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the source of specialist lending

# Underwriting Guidelines

Origin mortgages  
December 2007

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## 1 | Required Registrations

All introducers will be required to be directly authorised by the FSA and will need to provide Money Partners Ltd (MPL) with their FSA registration number at the point of accreditation. Please note introducers selling insurance to applicants will also need to provide MPL with their relevant FSA approval number.

In addition to the above all introducers will be required to hold a valid CCL a copy of which will be required at the point of accreditation.

## 2 | Purpose of Loan

The loan may be used for any reasonable legal, domestic or family purpose with the exception of holiday ownership, business start up and DCS arrangements.

**MPL is unable to consider applicants who have purchased or remortgaged the property in the preceding 12 month period.**

Where a client is capital raising above £20,000, please ensure you have identified what the funds are being used for. We will require a breakdown of the use of funds prior to completion.

**Net advance proceeds will always be made payable to joint borrowers unless we have their written and signed authority to do otherwise.**

MPL Origin products allow for a 1st charge only to be secured on the borrower's property.

## 3 | Existing Sub-Prime Lender

Where the applicants currently have a mortgage with a Sub-Prime lender you are asked to take note of specific criteria changes which can be found on our current Product Matrix.

Please note that, although the following list is by no means exhaustive, these lenders are provided as examples of Sub-Prime lenders:

Amber Home Loans	Accord Mortgages	Advantage	Basinghall Finance Plc	Beacon Homeloans
Blemain	Capstone Mortgage Services	Citifinancial	Central Trust	DB Mortgages
Derbyshire Home Loans	First National Mortgage Company	Future	GE Home Lending	GMAC
HMC	i group	KMC	Lancashire Mortgage Corp	LMC
Mortgage Agency Services	Mortgages Plc	Nationwide Home Loans	Oakwood	Paragon/National Home Loans
Pink Home Loans	Platform	Preferred	Prestige Mortgages	Redstone
Rooftop	Salt	Skipton Mortgages	SPML	Stroud & Swindon Mortgage Company
Swift Advances	TMB	Wave	West Bromwich Mortgage Company	

Correspondent Lenders for the above are also included.

## 4 | Minimum & Maximum Loan Size and Minimum Property Value

The minimum & maximum loan size is dependent on the product and loan type. Please refer to your up to date MPL product matrix for further information.

The minimum advance available on a Buy to Let (including residential investment re-mortgages) is £50,000.

Advances in excess of £500,000 can be considered upon request and must be referred to your underwriter for pre-approval.

### 4.1 Mortgage Term

Term 120 – 360 months

### 4.2 Minimum Property Value

Valuation £60,000

## 5 | Loan to Value

LTV is calculated on the Open Market Value determined by the valuation or the purchase price whichever is the lower (for Deed of Gift related purchases see section 8).

### FSA Regulated or Non Regulated Mortgages

#### Included in the LTV calculation

- Total advance including Broker Fees & Broker PPP

#### Excluded from the LTV calculation

- MPL's Lender completion fee (up to an absolute LTV maximum of 85%).

## 6 | Age/Status/Number of Applicants

Min. Age 21yrs (or 25yrs for Buy to Let)

Max. Age 75yrs at the end of the scheduled term of the loan. Please refer to section 15.4.

Over 60 Will require independent Legal Advice

Number Maximum number of applicants 4

The Principal Earner must have an interest in the property and recent transfers of equity will be rejected if the transfer is considered to have been undertaken just to satisfy this criterion.

Married applicants or any person showing an interest in the property will be required to enter into the loan agreement as joint borrowers.

We are unable to consider applicants with an unencumbered property unless the applicant has owned the property for a minimum period of 12 months and this is their main residence. In this scenario, the maximum LTV will be limited to 75%. We can consider exceptions, however, please refer these through your underwriter.

You should consider the applicants age at the end of the selected mortgage term to ensure their repayment plan, post their elected retirement age, appears plausible with regard to their current age, nature of occupation and mortgage term.

## 6.1 Power of Attorney

We require a satisfactory explanation as to why the applicant is not executing documentation him/herself. The Power of Attorney is only acceptable where it is granted in favour of a solicitor. Relatives and third parties are not acceptable. Powers of Attorney should be granted under the 1971 Powers of Attorney Act, with no restrictions in terms of time or the nature of documentation to be executed. The Power of Attorney should have been granted within 12 months of the date when the relevant documentation is to be executed.

## 6.2 Occupiers

Any other occupants living in the property, who are aged 17 or over, will be required to give their consent. Any occupants over 70 years of age will require legal advice.

# 7 | Foreign Nationals

MPL will require confirmation that the proposed borrower has the legal right to reside in the UK for the term of the loan. Please note this does not apply to EU Citizens as they already qualify for the right to reside in the UK. Where this can be confirmed, examples of the following are required:

- Successful E-ID check (Section 1 of MPL's KYC checklist)
- One proof of identification from Section 2 of MPL's KYC checklist
- Four proofs of identification from Section 3 of MPL's KYC checklist – (either two from numbers 1-5 and two from numbers 6-10 or four from numbers 1-5)

Please note that in the above instances the LTV will be capped to 75% and the applicant(s) must have a minimum 24 months of established credit history.

MPL reserves the right to refuse an application or reduce the LTV where we feel it is appropriate.

# 8 | Purchases

## 8.1 First Time Buyers

MPL will only consider applicants who are able to fully verify their income. Please refer to the current product brochure for product availability and LTV plan limits.

Self-certification is unavailable.

## 8.2 Sitting Tenants

MPL is unable to consider applications for purchases from Sitting Tenants.

