



**West One**

# **West One Secured Loans**

## **Interim Criteria Guide Secured Loans 2<sup>nd</sup> Charge**

**May 2020**

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## 1. Applicants

Maximum number of applicants is 2.

Minimum Age of 21 years

Maximum age at the end of the loan term is 85 years

Applicant(s) aged 70 years old and over are required to receive Independent Legal Advice.

All applicants must have been resident at the security address for a minimum of 3 months (Where the sole owner of the property is co-habiting and the non-owning partners income is required for affordability purposes the non-owning partner must have been resident at the security address for a minimum of 12 months)

All applicants must reside at the security address; applications where not all applicants are residents, will be considered on a strong referral basis.

All parties to the existing 1<sup>st</sup> charge mortgage must be party to the loan.

All applicants must pass all standard AML checks including PEP and Sanctions checks

### 1.1 Married (Sole Owners) / Co-Habiting Applicants

Applicants who are sole owners of the property and are married, the non-owning partner will need to either become a joint borrower in the loan application or alternatively must sign an occupier's consent form and receive independent legal advice from a solicitor. Where the sole owner of the property is co-habiting the non-owning partner will need to either become a joint borrower in the loan application or alternatively must sign an occupier's consent form. In Scotland, the non-owning borrower will need to be included as a Consentor on the Standard Security.

### 1.2 Nationality of Applicants

All applicants must reside in the UK and have been resident for the last 36 months.

EEA Nationals are permitted on standard terms, providing they currently reside in the UK and have been resident for the last 36 months. (See Table below for list of EEA Countries)

<b>EEA COUNTRIES</b>			
AUSTRIA	FINLAND	LATVIA	POLAND
BELGIUM	FRANCE	LIECHTENSTEIN	ROMANIA
BULGARIA	GERMANY	LITHUANIA	SLOVAKIA
CROATIA	GREECE	LUXEMBOURG	SLOVENIA
CYPRUS (Greek Cypriots Only)	HUNGARY	MALTA	SPAIN
CZECH REPUBLIC	ICELAND	NETHERLANDS	SWEDEN
DENMARK	IRELAND	NORWAY	SWITZERLAND
ESTONIA	ITALY	PORTUGAL	

## 1.3 Unacceptable Applicants

The following individuals are generally unacceptable, but strong referrals may be considered.

- Individuals with diplomatic immunity.
- Individuals under the age of 21.
- Individuals with any unspent criminal convictions.
- Individuals employed by the introducing broker or packager.
- Individuals employed by the Enra Group.
- Individuals on the HM Treasury Sanctions List.
- Non-EEA Nationals

## 1.4 Independent Legal Advice (ILA)

Independent Legal Advice (ILA) will be required for the following:

- Applicants aged 70 or over
- Applicants who have difficulty understanding or do not speak English.
- Occupiers who are aged 70 years or over.
- Occupiers who have difficulty understanding or do not speak English.

Where ILA is required for the following, this needs to be from a solicitor who is fully independent to the applicant's usual solicitor.

- Non-benefitting applicants (Classed as benefiting the lower of £10k or 10% of the loan must be for the benefit to the applicant(s)).
- Non-borrower spouse (Married applicants only).

There may be other instances where Independent Legal Advice (ILA) is required given the often-unique nature of some applications. If ILA is deemed necessary, you will be notified by the underwriting team and an explanation for the requirement will be given.

**To enable borrowers to continue to access independent legal advice where appropriate we have introduced a new process to allow Solicitors to complete ILA via video conferencing solutions.**

Solicitors offering this service will need to complete and sign our "Certificate of Non-Face-to-Face Legal Advice" before sending onto our borrowers for their signature:

- One certificate will be required per borrower

- The legal representative will not be able to witness the mortgage deed via video conferencing – this will need to be witnessed independently by a non-family member

## 1.5 Other Occupiers

Where other occupiers aged 17 or over reside in the property, they will be required to sign a Form of Consent (Waiver).

## 2. KYC

Where available, identity and residency will be verified electronically, via Equifax Identity; if electronic checks fail, certified proof of residency will be required as below:

**PROOF OF NAME** – 1 item of the following identification is required

- Current Signed passport
- Current UK or EEA photocard driving licence
- Valid Firearms or Shotgun licence
- EEA member state Identity Card
- Residence permit issued by the Home Office to EEA nationals or sight of own country passport
- Police Warrant Card (with photo)

**PROOF OF ADDRESS** – 2 items of the following is required (you cannot use one form of identification for both proof of name and address)

- Electoral Registry entry (current)
- Current UK photocard driving licence
- Local Authority council tax bill for current tax year
- Bank or Building Society statement dated within the last 3 months
- Utility Bill dated within the last 3 months (excluding mobile phone bills and internet generated statements)
- Inland Revenue self-assessment or tax demand (dated within the last 12 months)
- Letter from Benefits Agency (Dated within last 3 months)

Certification of Documents must include the following wording: **“Certified to be a true copy of the original as seen by me”** with a company stamp and signature of the individual making the certification (including name in block capitals). Alternative wording may be used if the message is effectively similar to the required.

