to own a controlling interest in a subsidiary company or companies. They are private Limited companies with their own shares and are usually non-trading.</p> <p>If the client is a director & shareholder of a holding company then we will need to obtain the following documentation for each company under the holding company.</p>	<p>Latest 2 years tax calculations (SA302's) & Latest 2 years corresponding tax year overviews.</p> <p>Latest 2 years Limited company accounts to be prepared by a qualified accountant.</p> <p>3 full months personal AND business corresponding bank statements</p>
Contract Workers	<p>We can accept applicants who have been contracting for a minimum of 12 months, with either a renewal of their contract or have entered into a second contract.</p> <p>Income will be calculated based on the weekly rate confirmed in the contract x48.</p>	<p>Latest 3 months payslips</p> <p>Latest 3 full months bank statements showing salary credits</p> <p>Latest fixed term contract</p>
<p>For all types of self-employed lending, if profits are being used and they have increased more than 25% in the last 12 months, an average of the last 3 years will ordinarily be used.</p>		

Other allowable income

Type of Income being used	Acceptable proof of income
Private Pension	<ul style="list-style-type: none"> • 3 months pension payslip's OR • Latest annual pension statement AND • 3 month's bank statements showing proof of payments credited.

	<p>If lending into retirement and future pension income is to be used the below applies:</p> <p>There are two types of future pension income that can be considered:</p> <p>1) Defined Contribution Pension Scheme (personal and workplace)</p> <p>The latest annual statement must be provided showing the current value of the pension pot as at the statement/reporting date. This statement must be dated within the last 12 months and the pension provider must be FCA authorised.</p> <p>To establish the annual pension income to be used for the affordability assessment:</p> <p>A. Take the current pension pot from the latest annual statement (ignoring the low, medium, and high future pot value forecasts) and haircut this figure by 25% (i.e., multiply by 0.75) to account for the pension commencement lump sum (PCLS) which is typically available to people when they start accessing their pension benefits.</p> <p>B. Take the difference between the applicants anticipated retirement age and their 90th birthday e.g., expected retirement age 60 => 90-60 = 30 years.</p> <p>Divide A by B to calculate the expected pension income that the applicant will receive per annum.</p> <p>2) Defined Benefit Pension Scheme</p> <p>The applicant(s) must provide a forecast statement for their expected retirement date which can be requested from their pension provider on an ad-hoc basis. This must be dated within the last 3 months and the pension provider must be confirmed as regulated by The Pension Regulator.</p> <p>To establish the annual pension income to be used for the affordability assessment:</p> <ul style="list-style-type: none"> Take the forecasted payment (usually monthly) from the pension forecast statement and haircut this figure by 40% (i.e., multiply by 0.6) to remove the growth assumption within the forecast and a pension commencement lump sum (PCLS) which is typically available to people when they start accessing their pension benefits. If the resulting figure is the monthly expected pension income, then multiply by 12.
<p>Court Ordered Maintenance</p>	<ul style="list-style-type: none"> Copy of court maintenance order OR CMS (Child Maintenance Service) Letter

	<p>AND</p> <ul style="list-style-type: none"> 3 month's bank statements showing proof of payments credited.
Investment Income	<p>50% of investment income can be considered for income and affordability purposes in the form of:</p> <ul style="list-style-type: none"> Interest from UK bank/building society accounts (If over £10,000 then this will be evidenced via self-employed tax calculations and tax year overviews, If less than £10,000 then an annual interest summary from the bank/building society will be required). Dividends – UK only (If less than £2,000 then a Dividend voucher will be accepted as proof alongside bank statement showing receipt of Dividend, if over £2,000 then this will be evidenced via self-employed tax calculations and tax year overviews). <p>Investment income cannot exceed 10% of the total income used. For all types of investment income at least 3 years of evidence of these investment returns is required, and this can include solicitor/accountant/trust administrator letters and accountant certificates (not an exhaustive list). The average of the 3-year investment returns will be used for affordability at 50%. If 3 years evidence cannot be produced, then this income source will not be considered in the affordability assessment.</p>