## 8.3 Calculating LTV

MPL will use the lower of purchase price or valuation to calculate the acceptable LTV.

Where we are aware of a purchase at under value, this will only be acceptable to MPL, if the purchase is made by a family member who is a blood relative. In this scenario, Deed of Gift Indemnity Insurance will be required. This insurance must be arranged through the applicant's own Solicitor and the sum insured must be for the full valuation figure. In these circumstances, the lending will be based on the valuation (not purchase price) and the advance will be capped to a maximum of 110% of the purchase price for Near Prime and 100% on all other available plans, subject to plan LTV limits.

## 8.4 Independent Solicitors

Please note that purchasing borrowers will require their own solicitor to act for them, independently of MPL's solicitors. The borrowers' solicitors must be registered with the Law Society and have a minimum of 2 partners.

Applicants will be required to confirm the source of their deposit, which must be provided from their own resources and without recourse to further borrowing or their solicitor must confirm the monies are from a related sale.

## 8.5 Builder's Deposits

MPL is unable to consider Gifted Builder's Deposits.

The LTV will be based upon the lower of the confirmed purchase price or valuation figure less any Builder's Deposits or any other incentive which may be in place.

## 8.6 New Build Properties

On all New Build Properties, MPL require the valuer to specifically advise on the "second-hand" resale value of the property, giving comparable evidence of recent sales on differing developments.

Where the 'second-hand value' is lower, MPL reserves the right to reduce the LTV where we feel it appropriate.

Maximum LTV on New Build Properties is 85% for houses and 75% for flats.

Please note that New Build Properties built within the last 12 months cannot be considered for Buy to Let or Tenanted property.

# 9 | Right to Buy Properties in Pre-Emption (RTB)

RTB purchases are available for all products (except Fresh Start 75), on Fixed, Discount and Standard Variable rate terms, in England, Scotland & Wales, subject to the following LTV caps:

## 9.1 RTB LTV Caps

- Houses 85%
- Flats (over £100k) - 70%
- Flats (under £100k) - 60%

## 9.2 Properties in Pre-emption

- Houses 85%
- Flats (over £100k) - 70%
- Flats (under £100k) - 60%

Please refer to the current product brochure for plan LTV limits, where the application is RTB or a remortgage where the property is still subject to a pre-emption discount.

## 9.3 Pre-emption

The entire discount is disregarded and current OMV for purchases or re-mortgages is used within the pre-emption period. There is no additional charge to the client for this insured benefit. When lending on ex-local authority houses outside pre-emption, a maximum LTV of 85% applies.

## 9.4 Rental Reference

A RTB purchase will require a 12-month rental reference to be provided from the relevant Local Authority. A re-mortgage on a property within the pre-emption period will require a 12-month mortgage payment history. Applicants who have been in receipt of Housing Benefit (DWP) in the last 6 months will not be approved for an advance.

## 10 | Buy to Let & Tenanted Properties

Buy to Let (BTL) properties are acceptable provided the rental cover conforms with the following:

All products – the minimum rental income coverage is 120% of the day one monthly payment for fixed rates, 120% of the monthly reversionary mortgage payment for discount rates, and 120% of the day one monthly payment for variable rate mortgages.

Underwriters may request details of the applicant's income to support an application.

Buy to Let is not available for Fresh Start 75.

### Important notes:

- 1 For employed applicants, the maximum LTV available is 85% for Near Prime 80% for Lite, Flexi 1, Flexi 2 and 75% for Flexi 3. For self-employed applicants the maximum LTV available is 75% for Near Prime, Lite, Flexi 1-2 and 70% for Flexi 3.  
  
Please note that property type LTV restrictions apply in all cases.
- 2 We cannot accept cases from applicants who have current or historic bankruptcies or IVA's.
- 3 Where the properties are occupied by tenants, a copy of the relevant Assured Short-hold Tenancy Agreements must be submitted for inspection. MPL does not accept cases where the AST shows a company or organisation as Tenant.
- 4 The minimum loan size is £50,000.
- 5 Please instruct the MPL panel valuer to include written confirmation of the rental value for the property, (based on an assured short-hold tenancy) when they complete the valuation form – we will use this figure to calculate rental coverage.
- 6 MPL reserves the right to contact the valuer providing the appraisal should we feel it necessary.
- 7 The maximum number of BTL loans available with MPL is 3. The total borrowing should not exceed £1m. Please note, the applicant's main residence may be discounted from this rule. MPL is unable to consider applicants who have a property portfolio of more than 5 properties. In addition, our property exposure to a block / street is limited to a maximum of 8% or 2 properties whichever is the least.
- 8 BTL applicants must be aged 25yrs or over.
- 9 Multi-tenanted properties are unacceptable.
- 10 DWP lettings are not usually accepted but might be considered on referral.
- 11 Please note that New Build Properties built within the last 12 months are not considered.
- 12 Where the investment property is subject to a current pre-emption, we will require written consent from the Director of Housing agreeing to the letting of the property.

## 11 | Repayment Method

The following repayment methods are acceptable except where specifically precluded elsewhere in this document or separate product guides:

- Interest Only

Where the applicants have selected an interest only mortgage you should consider if the applicant's plans for the repayment of capital during or at the end of the term appear plausible with regard to the current LTV, type of property, age, income and current credit profile.

All applicants will be required to identify the vehicle that they will be using to pay off the original advance at the end of the term. Where a repayment vehicle cannot be identified, the applicant's ability to repay the loan will be based on Capital & Interest repayments. Please note that where a repayment vehicle is identified, the cost must be identified and dealt with as an additional monthly commitment when calculating income.