West One takes its KYC and AML responsibilities very seriously and reserve the right to request further certified or original documentation.

### 2.1 Proof of Residency

All applicants must evidence UK residency for the last 3 years.

The Electoral Roll will be used to check the applicants UK residency for the last 3 years. If the applicant(s) are not on the electoral roll, proof of residency will be required for the absent years as listed below –

- Bank or Building Society statement
- Utility Bills (excluding mobile phone bills and internet generated statements)
- Local Authority Council tax bills
- Inland Revenue self-assessment or tax demand
- Letter from Benefit Agency

### 2.2 Proof of Signature

In all instances, proof of signature will be required (even if KYC has been satisfied via E-ID)

## **2.3 Politically Exposed Persons (PEPs)**

Applications from Politically Exposed Persons will be subject to enhanced due diligence checks and approval will be provided by the companies MLRO (or nominated officer) before the loan is sanctioned.

### 3. Loan Purpose

Loans may be used for any reasonable legal, domestic or family purpose.

Loans cannot be used for business start-ups, DCS agreements, financial speculation and purchase of publicly listed stocks or shares.

#### Home improvements

- Loans partially or fully funding home improvements, may require a schedule of works and/or quotes.
- We may ask for further details and/or evidence of how these funds will be used.
- Where extensive refurbishment works are being carried out, a full internal valuation report will be required.

West One reserves the right to request evidence/breakdown of funds if the plausibility of the funds being used for home improvements is not clear.

#### Debt Consolidation

- Where unsecured loans and credit cards are to be consolidated from the loan advance, all applicants must fully complete and sign the consolidation sheet that forms part of the application form.
- A final copy of the debt consolidation form will be issued at binding offer stage. Borrowers are asked to sign a declaration to say they understand the importance of ensuring the payment details and account reference numbers are accurate and to confirm they have reviewed all the information provided.
- Where we are repaying unsecured loans directly from the loan proceeds, we will require an up to date settlement figure (This must be a standard redemption figure on letterheaded paper) from the following loan providers:
  - Tesco
  - HSBC
  - Zopa
  - Ratesetter
  - Barclays
  - Creation

In addition to this at binding offer stage where there is an element of debt consolidation, we will issue an accompanying letter highlighting that urgent action is required before the loan completes. The letter outlines the financial implications of not carrying out adequate checks and it is essential borrowers read this letter and carry out the required checks prior to returning the signed mortgage deed.

- All unsecured debt will be paid directly to the creditor(s) using the details provided on the debt consolidation form or statements provided.
- Secured debt will always be paid directly to the existing lenders(s) by West One's solicitors on completion. A valid settlement figure with the appropriate undertakings will be required in all instances.

## Business loans

- Where the loan purpose is business or similar, strong referrals can be considered. For consideration we will need full details of how the funds will be used to help establish the current strength of the business and the impact on affordability going forward.
- For joint applications where one applicant's business is benefiting from the loan, any other applicant must receive Independent Legal Advice, from a solicitor not connected to the applicant's solicitor or their firm.
- A breakdown detailing how the funds will be used and how these will benefit the business will be required in all cases.
- For all business loans, an accountant's certificate is required.
- Lending for business start-ups, or for the purchase of publicly listed stocks or shares is unacceptable.

## Tax Bills

Where the loan purpose is to pay any form of tax bill, the application must be referred. To consider the application we will require the following to be verified by the applicant's accountant:

- Evidence the Tax Bill does not relate to the current tax period.
- A written explanation as to how the tax bill arose.
- Why the applicants have not been able to pay it themselves and
- How this situation will not arise again.

If approved, the tax bill will need to be paid directly to the HMRC from the loan proceeds.

## Purchase of other properties

Details will be required of the intended purchase, where the purchase is for personal use i.e. holiday home, the running costs will be included in the affordability assessment.

Where the amount of monies being raised is in excess of £100,000, we may ask for evidence of the purchase details.

### **3.1 Loan Size**

Minimum net loan size is £10,000

Maximum gross loan size for loans secured on the borrowers main residence is £250,000 (Loans above £250,000 can be considered on a referral – please see rate cards for more information)

### **3.2 Loan Term**

Minimum loan term is 3 years

Maximum loan term is 30 years

Loans are not portable

## 4. Mortgage History

Funds will only be advanced on a second charge basis, following a standard mortgage from a recognised and regulated mortgage lender.

Proof of the latest 12 months' or rent payments must be provided via a credit search, BSQ, mortgage statement, bank statements or a rent reference from an official letting agent. (Applicants renting privately or living with family during the last 12 months will be considered by referral). A Mortgage / Rental payment is classed as 100% of the agreed monthly contractual payment.

If the existing first charge company is a specialist lender and the mortgage taken out in the last 24 months, we will advance funds up to a maximum LTV of 70% LTVs above 70% will be considered on a referral basis and further evidence of the terms of the original mortgage may be required.