Adverse Credit

If any of the following conditions are met at the time of application, the application will be declined:

- Arrears (secured & unsecured): No arrears are acceptable at time of application. The applicant should not have been more than 2 months in arrears at any point in the last 36 months.
- Unsecured Defaults: Not acceptable if there are any defaults in the last 3 years.
- Communications/Utility Defaults: All communications defaults ignored. Small utility defaults ignored. (£250 or less).
- CCJ's: Any CCJs within the last 6 years are not acceptable.
- IVA/ Bankruptcy/Repossessions: None/not acceptable.
- DMP (Debt Management Plans): None/not acceptable.

Expenditure

Committed Expenditure

Committed expenditure relates to the customer's existing credit repayments and other contractual commitments which will continue after M2L has entered into a loan with the customer.

Type of expenditure	Acceptable documents
<p>BTL Mortgages</p> <p>Total rental income received must be greater than or equal to 125% of the mortgage payment (present on Experian credit report) to be discounted from income and affordability calculation.</p> <p>Any shortfall evidenced between rental income received and contractual monthly mortgage payment must be taken into account for affordability purposes.</p>	<ul style="list-style-type: none"> • Latest 3 full months bank statements showing rental income. <p>OR</p> <ul style="list-style-type: none"> • Latest letting agent statement showing at least the latest 3 month's rent received in full and transferred into customer's personal account. <p>If the customer owns more than 3 BTL properties the application will be declined.</p>
Debt Management Plans	Debt management plans are unacceptable
Mortgage and Secured Loans	All Secured mortgages/loans must be repaid prior to or on completion of this mortgage.
Store/Credit Cards Balance	<ul style="list-style-type: none"> • Experian Credit report <p>5% of the outstanding balance on Store, Credit and Mail Order accounts will be used in the affordability calculation.</p> <p>If the intention is that the balance will be repaid before completion this can be excluded from affordability.</p>
Loans (Hire Purchases (HP), Personal Contract Purchase (PCP) & Personal loans)	<ul style="list-style-type: none"> • Experian credit report <p>If the intention is that the balance will be repaid before completion this can be excluded from affordability.</p>
Mail Order accounts	<ul style="list-style-type: none"> • Experian credit report <p>5% of the outstanding balance on Store, Credit and Mail Order accounts will be used in the affordability calculation.</p> <p>If the intention is that the balance will be repaid before completion this can be excluded from affordability.</p>

Expenditure verified via bank statements

Underwriter Verification of Declared/Actual Expenditure	
Housing, Fuel and Power, Council tax, GR & SC.	This should include all utility bills including household fuel sources, electricity, and water. It should also include council tax and any ground rent and service charges applicable. 3 months average as verified by the bank statements.
Communication (mobile phone, broadband, landline)	Please include the costs of broadband, fixed line rental, mobile phones and any data plans. If wrapped up with a TV subscription, please state the full package cost. 3 months average as verified by the bank statements.
Education (private school fees, school trips, course fees)	Any private school fees, adult education costs or university fees for the applicants or dependents of applicants that are over and above the sum declared as a commitment should be declared here. 3 months average as verified by the bank statements.
Pension (pension contributions, whole of life premiums, funeral plan premiums)	Please include all life and protection (critical illness and/or income protection) insurance policies, funeral plans and medical insurance premiums. Please include contributions to a work based pension, and any additional pension contributions and regular savings the applicant intends to continue making post application that are over and above the sum declared as a commitment. 3 months average as verified by the bank statements and/or payslips.
Care Costs	Please include care costs that either applicant is committed too, either for themselves or where they support a family member. 3 months average as verified by the bank statements.

Other Expenditure items and the Office for National Statistics (ONS)

The following items will be requested within the broker portal and included in the affordability assessment.

<u>Cross checked to ONS</u>
Food and Non-Alcoholic Drinks
Clothing and Footwear
Household Goods and Services
Recreation and Culture
Miscellaneous Goods and Services
Alcohol, Tobacco and Narcotics
Health
Transport

This is intended for intermediaries only and has not been approved for customer use