- Capital Repayment

Part interest only/part repayment is unavailable.

## 12 | Life Cover and Buildings Insurance Cover

MPL does not require applicants to have life cover, and relies on the borrower's Financial Advisor to give relevant advice.

MPL require applicants to have and maintain a household buildings insurance policy for a sum not less than the amount specified in the mortgage valuation.

MPL does not offer buildings insurance and require the applicant(s) to complete and sign a declaration to confirm they hold or will have their own adequate insurance in place before completion on the Mortgage Advance.

## 13 | Product Eligibility

Applicants must qualify for the product that has been selected for them in accordance with our terms and conditions.

Loans will only be granted to those individuals that have a UK Bank or Building Society DDM payment facility in their own name (business accounts are not acceptable).

## 14 | Employment Status

The minimum period for employed applicants is 3 months with the exception of those applicants who have remained in the same profession and whose employers can confirm that they are not subject to a probationary period. Where self-employed applicants are self-certifying, the minimum trading period is 12 months. MPL can consider a minimum of 3 month's providing the applicant can evidence previous employment history. For example, being previously employed in the same profession. Applicants who engage in regular, temporary contracts will be assessed on an individual basis and we would ask you to contact your underwriter for further advice.

## 15 | Income

The minimum income for at least one applicant (whether single or joint applicants) is £10,000. Where the debt to income ratio is between 40.01 and 45% the minimum income for joint or single applications is increased to £30,000 (in total). We will not lend to applicants who derive the majority of their income through state benefits and state pension income (please contact your underwriter for further information).

**The affordability of a Buy to Let mortgage is primarily based on a rental assessment of the property, not the applicant's own income. This assessment must be provided by the MPL valuer in all cases.**

**Underwriters may request details of the applicant's income to support an application.**

Please see section 10 (Buy to Let & Tenanted Properties) for details of the percentage coverage requirements for MPL's BTL income assessment for fixed, discount and variable rate mortgages. Please also see section 10 for details of MPL's portfolio limits.

### 15.1 Income Types

#### **Acceptable Forms of Income:**

- Car Allowance
- Guaranteed/regular bonus
- Guaranteed/regular commission
- Guaranteed/regular overtime
- Incapacity Benefit (can only be used as an additional form of income)
- London/regional weighting
- Maintenance Payments Receipts (when used as a primary income source or sole source of income, applicants will be classified as self-employed. Payments must be substantiated by a Court Order or supported by CSA documentation, and proof of the last 6 months payments will be required).
- Maternity Pay
- Mortgage subsidy
- Pension Income
- Rental Income
- Second Income
- Special Duties allowance
- Travel Allowance
- Unsocial hours payments
- Wages or Salary
- Working Tax Credit

#### **Unacceptable Forms of Income:**

- Child Benefit Payments
- Child Tax Credit
- Expenses
- Income Support

### 15.2 Income Evidence – Employed Applicants

- Original Pay slips for the last 2 months
- 3 consecutive weekly Pay slips indicating year to date
- Pay packets and pay envelopes accepted at our discretion and must be accompanied by a Declaration of Income.

Where an applicant cannot provide suitable income proof then an employer's reference will be acceptable as long as it is completed on company headed paper and/or carries an official company stamp.

### 15.3 Income Evidence – Self-Employed Applicants

- Applicants are deemed to be self-employed where they hold 25% or more of the share capital of the company employing them.
- Suitable proof of self-employment will be required in all cases.
- If the qualifying income declared is over £80,000 an Accountant's letter will also be required.

Where the applicant is self-certifying their income, you should assess the plausibility of the declaration in relation to the nature of their business or occupation and their current credit profile.

Examples are suitable proof of self-employment (a combination of which may be required):

- Business Bank Statements
- Inland Revenue receipted Tax Return or other supporting documentation
- CIS Inland Revenue Card
- Business Invoice Letterhead/Cards verified by Yell.com or Internet
- Qualified Accountants reference
- Companies House Number of Business Search
- Other professionally qualified documents

No element of self-certification is permitted for Fresh Start 75.

### 15.4 Income Evidence – Applicants over their planned retirement age at the end of their Mortgage Term

In relation to all applicants who will be over their planned retirement age at the end of their selected mortgage term, additional documentation will be required confirming that the applicants hold a private pension where they have confirmed this as their method of continued payment. Where such applicants state that they are selling their property in order to redeem their loan at the end of or during the term of their mortgage term we will require written confirmation from the customer that this is feasible taking into account the type of property, their future property needs and the available equity remaining in the security property.

### 15.5 Income Capacity

For Near Prime and Lite applicants with single or joint income of £30,000 per annum or more, 45% of the applicant's gross income must cover the financial commitments detailed below. The income capacity required is reduced to 40% where joint or single income is less than £30,000 per annum or the applicants are on Flexi 1-3 / Fresh Start 75 products (this is further reduced to 35% on Fresh Start 75 where the current mortgage is with a Sub Prime lender).

The following items are to be included within your calculations:-

- Applicant's proposed MPL mortgage payment
- Where the applicant has additional and ongoing financial commitments, e.g. credit cards and store cards, the introducing broker will have to deduct an additional 3% of each outstanding balance from the debt-to-income calculation. Where there is a specific monthly payment highlighted on the credit search you are required to calculate affordability using this amount. These deductions only apply to financial commitments that the applicant is not settling from the proceeds of the loan.

