Commercial Lending Underwriting Guide

For bridging, buy to let and Commercial loans and mortgages

June 2017
Welcome to Together Commercial Finance Limited’s Underwriting Guide

Acceptable Security
Most property structures and land in England, Scotland and Wales will be considered. See plans and underwriting criteria for details. Leasehold properties: Minimum of the loan term + 50 years is required prior to expiry of the lease. If the case is on an interest only basis and to be secured on a leasehold property typically a minimum of a 99 year lease will be required.

Accepted Applicants
Individuals, sole traders, partnerships, limited companies, pension funds, self-employment with proof are all acceptable applicant types.

Bankrupts/IVAs/CVAs
See plans. It may be possible to clear the IVA / bankruptcy / CVA by underwriter referral.

Broker Fees
May be charged on all plans and must have been agreed with the customer.

Business Exempt Loans
Where the customer applies for a second or subsequent charge loan secured against a property which is, at the time the loan is entered in to, used as a dwelling by the customer or a related person and is not subject to rental payments, the loan amount is above £25,000 and over 50% of the funds are being used for a business purpose then this loan will be exempt from FCA regulation on the basis of the business purpose.

Commissions
Commissions are paid on the loan advance. Commissions may be reduced for shorter term loans. You should disclose a monetary amount of the commission you will earn to the customer.

Early Repayment Charges
ERCs are calculated as a percentage of the initial balance. See the relevant Product Plan for further details of ERCs.

Ground Rent and Service Charges
When the Security is a leasehold property we will require confirmation in writing from any freeholder that all ground rent and service charges are paid and up to date. Where there are arrears these will need to be cleared from the advance and we may need written authority from the applicant(s) that they understand and authorise them to be disbursed from the loan. We will also require confirmation in writing from the freeholder that there are no amendments due to the lease.

Identification
As part of 'know your customer' we may conduct Electronic Identification and Credit Searches on the customer. Should any additional information relevant to the application become apparent we may need to carry out further investigations which may require the broker’s assistance.

Non UK Passport Holders
We will proceed with applications from customers who have passports from the following countries:
Any EU country, Switzerland, Channel Islands, USA, Australia, Canada and New Zealand

Loans, mortgages & finance.
These applications must be witnessed and advised by a solicitor. Any applicants who do not have a UK Passport or a Passport from the list above are subject to underwriter referral.

**UK Passport Holders Living overseas (Expats)**
We will proceed with applications where the customer is a UK Passport holder and is resident in the following countries: Any EU country, Switzerland, Channel Islands, USA, Australia, Canada and New Zealand
These applications must be witnessed by a Notary Public.
Any applications for a UK Passport holder residing in a country outside the list above are subject to underwriter referral.

**Income Proof**
Income proof is required in all cases.
If the customer is a property professional or landlord we require an Assured Shorthold Tenancy agreement (or Agent Assessed Rental income) or lease with a ‘Rental Income Schedule’ to detail all properties and rental income in the portfolio.

Employed - if the customer is monthly paid, 2 pay slips dated within the last 3 months are required; if weekly paid, 4 pay slips dated within the last 2 months. Additional income may be considered with proof.

Self Employed / Corporate Entity (Limited Company, LLP, etc):
- Company accounts
- SA302 (or equivalent tax certificate)
- Accountant Certificate / Reference – must be from an Accountant who holds a current practicing certificate and who is a member of one of our acceptable Accountancy bodies. List of acceptable Accountancy bodies available on request – please refer to your underwriter
- Appropriate evidence such as business appraisals / plans, bank statements (excluding online statements), pay slips, contractor statements, pension statements, benefit statements, maintenance awards or other appropriate independent evidence
An Accountants reference must include the applicant’s:
- Nature of business / trade
- Trading Name
- Most recent financial year’s profits, with a projection for the forthcoming year
- Drawings and a projection for the forthcoming year.
- The accountant’s opinion as to whether the applicant can afford the monthly repayment. This reference letter will be accepted as one of the proofs of self-employment, but a further strong proof will also be required.
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Personal/Business Bank Statements must show the applicant’s declared income being credited to the account. An affordability verification will also be conducted. Two further strong proofs of self-employment may also be required.