We will not follow mortgages originated by the following companies: -

- Together Money (and other trading names)
- Spring Finance
- Central Trust
- Swift Advances
- Welcome FS (and other trading names)
- Shawbrook Bank
- Optimum Credit
- UTB
- First Plus
- Nemo Personal Finance
- Evolution Money
- Norton

Unacceptable first charges include mortgages with any element of roll up or deferred interest, or any onerous fees, charges or interest, which could erode property equity i.e. bridging loans, equity release mortgages, development loans and other types of secured loans.

Where the prior mortgage lender has given a further advance and registered an additional charge at HM Land Registry to secure a further advance. West One will treat this as one prior mortgage.

Where a mortgage is obliged to make further advances and the current lender can offer further monies under the current terms of the mortgage up to a pre-agreed limit either of the following will be required:

- **Maximum Lending Figure** – confirmed in writing by the first mortgagee either in a letter or a BSQ.
- **Deed of Postponement (DOP)** – where the current first mortgagee agrees to a limit, be it the current balance, a higher limit or an amount reducing the current limit. (*The original DOP will always be required where the 1<sup>st</sup> Mortgagee is Nationwide*)

Where the 1<sup>st</sup> mortgagee with an obligation to make further advances is stated on the Land registry but are unable to provide the above a letter from the first lender to West One Loans Limited stating that notwithstanding the entry in the charges register of title number XXXXXXXX, they are in fact not under obligation to make further advances will be accepted.

West One will not lend behind any mortgage that state they will lend up to a percentage of the index valuation.

All applicants must complete a declaration to confirm that they have not applied (or intend to apply) for a mortgage payment holiday.

## **4.1 Consent**

Where consent is required to register our charge, this must be for **West One Secured Loans Limited** and must explicitly state that consent to the **registration** of a second charge has been granted. For example:

“We grant consent **to the registration** of a second charge in favour of West One Secured Loans Limited”

## 5. Property

Security Property must be located in England, Wales or Mainland Scotland for residential applications

Minimum Property valuation is £100,000 up to 65% (£150,000 for ex-council Flats)

Minimum Property valuation is £150,000 above 65%

Properties that are of a non-traditional construction (*that are not listed in the Unacceptable properties in section 3.1*) but have been confirmed as mortgageable through conventional sources will generally be considered up to a maximum LTV of 65%.

Flats, Maisonettes and Apartments must be self-contained with private facilities and must have direct access to the highway via covered common parts.

### 5.1 Unacceptable Properties

- Commercial property.
- Live or work units.
- Any modern method of construction (MMC) property e.g. POD construction where units are built off site, secured on site and services connected.
- Grade 1 listed buildings.
- Mobile Homes.
- Houseboats.
- Property affected by Japanese knotweed.
- Property with ongoing movement or where monitoring is required.
- Property where material environmental hazards are present.
- Property where saleability may be affected by local planning or an unsatisfactory mining search.
- Property subject to any social housing scheme (i.e. Right to Buy, Shared Ownership, Key Worker etc.)
- Properties subject to retentions.
- HMOs and House shares for residential lending. See BTL section for requirements for Buy-To-Let Loans
- Properties on Scottish Islands
- Scottish crofts
- Leasehold flats and maisonettes in Scotland
- Flats with cladding unless supported by a recent fire safety certificate. (A referral will be required in all instances)
- Properties currently being marketed for sale

### 5.2 Properties considered by referral

- Private flats with 8 storeys or more.
- Flats above commercial premises (including shops).
- Ex-Local authority flats with 6 storeys or more.
- Ex-local authority flats with balcony access.
- Studio Flats (Minimum 30 square meters).
- Property of easiform construction.

- Property containing mundic concrete.
- Property containing no-fines concrete.
- HMOs and Houseshares.
- Property subject to recent flooding or identified as in a flood area.
- Multi-Unit Blocks.

### 5.3 Restrictive Covenants

Restrictive covenants are generally acceptable. Examples of specific unacceptable restrictive covenants are:

- Properties subject to restricted occupancy clauses i.e. park homes that only allow occupancy for 11 months per year.
- Properties designated as retirement or sheltered accommodation.
- Properties subject to planning or agricultural restrictions.

### 5.4 Tenure

<b>Leasehold</b>	Minimum remaining lease term at the end of our loan period is 55 years for Capital Repayment loans and 70 years for Interest Only loans.
<b>Freehold</b>	Acceptable on houses only.
<b>Commonhold</b>	Not Acceptable.
<b>Flying Freehold</b>	Considered if total area less than 10% of the property. Must be confirmed by the surveyor.
<b>Feuhold</b>	Scotland only.

### 5.5 Property Valuation Reports

#### Mortgage Valuations (Full Internal Inspection)

- Must have the security property value confirmed via a Mortgage Valuation, addressed to West One and dated within the last 3 months.
- All Mortgage valuations must be instructed via the panel management companies which currently consists of the following firms: - **Metropolis Surveyors, Pure Panel Management, Sonas Gateway, Ord Karmell Kritzler and DM Hall**. (Our Valuer panel is maintained by our broker support team and all valuers are subject to satisfactory due diligence checks and adequate PI cover being in place).
- A re-typed report is acceptable provided it is dated within the last 3 months and was carried out via one of the approved panel management companies. (The original report must be provided).
- Amended valuation reports are acceptable, subject to receipt of the original report and an explanation of the amendments; if the explanation is deemed unsatisfactory, the original report may be used. (Where the valuation amount has been increased the lower figure will be used unless strong evidence can be provided).
- In certain instances, West One may refer any valuation report to their Internal valuation department.