The following items can be excluded from your calculation:

- All default balances
- Financial arrangements with less than 3 months left to run
- Mobile/Telecom agreements
- Mail order balances
- Bank overdrafts

#### Criteria for Additional Income

- Where an employed applicant's salary includes a bonus payment and a cumulative income figure is being used for the purposes of calculating their annual salary the following guideline will need to be adhered to:

If the cumulative figure shown on the pay slips falls within the first 6 months of the annual pay period, then bonus payments will need to be removed before the remaining income is annualised. It can, of course be added back to the annual salary after this calculation has taken place.

Where existing financial commitments cannot be serviced by the income calculation, the applicants will be required to redeem these balances from the proposed advance. The applicants will be required to provide an undertaking to this effect. Details of this facility are available on MPL's application forms or the separate consolidation form.

#### DWP Mortgage Payments & Payment Protection Payments

The following applies where a First Mortgagee Questionnaire (or other documentation) reveals that the DWP has made payments in support of the applicant's mortgage or where the client has been party to a PPP Insurance claim.

- For employed applicants, no special loading or requirements will be applied provided the applicants have made one full repayment from their own resources following the cessation of benefit payments.
- For self-employed applicants, 3 full repayments must be made from the applicant's own resources before granting an MPL facility.

Please see section 9.4 for our guidelines on applicants who have been in receipt of Housing Benefit in RTB/Pre-emption cases.

## 15.6 Discount Mortgages

When calculating an applicant's income capacity in relation to a discounted mortgage product, it is important to assess the applicant's ability to meet the higher of the two repayments they will be quoted in their Key Facts Illustration and Mortgage Offer Letter. In this case the higher non-discounted monthly instalment (also known as the reversionary instalment). As the mortgage payments are likely to increase after the discounted period has expired, the income calculation must cover the non-discounted payment.

Where the income calculation, based on the higher non-discount monthly instalment, could appear to indicate the applicant is unable to cover the payment (e.g. >45%) there are circumstances under which we would still consider the application. If the applicant believes that there are pending circumstances that will have a positive effect on their ability to repay the non-discounted payment (such as a pay rise) then confirmation of that change in circumstances will be required. For example a proposed pay rise will need to be confirmed by way of an employer's reference.

Unless you are certain of the validity of these mitigating circumstances, you are advised to refer the matter to your Underwriter before processing the application.

## 15.7 Fixed Rate Mortgages

When calculating an applicant's income capacity in relation to a fixed rate mortgage product and where the fixed rate is lower than the variable rate, it is important to assess the applicant's ability to meet the higher of the two repayments (i.e. the non-fixed instalment, which will apply at the end of the fixed rate term). As it is possible that the mortgage payments will increase after the fixed rate period has expired, the income calculation must cover the variable rate monthly instalment. If the applicant believes that there are pending circumstances that will have a positive effect on their ability to repay the non-fixed rate monthly payment (such as a pay rise) then confirmation of that change in circumstances will be required. For example a proposed pay rise will need to be confirmed by way of an employer's reference.

Unless you are sure of the validity of these mitigating circumstances you are advised to refer the matter to your Underwriter before processing the application.

## 16 | Credit Reference Agency Checks

You are required to undertake a credit search on all applicants at all known addresses covering a period of 24 months prior to the date of the application. The search must be comprehensive and include any aliases and/or linked addresses.

All applicants must have an established credit history for a minimum period of 24 months. (i.e. the start date of a current or past credit commitments must be at least 24 months prior to the MPL mortgage application date).

Where applicants do not appear on the electoral roll at the current registered address the following supporting information is required:

- Explanation covering why the applicant does not appear
- Suitable proof of residency covering the last 2 years

### 16.1 County Court Judgements

County Court Judgements (Court Decree in Scotland) are only considered relevant if they are less than 2 years old, over £100 and remain unsatisfied.

A written explanation is required from the applicant(s) for all CCJ's listed above on the following products – Flexi 1-3 and Fresh Start 75.

### 16.2 Defaults

MPL will accept applicants with defaults or an Administration Order but will ignore them for the purpose of assessing product eligibility.

### 16.3 Bankruptcy & IVAs

The above credit entries are acceptable provided they were discharged in line with individual plan requirements. If the IVA is to continue, then the monthly payments due under the arrangement should be deducted from the disposable monthly income as with any other ongoing commitment. For those applicants who have discharged themselves from either a Bankruptcy or an IVA, documentary evidence to confirm this is required.

Where an applicant is redeeming an unsatisfactory IVA the case will have to be placed on either Flexi 3 or Fresh Start 75 and a letter from the General Practitioner acting in the IVA will be required which confirms the amount required to clear the IVA and that the caution registered against the security address will be removed upon payment. We will not require a reference if we are redeeming an IVA. Where we receive a

joint application to settle a bankruptcy or an IVA in the name of one person and the value is equal to or more than 50% of the remaining equity in the property we will require the applicant who is not party to the IVA or bankruptcy to receive legal advice.

MPL is unable to consider Buy to Let applicants with current or historic bankruptcies or IVA's.

## 16.4 Repossessions

MPL will accept applicants who have previously had a property repossessed, providing this did not occur in the last 6 months.

If repossessed within the last 12 months, the application will only qualify for Fresh Start 75 and we will only consider applicants who are able to fully verify their income.

If repossessed 12-24 months ago the maximum LTV will be limited to 80%. No other plan or LTV restrictions apply.

We will also require confirmation there is no outstanding shortfall to the previous lender or that a satisfactory repayment schedule is in place and being maintained. This payment will be taken into account in our income affordability assessment.

## 16.5 Name/Address Identification

All applicants' identities must be verified as per MPL's latest KYC checklist and where the electronic identity check has not confirmed a successful match the necessary evidence of their identity must be provided.