**Responsible lending**
Accounts and projections may be required and further information, such as other indebtedness may be taken into account when assessing affordability. Personal guarantees and debentures will be required for loans to Corporate Entities.

**Legal and Documentation Fee**
Applicable on all term loans and mortgages – minimum fee is £500 and maximum is £2,500. This is not interest bearing and only payable on redemption.
<table>
<thead>
<tr>
<th>Total Advance + Broker Fee</th>
<th>L&amp;D Fee Applicable</th>
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<tbody>
<tr>
<td>£0 - £50,000</td>
<td>£500</td>
</tr>
<tr>
<td>&gt;£50,000</td>
<td>1% of initial balance</td>
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**Maximum Age**
There is no maximum age restriction for self funding Buy to Let borrowers where employed or self employed income is not required to evidence affordability.
For all other applications the loan should end on or before the customer’s 80th birthday (maximum term may be restricted for applicants of state pensionable age). If the term of the loan exceeds the customer’s retirement age special consideration must be given to this type of borrower as to how they will continue to support any loan once they have retired.
Proof of the applicants lending into retirement explanation may be required.

**Maximum Loan Amount**
The maximum loan amount includes the loan amount, all insurances and all fees.

**Personal Guarantees / Debentures**
These will be required in cases where the case is for a corporate entity (e.g. Limited company, LLP, Pension Fund, etc) and not an individual.

**Purpose**
Any legal purpose is accepted. This must be clearly detailed on the Application / Enquiry form.

**Redemption Admin Fee**
A fee will be charged on the redemption of the loan to cover administrative costs relating to closing the account.

**Solicitors**
The customer will need to arrange and pay for their own independent legal representation, as well as the lender's legal costs, if:
- The transaction is a purchase
- There is a transfer of equity
- The property is not in England or Wales
- The case is for a corporate entity (e.g. limited company, LLP, Pension Fund, etc)
- The loan amount is >£150,000
- Any other reason deemed appropriate by the underwriter (e.g. customer vulnerability)

All solicitors acting for customers must have 3 or more partners within the practice and a Law Society membership of 5 years or more. If the client’s solicitor does not fulfil these requirements please refer to underwriter.

**Solicitors Costs**
Solicitors costs are charged on all cases and include VAT where applicable. See relevant Underwriting Guide for solicitors costs per product.
For difficult / unusual cases and multiple securities solicitor’s costs may differ from underwriting guides and will be based upon the merit of the individual case.

**Valuations**
Must be dated within the last 2 months, if the valuation is outside this parameter additional due diligence will be required.
Together Commercial Finance Limited’s Valuation Panel is available on request.
All property valuations of £1 million or more are strictly subject to underwriter approval.
Additional audit valuations may be required on properties that have a value of £1,500,000 or
more. We require original valuations with no amendments. If amendments have been made we require all previous versions and the case will be referred and is strictly subject to Credit Committee approval.

The surveyor must be within 25 miles of the property (unless by prior agreement with your underwriter). Please ask for a copy of the current valuation panel before instructing a valuation. We will contact any valuers or other appropriate sources regarding the valuations of a property. Should any further information be discovered which is not reflected in the valuation or may have a detrimental effect on the value of the property, we reserve the right to reduce the loan amount or decline the case.

Sale Details: If the property is currently for sale with an estate agent, please supply a copy of the sales particulars.

**Fraud Committee**

Please note: Cases may be reviewed by the Fraud Committee for the purpose of identifying potential fraud. This may include income and valuation fraud. Should, in our opinion, any case you present be deemed to be fraudulent the case will be rejected and action taken by the Fraud Committee, which could ultimately result in your Accreditation being revoked and a third party alert being raised against the customer.