- Valuation reports showing retentions will confirm the property is unacceptable security.

### Drive-by Valuations

Drive-by valuations are an acceptable alternative to a Mortgage Valuation in the following circumstances:

- Maximum gross loan size £100,000
- Maximum LTV 70%

Drive-by Valuation are not acceptable for the following:

- Ex-local authority properties.
- 2<sup>nd</sup> charge BTL plans.
- Properties of Non-Standard construction.

### Hometrack AVM

Hometrack AVM valuations are an acceptable alternative to a Mortgage Valuation in the following circumstances:

- Max gross loan size £75,000 (See rate cards for maximum amount per plan)
- Maximum LTV 65% (See rate cards for maximum LTV per plan)
- A minimum confidence level of **5.0** is required for LTV's up to 50%
- A minimum confidence level of **6.0** is required for LTV's above 50% (up to 65% Max)
- Maximum property value of £500,000 (£750,000 in London & South East)

Note: A flood check confirming the property is not at risk of flooding will also be conducted

Hometrack AVM Valuation are not acceptable for the following:

- Ex-local authority properties.
- 2<sup>nd</sup> charge BTL plans
- Where extensive refurbishment works are being carried out.
- Properties of Non-Standard construction.

## **5.6 Specialist Reports**

Applicant(s) will be required to obtain any specialist reports recommended by a surveyor within a mortgage valuation report. Commonly requested reports include Coal Mining, Timber and Damp reports, Electrical Arboreal/Tree Surgeon report and Cavity Wall Tie reports.

Where a report has been requested, this must be referred back to the valuer for their comments

*\*Note: Coal Mining reports will only be required to be referred back to the valuer where there are adverse entries.*

## **5.7 Structural Reports**

Applicant(s) will be required to obtain a structural report, if recommended by a surveyor within the mortgage valuation report

- Structural Engineers reports must be addressed to the applicant, or a letter of reliance obtained, and are only acceptable from members of the following bodies:

- The Institution of Structural Engineers ( [www.istructe.org.uk](http://www.istructe.org.uk) )
- The Institution of Civil Engineers ( [www.ice.org.uk](http://www.ice.org.uk) )
- Properties subject to ongoing movement or where monitoring is required are not acceptable.
- Properties that have suffered historic movement, or where a structural engineer's report is recommended, will be considered on a referral basis.

Where a report has been requested, this must be referred back to the valuer for their comments.

## **5.8 Flood Areas**

For properties in a known or suspected flood area, a flood check will be completed. Where the property is at risk of flood a copy of the applicants building Insurance will be required to ensure this risk is covered.

\* West One reserve the right to apply further conditions upon review of the flood report.

## 6. Income

The minimum income is £15,000 gross per annum which must be earned solely by the lead applicant. (See rate card for any other specific plan requirements).

All applicants will be subject to an Income and expenditure assessment.

All Income must be paid into a UK bank account, in GBP and subject to UK tax.

All applications must have at least one applicant currently employed, self-employed or in receipt of private pension.

### 6.1 Employed Applicants

The minimum time in employment for an applicant is 3 months. Applicants with less than 3 months in current employment may be considered on a referral basis provided they have remained in the same profession and the employer confirms the applicant is not currently in a probationary period. (Applicant's currently in a probation period are generally unacceptable, but strong referrals may be considered.)

We will not lend to applicants who are furloughed currently or are on notice of being furloughed and we will need all applicants to confirm this in writing. We reserve the right to request confirmation of this from the employer.

#### Key Workers

We can lend to employed borrowers who are identified as key workers as per the government definition which include: -

- Health and Social Care
- Education
- Key Public Sector Services (courts / religious staff / charities etc.)
- Local and National government
- Food and other necessary goods
- Public Safety and National Security
- Transport
- Utility and Communications companies
- Essential Financial Services

In these industries, up to 100% of overtime and bonuses can generally be accepted if they can be evidenced as regular, consistent and ongoing.

#### Impacted Industries

We are generally unable to accept applications from applicants who work in the following impacted industries: -

- Hospitality
- Retail
- Entertainment & Leisure
- Travel
- Hairdressers / Beauty Salons / Nail Bars

### All other employed sectors (Non-Key Workers)

All other employed applicants can be considered subject to a written explanation directly from the borrowers detailing their current working situation and duties, along with how their income will be derived and how the loan will remain affordable for the next 3-6 months. We will generally only use basic pay and will not be able to consider overtime, bonuses or similar. *(Please note further information may be requested such as a letter from the applicants' employer confirming current working situation with no immediate plans of Furlough.)*

Applicants employed by a family business require, in addition to the last 2 months' payslips a letter from a suitably qualified external accountant confirming occupation, salary, length of service and percentage shareholding in the business. In all cases, the payslips will require supporting bank statements to verify the pay being credited to the applicant's account.