# 17 | Lender's Reference

MPL require a full 12-month payment history on all mortgage and secured loan accounts held within the last 12 months. If the payment profile on Insight/CAIS does not provide conclusive evidence of which payments have been made, a mortgage reference will be required.

**Please note the following important points:**

- A Full Month's Arrear (FMA) is a mortgage payment that has been missed or is late by 30 days or more from the date it was due. A rent arrear will be treated as an FMA.
- Where a monthly payment is received that is 90% or more of the due amount, this will not count as an FMA.
- Where a customer has missed a payment with the 1st and 2nd charge in the same calendar month, it will count only as 1 FMA.
- Where the 2nd charge is less than £10,000 and represents no more than 25% of the existing 1st charge, then we only require a settlement figure for the 2nd charge.
- Where Payment Profile Information (e.g. Insight/CAIS) is available, it can be used in lieu of Mortgage/Bank Statements for proof of payment on any mortgage or secured loan providing it covers a full 12 month period and the information can clearly be identified as the mortgage or secured loan in question. Please note that when assessing a customer's payment history using Insight/CAIS the applicant's adverse will be assessed on the number of payments missed.
- Technical arrears (i.e. payment date late by arrangement) are not included in the assessment of FMAs.

Applicants must provide a satisfactory explanation for mortgage arrears when applying on Flexi 1-3 and Fresh Start 75. This must include details on how their circumstances have improved.

Please note that whenever an Applicant is redeeming an existing mortgage or secured loan, a valid settlement figure will be required. When redeeming from a High Street Bank, FNB or Citifinancial we will require a letter confirming that there are no other branch based or secured borrowings. MPL will be required to call the bank/finance house to confirm that the figures received are the true amount. When redeeming Welcome Finance, MPL will require a letter confirming which branch they wish the monies to be sent and we will also telephone to confirm that the figure given is a true amount.

If an applicant has multiple addresses we will only require a lenders reference on the security address and the correspondence address. Please note that we will also require a reference on any secured loans that were redeemed in the previous 12 months. This information might be available on Insight or CAIS.

## 18 | Landlord Reference

**A formal landlord's reference will be sought for all applicants who have been party to a rental agreement in the preceding 12 months. Each missed monthly rental payment will be counted as 1 FMA. As with mortgage arrears, a satisfactory explanation for rental arrears is required on Flexi 1-3.**

Rent references will not be sought in respect of applicants living with, or renting from, relatives.

## 19 | Bank Statements

Certified bank statements may be used to verify mortgage and rental payments. These statements must show that the payment has cleared from the applicant's account. Please note that internet bank statements are **not** acceptable.

### **Important**

Please note that if the statements provided indicate a large monthly commitment that has not been disclosed, or highlights income discrepancies, then this new information cannot be ignored when arriving at our underwriting decision.

## 20 | Property Title

Title must be good and marketable; free from onerous restrictions and conditions. MPL's security must be a first legal mortgage in England or Wales, or a first standard security in Scotland, over a habitable property.

## 21 | Property Location

Loans will be granted on residential or Buy to Let properties where they offer acceptable security in England, Wales and mainland Scotland. Lending is currently not available in the Scottish Isles, Northern Ireland, Eire, Isle of Man, the Channel Islands, or outside the UK.

Where the property is in an area that is subject to a Section 157 HMLR restriction (restricting a future sale to non-local residents), this fact must be brought to the attention of the valuer, who will be asked for written confirmation the extent to which OMV or the marketability of the property has been affected.

## 22 | Property Tenure

### 22.1 Acceptable Tenure

- Freehold
- Possessory title; subject to the valuer's confirmation that this does not affect the sale/marketability of the subject property. An indemnity policy is required where the proportion of the Possessory title is material and is required to fulfil LTV requirements.
- Commonhold title
- **Leasehold Houses, Flats and Maisonettes with not less than 35yrs remaining on the lease after the term of the mortgage.**

#### Notes relating to Leasehold properties:

- A copy of the lease is always required on leasehold flats, maisonettes and ex local authority houses.
- Ground rent and service charge receipts will be requested on all leasehold properties together with the notice fee and name and address of the landlord.
- Private Leasehold houses only require a copy of the registered plan but copies of ground rent or service charge receipts are not required.

### 22.2 Unacceptable Tenure

- Shared ownership, i.e. where equity is retained by a builder/developer, housing association or third party
- Short Leaseholds

## 23 | Property Type

### 23.1 Acceptable Construction Types

Properties of standard construction are acceptable where confirmed as good security by a suitably qualified valuer from MPL's panel. These include:

- Self-build houses (accompanied by both the local authority's completion certificate and the architect's insurance backed certificate) that are determined as adequate security by a suitably qualified member of the panel of valuers
- Flat-roof construction is considered as standard construction subject to the valuer confirming that sale - ability is not prejudiced.
- Concrete block (with the exception of pre-cast and prefabricated)
- Freehold flats in blocks of up to 4 floors in Scotland (higher rise considered on referral)
- Flying freehold only to the extent that the flying freehold is no more than 20% of the overall floor area and the valuer confirms it has no affect on the property's sale and marketability, i.e. covered passageway between two properties.
- Timber framed construction built after 1969 with a single brick skin and valuer confirms the property is acceptable for mortgage purposes
- Flats above shops, maximum 70% loan to value where not within influencing distance of food related outlet.

#### Notes:

- The valuer is required to confirm the property is acceptable for mortgage purposes
- MPL requires sight of the NHBC certificate, Premier Guarantee or Zurich certificate if the property has been built within the last ten years.