Applicant(s) with "sick pay" on their payslips are unacceptable, unless proof can be provided, they have now returned to work and the continuation of any sickness period is unlikely.

For each employed applicant we will require you to obtain and submit the last 3 most recent consecutive payslips (4 if paid weekly). with the latest payslip being valid for 30 days.

In all instances, February's payslip will also be required to show the basic Income is consistent with the current payslips to verify that they are not subject to a Furlough scheme. (If paid weekly we will require the 4 weeks' payslips from February) Where payslips are computerised, Word processed (Sage, Iris, etc..), Internet produced or of poor quality we will require supporting bank statements showing pay received. (Pay Packets or envelopes which are handwritten maybe accepted by referral and will require supporting bank statements showing pay received if accepted).

West One reserve the right to request bank statements to support any payslip style if necessary.

**The table below will advise the requirement for each acceptable source of Employed Income.**

Income Type	Acceptable	Proof Required
Basic Salary	Yes - 100%	The Latest 3 months consecutive payslips (3 if paid weekly) showing a consistent level of pay. To assess the Income, we will use the basic monthly Gross amount x12 (x26 if fortnightly, x52 if weekly) and the basic monthly Net amount x12 (x26 if fortnightly, x52 if weekly)
Shift Allowance	Yes - 100%	
London Weighting or Large Town Allowance	Yes - 100%	
Car Allowance	Yes - 100%	
Overtime, Commission, Monthly Bonus (which is regular and not a short-term trend) – Key Workers Only	Yes - 100%	The previous year's P60 will be required to confirm that the Overtime/Commission/ Monthly Bonuses currently being received is showing level of sustainable income. To assess the Income, we will use the lower of the Gross YTD or the P60 deducting Income Tax, National Insurance, pension and any other regular deductions.
Annual or Quarterly Bonuses – Key Workers Only	Yes - 100%	Proof of the current years bonus(es) supported by the previous year's P60 showing a similar level of earning from the same employer.

Fixed Term Contracts	Yes	Copy of contract. (If less than 6 months are remaining then we will require evidence of the contract being extended).
Second Job	Yes – 50%	The Latest 2 months consecutive payslips (3 if paid weekly) supported by the latest P60. Customer must have held the current position for a minimum of 12 months and total working hours must be practical.

## 6.2 Self - Employed Applicants

Applicants are classed as self-employed if they are a sole trader, in a partnership or hold shares and/or have voting rights of more than 25% or more for the company they work for.

The minimum time the applicants must have been self-employed for is generally three years, applicants must be able to provide the last three years SA302s and Tax Year Overviews. Applicants who have only been self-employed for two years (with proof of two years income) may be considered upon referral.

Applicants who have been self-employed and where the loan is being used to pay off a Tax Bill or for business purposes will need to provide an Accountant's certificate to prove their income. (The accountant must confirm that the level of income earned to date has been evidenced via bank statements or similar. Additionally, the accountant will need to provide a projection for the next 12-month period).

All Income assessment for self-employed applicants will be based on verified income and not on projected income.

For all self-employed borrowers we will require a written explanation directly from the borrowers detailing their current working situation and how the loan will remain affordable for the next 3-6 months with details/breakdown of work secured for these months. Please note supporting evidence maybe requested.

**Foster Carers are classed as self-employed.**

**The table below will advise the requirement for each acceptable source of Self - Employed Income.**

Income Type	Income Used	Proof Required
Sole Traders	Net profit after tax taken from the latest years SA302 / Latest full years trading figures.	<b>For Applicants who submit their own tax returns:</b> A copy of the applicant's last 3 years tax calculations (SA302's) printed from their HM Revenue and Customs (HMRC) online account and; A copy of the corresponding tax year overviews, printed from their HM Revenue and Customs (HMRC) online account
Partnerships	Share of Net Profit after	

	tax taken from the latest years SA302 / Latest full years trading figures.	<p><b>For Applicants who have an accountant submitting their tax returns:</b></p> <p>A copy of the applicant’s last 3 years tax calculations (SA302’s) printed from commercial software used to submit the applicants returns and;</p> <p>A copy of the corresponding tax year overviews, printed from their HM Revenue and Customs (HMRC) online account or;</p> <p>An Original fully completed Accountants certificate dated within the last 3 months which must be prepared by an accountant with one of the following qualifications: ACA/FCA, ICAEW, ICAS, ACCA/FCCA, AAPA/FAPA, CIMA or CIPFA. (Note: bookkeepers or tax advisers are not acceptable). Supported by the last 3 years tax calculations (SA302’s) and Tax year overviews.</p>
Company Director (Limited Companies)	Salary or remuneration and share of dividends after tax. taken from the latest years SA302 / Latest full years trading figures.	
Foster Care Income	Income after tax taken from the latest years SA302 / Latest full years trading figures.	