Where neither of these certificates are available we will require the following:

1. Copy of the Architect's certificate
2. Copy of the insurance certificate for the subject property which must be for a minimum of 10 years from the certificate date and provide sufficient cover for our purposes.
3. Copy of the Architect's Professional Indemnity certificate

4. Copy of the original plans and consents for the subject property
  5. Copy of the local authority completion certificate
- Relevant consents and building regulations are required for extensions built within the last four years
  - Properties that include large areas of land in the title are acceptable on referral only. The first 5 acres may be taken into account; additional lands are discounted from the value. Additional information is generally required, e.g. details of who owns the surrounding land, rights of way and access arrangements, use of the land, and location of the house within the land. A plan of the proposed security is required.

Concrete-built properties shown below are acceptable to MPL, although to a maximum of 80% for Origin, Near Prime where the property value is £100,000 or more, or 65% across all products where the value is lower.

Concrete construction not covered under a PRC licence – Property Listing (1)	Is a Structural Engineer’s Report Required?
Laing Easiform (constructed post 1945)	No*
Wimpey No-Fines (Two Storey)	No*

\*If there is any doubt as to the structural stability a Structural Engineers Report will be required.

## 23.2 Unacceptable Security

The following do not constitute acceptable security:

- **Non-Standard Construction**
- **PRC Repair Properties**
- Freehold flats and maisonettes in England and Wales
- Security in support of development loans
- Flying freehold except on referral and where the extent of flying freehold is no more than 20% of the overall floor area and the valuer confirms it has no effect on the property’s sale and marketability, i.e. covered passageway between two properties
- Properties of 100% timber construction, or timber framed properties built pre 1970. (note: “Brick Clad” Timber framed properties built post 1969 are deemed to be of standard construction)
- Steel framed properties
- Properties designated as defective under the Housing Defects Act 1984 and Housing Act 1985
- Properties containing Mundic Block materials unless covered by a “Class A” classification
- ‘High Rise’ flats, e.g. in a block of 10 storeys or more
- Flats above or within influencing distance of food related outlets / catering premises
- Freehold flats in blocks of over 4 storeys in Scotland
- Local authority blocks of flats exceeding 4 storeys should be referred
- Properties with agricultural restrictions
- Farms or small-holdings
- Commercial properties, including hotels, restaurants, pubs, clubs & care homes
- Properties subject to onerous resale restrictions
- Properties suffering from progressive structural movement
- MPL reserves the right to decline or reduce the LTV on any individual property it considers unsuitable or where the valuer makes any adverse comments about the property’s sale and marketability, including occupancy restrictions and falling property prices
- Concrete-built houses – A number have been listed as being defective within the 1984 Housing Defects Act, incorporated within the Housing Act 1985, Part XVI, Housing (Scotland) 1987 Part XIV, and Housing (Northern Ireland) Order 1986, Part II.
- Grade 1 listed buildings

## 24 | Use of Property

### 24.1 Owner-Occupation

The whole of the property, including any 'granny annexe' must be used for private residential use and be the applicant's main family residence. MPL is unable to consider applications for mortgages on any other property unless the property is Buy to Let or Tenanted. Please refer to section 10.

### 24.2 Unauthorised Letting/Commercial Use

In cases where unauthorised letting or commercial use is considered possible (e.g. applicants purchasing or re-mortgaging a property with potential retail or office usage) the underwriter will ensure that the offer of mortgage contains a special condition requiring the applicant to enter into an undertaking not to use the property for letting or commercial purposes.

## 25 | Valuations

### 25.1 Valuation Reports

A Full Valuation Report is required in all cases.

MPL is currently unable to consider the use of AVM's as the primary or sole assessment of property value.

In all instances we will undertake an AVM in addition to the full valuation report to support the valuation. We reserve the right to either reduce the LTV or request a 2nd valuation.

- Valuation reports must be instructed only from Money Partner's panel valuers. You are advised to instruct only via the given contact details as not all valuer firms are authorised to panel-out.
- For purchase transactions, an instructed panel valuer must have no connection with the selling agents.
- The valuer's inspection must have been carried out within 6 months of completion; otherwise a revised valuation will be needed. Therefore valuations should be no more than 3 months old when the application is submitted.

Properties located in the following areas will require a 2nd valuation when the advance is greater than £500,000 (Advances in excess of £500,000 can only be agreed by exception):

Bedfordshire	Essex	London
Berkshire	Hampshire	Oxfordshire
Buckinghamshire	Hertfordshire	Surrey
East Sussex	Kent	West Sussex

Elsewhere, where the property is valued above £500,000 and where an LTV higher than 70% is required, it will be necessary to obtain an additional valuation from a panel valuer. The cost of the lower of the two valuations will be refunded by MPL on completion.

We recommend that (where required) a second valuation be instructed only when you are confident that the application fits MPL terms.

#### Assessing the Valuer's report – Other Considerations

The valuer's report will remain valid for a period of 6 months from the date of inspection. It must therefore be less than 3 months old when the loan is approved to be acceptable.

## 25.2 Guidelines

Upon receipt of the valuation report, the following additional points should be taken into consideration:

- **Comparable & Marketing Time**

- Has the valuer detailed at least two comparables for similar properties recently sold in support of his valuation?
- Has the valuer confirmed a marketing time for the property, and is this reasonable when considering the geographical location and prevailing housing market?

- **Properties with large areas of Land**

Properties that have large areas of land included in the title should be referred to your Underwriter before submission. Please note that when assessing the value of these properties we will only consider the first 5 acres and will discount any additional land from the value of the property (please ensure that the valuer is advised accordingly). Depending on the case in question, it is likely that additional information will be required. Examples of the types of information which may be asked for are details of who owns the surrounding land, rights of way and access arrangements, use of the land, and location of the house within the land offered as a security. A plan of the proposed security will be required.

- Each case will be considered on an individual basis, so we can ensure that there are no potential problems with the property.

- **Other Sections of the Report**

- Has the valuer signed and dated the report, and given his position and qualifications? If not, please return the report for completion.
- Has a buildings reinstatement insurance figure been given? If not, please obtain this before submission.

Has the valuer completed the section of the report detailing demand for the property, sale prices in the area, location and condition of the property? If not, please return the form for completion.

- Is the property fit for occupation, or has the valuer indicated the existence of any commercial use or other tenancy? If so, full details will be required and full retentions may be applied.
- Are there any restrictive covenants or comments from the valuer that are likely to affect marketability or the acceptance of the property as a suitable security? If so, please refer to an underwriter.
- Where the valuer has indicated that the security is at risk (or has a history) of flooding or coastal erosion, the report will be referred to our block insurance company. If cover is declined by our insurers, the property will be deemed as unsuitable security. You are advised to check [www.homecheck.co.uk](http://www.homecheck.co.uk) to ensure the property is not within 250m of an indicative flood plain. Please refer to your underwriter if you require further guidance.

### **Property Defects**

Major and/or progressive defects in properties offered as security may adversely affect saleability. The additional risk inherent in such cases will be mitigated by applying the following guidelines:

Where the property valuation report indicates the need for remedial works, the valuer will often show two property values, one in the property's current condition (pre-works value) and one once remedial works have been completed (post-works value). The post-works value is normally the higher of the two values. The valuer will also generally indicate a recommended retention amount, which will reflect the probable cost of remedial works.

The cost of remedial works will not always equal the difference between pre-work value and post-works value, as these two elements are not directly related.

Where loan to value parameters allow, loans may be made without imposing a retention. For example, if the valuer indicates a retention due to the need for minor remedial works, but the loan required is within the loan to value parameters using the pre-works valuation figure, we will have the option to make remedial works subject to an undertaking to complete these works within 6 months of completion of the loan by means of special offer conditions to this effect.

#### Example 1

Product with maximum LTV 80% requiring an advance of £90,000  
Valuer indicates minor areas of dampness  
Retention recommended is £500  
The lower of the purchase price or pre-works value = £120,000  
The lower of the purchase price plus estimates, or post-works value = £123,000  
75% of the purchase price or pre-works value = £90,000

In example 1, as the product maximum in LTV = 80%, this loan could be considered on an undertaking basis rather than a retention amount.

#### Example 2

Product with maximum LTV 80% requiring an advance of £90,000  
Valuer indicates minor areas of dampness  
Retention recommended is £500  
The lower of the purchase price or pre-works value = £110,000  
The lower of the purchase price plus estimates or post-work value = £120,000  
£90,000 = 81.81% of the lower of the purchase price or pre-works value

In example 2, as the product maximum LTV = 80% this loan requires a retention of at least £2,000 (the difference between 80% of the pre-works value (£88,000) and the loan requested). It should be noted in this example that the retention required to maintain loan to value parameters exceeds that recommended by the valuer.

The principle illustrated in examples 1 & 2 applies to all products.

It is a requirement that all remedial works fundamental to a security's future saleability or structural integrity are to be undertaken prior to the release of any advance.

Properties in the course of construction or deemed uninhabitable in their present condition will attract a 100% retention. Release of the advance will be subject to a further inspection by the valuer and an unequivocal statement that the property is a) fit for occupation and b) has a value sufficient to meet the applicable product to value parameters.

Properties in the course of construction will not be eligible for stage release of payments.

#### Structural Movement

Cases where the valuer has indicated the presence of ongoing or progressive structural movement within properties (often specified as Settlement or Landslip) are declined. Applicants may be given the option to obtain a Full Structural Engineers report (at their own expense) in order to obtain specific expert commentary on the structural integrity of the property. As these reports do not guarantee the case will be reconsidered, no form of commitment to lend is given at this time. Where applicable, a copy of the suitably qualified Structural Engineer's report must be forwarded to the original valuer. The case may be reconsidered, dependant upon the opinion provided by the valuer.

## Underpinning

Properties underpinned in the preceding 15 years should have a suitable guarantee from a reputable company.

Solicitors to confirm that the guarantee is either indemnified or the company is still trading and able to honour the guarantee.

Where the property valuation report shows evidence of underpinning and no further structural movement, the offer will be subject to the original guarantee for underpinning being lodged with the property title deeds.

Where applicants indicate that they require block buildings insurance on properties that have been underpinned, the valuation report and report/guarantees on underpinning are to be sent to MPL insurers prior to completion, to allow reassessment of risk. This may result in modified rates for cover, or the insurer may decline to cover. In the event of our insurers refusing to insure, the applicants may seek cover from an alternative source. If alternative cover cannot be affected, the property will be deemed uninsurable and the mortgage offer withdrawn.

## Other Specialist Reports

If the valuation report indicates the need for specialist reports, e.g. coal mining, wall tie, dry rot or roofing, the applicant will be required to obtain one from a specialist contractor; detailing the extent and cost of remedial works. Applicants may be required to ensure such works are undertaken either under a 6-month undertaking or subject to a partial retention of the advance.