As SA302 documents often relate to the previous tax year, we need to ensure that the information provided is as up to date as possible from 1<sup>st</sup> February onwards each year, we will expect to see the latest figure in relation to the tax return that was submitted for the 31<sup>st</sup> of January deadline. Older documentation will then cease to become acceptable.

For all self-employed applications we will require the last 6 months business bank statements showing the income is consistent throughout this period and reflects similar levels of income to the latest SA302. (In instances where income has dropped post lockdown, but operating costs have been reduced proportionately e.g. staff furlough scheme, reduced overheads, this must be confirmed by a qualified accountant in writing and a referral will be required)

Where the Tax Calculations (SA302’s) show a variation in income from the previous years of more than 20% an explanation will be required. Where we have been provided with an Accountants certificate West One will carry out a telephone check to validate the information contained within the Accountants certificate and to ensure that there is no further information regarding the customer that may impact our lending decision.

West One reserves the right to request the applicants corresponding SA302’s and Tax Year overviews to support the information provided by the Accountant.

## 6.3 Pension Income

Applicants who are retired and receive **only** pension Income are considered, provided at least one applicant is in receipt of a private or occupational pension of £15,000 per annum or greater; state pension can be included if it is not the primary source of income.

The table below will advise the requirement for each acceptable source of Pension Income.

Income Type	Acceptable	Proof Required
Private Occupational pension. (Paid weekly, 4 weekly or monthly)	Yes	Latest pension illustration, annual pension statement or payslip, plus latest 2 months' bank statements showing pension credits.
State Pension	Yes -If not the primary Income	Latest DWP award letter, plus latest 2 months bank statements showing pension credits.

SIIP Pension Income a referral will be required.

Lump sum payments or Annual pension Income will not be accepted.

## 6.4 Secondary Income Sources

The following Income sources are acceptable; however, they cannot make up the majority of the Income.

Income Type	Acceptable	Proof Required
Child Benefit	Yes – 100% where the child is no older than 12 years of age.	The latest HMRC issued award statement along with the latest 2 months bank statements showing the payments being received.
Child Tax Credit	Yes – 100% where the child is no older than 12 years of age.	
Working Tax Credit	Yes – 100%	
Child Maintenance	Yes – 100%	Court Order supported by latest 3 months' bank statements, showing maintenance credits. Only useable if payable for the full duration of the loan. (Casual agreements are not acceptable)
Maintenance	Yes – 100%	
Maternity Pay	Yes – 100% - Where supporting a joint application with suitable income.	Last 2 Months payslips supported by an employer's letter, confirming the date returning to work, position, hours they are returning to and salary.

		<p>Affordability calculations will be assessed using the reduced level of pay the applicants is receiving whilst on maternity leave.</p> <p>Any future childcare costs will be factored into our affordability calculations.</p>
Other State benefits	Considered upon referral	If accepted the latest issued award statement along with the latest 3 months bank statements showing the payments being received. (cannot be used if being received for someone not party to the loan)

## 6.5 Unacceptable Income

- Income derived as interest earned from UK Banks and Building Societies
- Rolling Contracts
- Expenses incurred within regular employment i.e. mileage, reimbursement for travel or accommodation.
- Agency Workers, “Zero Hours” Contracts
- Bank Nursing/Supply teaching (However this may be considered upon referral, providing it is not the primary source of income)
- Investment Income not derived from properties (However this may be considered upon referral, providing it is not the primary source of income)

**Any Income not listed in the tables above must be referred to see if the income can be used.**

## 7. Affordability

West One will require the full household composition to be declared on all applications.

Where the applicant(s) have adult children (18 years or older) or any other occupier living with them at the security address, we will include them as dependents as part of the household composition for affordability purposes. If the adult children or any other occupier are financially independent we will disregard them from the household composition, to do this we will require written confirmation from the applicant(s) confirming that the adult children/occupier(s) are non-dependent and self-funding with confirmation how they derive their income to enable this.

Where an applicant is the sole owner of the property and is either married or co-habiting affordability will be assessed using a household composition that includes the non-owning partner.

All applications will be subject to West One's automated affordability assessment model.

In addition to the automated model, West One require all applicants to provide their current expenditure which will be included in the overall affordability assessment for the following areas:

1. **Council Tax.** (West One will check the declared Council Tax figure against the following website to ensure that the declared expenditure is correct - <http://www.mycounciltax.org.uk/content/index>)
2. **Ground Rent & Service Charge.** (This applies to leasehold properties only and will be sense checked against the valuer's comments within the valuation report.)
3. **Childcare / Maintenance/School Fees.** This will be subject to a plausibility check in all instances. This must include their usual childcare expenses rather than any short-term arrangements during the current COVID-19 situation.

A stress test is applied to the existing mortgage payment (unless the mortgage payment has a fixed rate remaining of 5 years or more) and to the proposed West One loan payment (unless a 5-year fixed product is selected)

Net income will be used in all assessments, calculated based on employment type. This must cover regular committed expenditure, remaining credit commitments, the stressed mortgage payment and stressed new loan payment.

Where the income and expenditure calculations produce disposable income figures that do not seem plausible when taking into account an applicant's credit profile, West One reserve the right request further information.