## 25.3 Approved Valuer Panel

England & Wales		
<p><b>Allied Surveyors Plc</b> Westgate Chambers, 3 High Street, Chipping Sodbury, South Glos. BS37 6BA <b>Broker Contact:</b> Tel: 08700 740 750 Fax: 07000 781 491 Website: www.alliedsurveyors.com</p>	<p><b>Colleys Customer Service Unit</b> 2nd Floor, Berwick House, Livery Street, Birmingham B3 2PF <b>Broker Contact:</b> Tel: 0121 254 0303 Fax: 0121 212 0014 Website: www.colleys.co.uk Email: colleysnationaloperations@halifax.co.uk</p>	<p><b>Connells</b> Cumbria House 16-20 Hockliffe Street Leighton Buzzard, Beds LU7 1HJ <b>Broker Contact:</b> Stafford Administration Centre Fax: 01785 215607/8 Website: www.connells.co.uk</p>
<p><b>Countrywide Surveyors</b> Market House, Market Square Stony Stratford, Milton Keynes Bucks MK11 1BE <b>Broker Contact:</b> Central Customer Services Tel: 0870 600 1500 Fax 0870 600 1300 Website: www.CWSurveyors.co.uk Email: info@cwsurveyors.co.uk</p>	<p><b>Chancellors Associates</b> 76 Guildford Road, Lightwater Surrey GU18 5ST <b>Broker Contact:</b> Tel: 0870 241 9045 Fax: 0870 241 9046 Website: www.chancellors-associates.co.uk Email: central.desk@chancellors.co.uk</p>	<p><b>Ekins Surveyors</b> Drake House, Admiral Business Park Dartford, Kent DA2 6QH *Brokers with existing accounts only <b>Broker Contact:</b> Tel: 08705 404060 Fax: 01322 281524 Website: www.ekins.com Email: GIEkinsSurveyors@woolwich.co.uk</p>
<p><b>e.surv</b> Lahnstein House, Gold Street Kettering, Northampton NN16 8AP <b>Broker Contact:</b> Central Instruction: Tel: 01536 534000 Fax: 01536 312344 Website: www.esurv.co.uk</p>	<p><b>Lexicon Surveying Services</b> Cecil Court, London Road Enfield, Middlesex EN2 6DE <b>Broker Contact:</b> Tel: 0845 644 6544 Fax: 0845 644 6566 Website: www.lexicon-services.co.uk Email: enq@lexiconsurveyors.co.uk</p>	<p><b>LMS</b> LMS House, Lloyd Drive, Cheshire Oaks Business Park, Cheshire CH65 9HQ <b>Broker Contact:</b> Tel: 0870 907 9400 Fax: 0870 907 9410 Website: www.lms.com Email: info@lms.com</p>

## England & Wales

<p><b>Reeds Rains</b> Reeds Rains House, Chorley West Business Park, Ackhurst Road, Chorley PR7 1NL <b>Broker Contact:</b> Tel: 01257 230600 (Option 2, then Option 1) Fax: 01257 230186 Website: www.reedsrains.co.uk Email: headoffice@reedsrains.co.uk</p>	<p><b>SPS</b> The Coach House, Lockington Hall Lockington, Derby, DE74 2RH <b>Broker Contact:</b> Tel: 01509 686002 Fax: 01509 674921 Website: www.bbg.co.uk Email: valuation_requests@bbg.co.uk</p>	<p><b>Spinnaka Limited</b> 30 High Street, Gosforth Newcastle upon Tyne NE3 1LX <b>Broker Contact:</b> Tel: 08709 100 400 Fax: 08709 101 004 Email: chris.finney@spinnaka.com</p>
<p><b>Valuation</b> 4th Floor, Wellington House, 90-92 Butt Road, Colchester CO3 3DA <b>Broker Contact:</b> Client Services: Tel: 01206 363 658 Fax: 01206 369 209/210 SPN: 01206 363689 Website: www.valuation.com Email: talk-to-us@valuation.com</p>		

## Scotland

\*Note: J & E Shepherd may value in England & Wales where they are established in the relevant areas

<p><b>D. M. Hall</b> 36 Melville Street Edinburgh EH3 7HA <b>Broker Contact:</b> Central Hub (Quest): SPN: 01236 618909 Website: www.dmhall.co.uk</p>	<p><b>Graham &amp; Sibbald</b> 18 Newton Place, Glasgow G3 7PY <b>Broker Contact:</b> Tel: 0141 332 1194 Fax: 0141 332 5914 Website: www.g-s.co.uk Email: glasgow@g-s.co.uk</p>	<p><b>J &amp; E Shepherd*</b> 3 Chester Road, Edinburgh EH3 7RF <b>Broker Contact:</b> Tel: 01312 251 234 Mob: 07798 531 333 Website: www.shepherd.co.uk Email: gbwster@shepherd.co.uk</p>
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## 26 | Commission and Fees

MPL's completion fee	
Discount	£1250
Fixed	£1250
Variable	£1250

The fee is inclusive of MPL's solicitor's fee in acting for MPL.

MPL's other fees, associated with the ongoing administration of completed mortgage accounts are detailed within MPL's Tariff of Fees document. This Tariff is issued by MPL to applicants with their Mortgage Offer Letter. The fees detailed within the Tariff are subject to change in the future. Customers will be advised of any such changes as and when they occur.

Commission is paid on the gross loan advance.

Please note that commissions are subject to a capping system, details of which can be obtained from your Key Account Manager.

An administration fee can be negotiated between the applicant and the introducer, which, once agreed, must form part of the loan.

## 27 | Security Phone Call

To satisfy our compliance checks, MPL will contact the applicant(s) by telephone prior to completion to carry out a security check. Please ensure that we have all the necessary contact details for each applicant and that they are accurate.