## 8. Lending into retirement

West One will ensure that loan payments remain affordable for any applicants borrowing into their retirement.

The retirement age used will be the lower of the applicants declared retirement age or age 70.

Income used for applicant(s) lending past their designated retirement age will be as follows:

### **APPLICANTS OVER 10 YEARS FROM RETIREMENT AGE:**

- Applicant(s) must confirm their anticipated retirement income will be sufficient to cover loan repayments.
- Evidence of pension contributions are required in the form of a pension statement, payslip or P60
- Applicant(s) unable to prove an existing pension must provide details and supporting evidence of how they will maintain payments into retirement.
- All Income is subject to the standard affordability assessment.

### **APPLICANTS WITHIN 10 YEARS OF RETIREMENT AGE:**

- Pension statements providing evidence of post retirement income is required.
- Affordability is assessed using the lower of the applicant(s) current Income or post retirement Income
- All Income is subject to the standard affordability assessment.

A plausibility assessment is conducted for applicant(s) expecting to work beyond the age of 70 (based on the post retirement age declared). For example, consideration is given to the declared occupation advised, i.e. physical demands, travel commitments, etc....

## 9. Credit Profile

A credit search will be required on all applicants who are party to the loan to provide credit history for all addresses occupied in the last 3 years. All credit searches are valid for 60 days from the date of the search.

Applications are not credit scored and all applications are manually underwritten with a full review of the credit search being assessed for conduct and affordability purposes.

### 9.1 Mortgage Arrears

A mortgage arrear is classed as any full contractual monthly payment on a mortgage not paid before the following due date.

Mortgage arrears are counted as the total number of missed payments in a set period (not the highest level of arrears). \* See rate card for details.

Plan specific criteria applies.

### 9.2 Unsecured Arrears

An unsecured arrear is classed as any full contractual monthly payment on an unsecured loan, not paid before the following due date.

Comms suppliers and public Utilities payment profiles do not form part of our unsecured arrears assessment (except for our “Prime Plus” plan)

Plan specific criteria applies

### 9.3 Defaults

Defaulted credit over 12/24 months are acceptable for plan selection purposes. See rate card for details.

Currently defaulted credit may have to be repaid in full directly from the loan advance.

Satisfied defaults and defaults less than £350 are acceptable for plan selection purposes.

Defaulted Comms Suppliers and Public Utilities will not be counted as defaults..

Plan specific criteria applies.

### 9.4 County Court Judgement's (CCJ's) / Court Decrees

CCJ's registered over 12/24 months ago are acceptable for plan selection purposes. (See rate card for details).

CCJ's not showing as “satisfied” on the credit search, or where a satisfaction certificate cannot be produced, may have to be repaid in full directly from the loan advance.

Satisfied CCJ's and CCJ's less than £350 are acceptable for plan selection purposes.

Plan specific criteria applies.

## **9.5 Pay Day Loans / Doorstep Loans**

Applications where Pay Day loans have been used in the last 3 months are unacceptable.

Applications where Pay Day loans have been used in the last 12/24 months, but the last usage was over 3 months ago are considered on a referral basis only, two full months bank statements will be required in support for consideration. (See rate card for details).

Pay Day loans taken out over 12/24 months are generally acceptable for plan selection purposes provided there has been no other usage of payday loans within these time periods.

Plan specific criteria applies.

## **9.6 IVAs, Debt Management plans and Arrangements to pay**

### Discharged IVA/Debt Management plans/Arrangements to pay

Acceptable subject to being discharged/satisfied (evidence of this will be required) – Plan specific criteria applies.

### Current IVA/Debt Management plans/Arrangements to pay

Acceptable on our bespoke Apex 2 IVA/DMP plan. All payments must have been made in full and on time with the debt being repaid directly from the loan advance. Additional funds may be raised to clear other debts directly only (no other capital raising) and Independent Legal Advice will be required for any non-benefitting applicant.

## **9.7 Bankruptcies & Repossessions**

Applicants subject to current Bankruptcies or whom have had a property repossessed within the last 24 months are generally unacceptable, but strong referrals may be considered.

## 10. Buy-To-Let (2<sup>nd</sup> Charges)

Minimum net loan size is £10,000

Maximum gross loan size is £100,000.

Minimum loan term is 3 years

Maximum loan term is 25 years

Loans are available to individual borrowers only (No SPVs, Limited Companies, Trusts or similar)

Security Property must be located **in England and Wales only for all Buy-to-let applications.**

All BTL applications must have a minimum gross income in excess of £15,000pa in addition to the rental income from the security property.

All properties must have a full internal valuation (Drive-by valuations and AVM' are not acceptable).

All occupied properties must be let on a current valid standard AST. Where the AST has expired and the tenant is on a rolling contract, evidence of the last months' rent will be required by the way of a bank statement showing the full rental amount being credited to the applicant's bank account.

Properties let on a Licensed HMO or Multi-AST basis are unacceptable.

Unlicensed HMOs are unacceptable.

Properties let to family members are unacceptable.

EX-Pat loans are unacceptable

Equitable charges are unacceptable

Properties let to DSS tenants or similar are unacceptable.

Properties below EPC rating E are unacceptable.

If the property is not currently let, we will require a Rental Assessment from valuer. We will also require an explanation as to why the tenant isn't in situ and when the property will be let. West One reserves the right to see sight of funds from the applicant to cover the rental void period.

Maximum of one Second Charge BTL Loan per borrower

West One does not restrict the number of properties that the applicant has with other lenders, however we will verify the portfolio as below: -

- Other properties section to be fully completed in application form.
- Based on the information provided, West One will check against the overall portfolio declared to ensure the rental and LTV cover is sufficient.
- West One will verify these details against the credit search and other data available and reserves the right to request further information (i.e. bank statements) if deemed necessary.

Loans are not portable

## 10.1. Consumer Buy-To-Let Loan (CBTL)

A loan will be treated as a Consumer Buy-To-Let where the following criteria has been met:

- The customer does not own other properties used for letting.
- The customer has previously occupied the property since the time of purchase (purchase includes inheritance of the property).
- A close relative of the borrower has previously occupied the property, since time of purchase (purchase includes inheritance of the property)

**Note:** Occupied means living at the property as a primary address for more than one month.

A loan will be treated as a standard unregulated BTL where the following criteria is met:

- The customer owns other BTL properties which have been rented under an AST to a non-family member.
- The customer is not acting as a consumer, i.e. acting outside his trade, business or profession. e.g.a builder/property developer who inherits his parents' property and uses released funds to renovate the property for sale.

## 10.2 Affordability (BTL)

West One use a Debt Service Cover Ratio (DSCR) to establish affordability for BTL loans. This is tiered according to the applicant's income tax levels as follows: -

- **125%** - Basic Rate Taxpayers
- **145%** - Higher Rate Taxpayers
- **165%** - Additional Rate Taxpayers

Where the DSCR is above 165% **no evidence of income will be required**, where the DSCR is below 165% we will need evidence of income. (See section 6).

Affordability is based using the LOWER of the passing rent on the AST or the valuer's rental assessment figure.

Applicants must provide an explanation of how they will cover any rental void (Please note evidence maybe requested upon receipt of explanation)

Applicants must provide the last 2 months bank statements to evidence the last 2 months passing rent

We cannot include supplementary income towards the affordability assessment.

Where the valuer's rental assessment figure has been increased the lower figure will be used unless strong evidence can be provided.

### **10.3. Interest Only Repayment Vehicles (only applicable for 2<sup>nd</sup> Charge BTL plans)**

Where the applicant has chosen to take out an Interest Only loan with West One, this will only be acceptable if it can be evidenced that the borrower has in place a clear credible repayment strategy to repay the capital. Examples of repayment strategies which may be acceptable to West One having given full regards to the individuals circumstances of the borrower are: -

- Sale of the security property (BTL only)
- Re-finance of the property (BTL only)
- A pension
- An existing Investment plan.
- The sale of another property.

Consideration must be given to the borrower's plans for the repayment of the capital element of the loan during or at the end of the loan term. The explanation will be reviewed to ensure that it is plausible with regard to the current LTV, type of property, age of applicants, income levels and the applicant's current credit profile.

### **10.4 Credit Searches (BTL)**

For BTL loan applications where the applicants have a portfolio of 5 properties or less, we will carry out credit searches against both the borrower's residential property and the security address.

Where the applicant(s) have a portfolio of 6 or more properties, West One will carry out credit searches against a random selection of not less than 20% of the portfolio.

All information returned by Equifax regarding linked addresses will be taken into account when assessing the applicants credit status. West One reserve the right to carry out further credit searches against other known addresses where required.

## 11. Documentation

### Original and Certified Documentation

The following table confirms which documents are require originals, and where certified copies are accepted.

Document	Original	Certified Copy*	Copy
Application Form (must include all pages, be signed, dated and selected fees must match the submitted ESIS)	✓	✗	✓
Independent Legal Advice Certificate	✓	✗	✗
Occupier Consent Form (Waiver)	✓	✓	✓
All proof of income (payslips, bank statement, pension proof etc.)	✓	✓	✓
Accountants Certificate	✓	✓	✓
Proof of residency	✓	✓	✗
KYC Signature and Address Identification	✓	✓	✗
Consolidation Evidence	✓	✓	✓
First Mortgagee Consent	✓	✓	✓
Valuation Report	✓	✓	✓
Consolidation Sheet (fully completed and signed by all parties)	✓	✓	✓
Signature ID (Not being used for KYC purposes)	✓	✓	✓

\*Certified copies must be certified as per the certified documents section below.

### Certified Documents

- Any certified documents **must** be certified by either the FCA Approved Broker or a solicitor registered with the Law Society.
- Certification of Documents must include the following wording: **“Certified to be a true copy of the original as seen by me”** with a company stamp and signature of the individual making the certification (including name in block capitals). Alternative wording may be used if the message is effectively similar to the required.
- We will need the original “wet ink” signed certified document.