

Underwriting and Packaging Guide

Effective date: 23 January 2009

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1. Packaging Guidelines

Packaging Guide

This First National Underwriting and Packaging Guide is to be read with a current First National Intermediary Product and Rate Guide. The criteria specified in this document relates to First Charge products launched on **23rd January 2009**. Within this guide, First National is referred to as 'FN' or 'We' or 'Our'.

Plausibility & Reasonableness

As a lender we have an obligation to demonstrate that, for both advised and non-advised sales, we have taken account of customer's ability to repay their loan for the duration of the term. We are responsible – along with any advisor – for making an assessment as to whether the loan is affordable.

As part of our standard underwriting procedures “Appropriateness” and “Reasonableness” tests will be applied to: -

1. The applicant's declared, and reasonably anticipated income, in relation to their age, experience, profession/industry and location.

We reserve the right to request additional income evidence where applicant(s) do not provide adequate information or if the applicant's declared income in relation to their outgoings appears to over-commit them.

2. The 'Repayment Vehicle' of an interest only mortgage which should be adequate and appropriate and demonstrate an ability to repay the mortgage.
3. Any intentions regarding maintaining the mortgage payments beyond retirement age. This may include plausibility in respect of continued employment, down-sizing options, expected income levels, etc.
4. All documentation provided ensuring that documents are consistent with the information and other documentation provided in support of the application.

Notwithstanding the successful meeting of our plausibility checks, we have an over-riding requirement that the applicant(s) be able to demonstrate an ability to meet the intended monthly mortgage repayment, including the monthly repayment vehicle if applicable. This must be evident from all information and documentation received.

We must be satisfied that there is no reason to doubt the information or documentation provided by the applicant(s).

Treating Customers Fairly (TCF)

As a Responsible Lender, GE Money Home Lending (GEMHL) is committed to treating our customers fairly. This includes capturing sufficient information to ensure we are confident of the customer's ability to repay the loan, the provision of information is adequate for their needs and that our contract results in a fair outcome.

Further information regarding TCF requirements can be found at www.tcfinfo.co.uk

Website Information

All forms/references/addendums that you may require, can be found and printed from the Knowledge Base at www.firstnatonline.co.uk

Underwriting & Credit Scoring

We base our underwriting on an individual, subjective assessment of each application.

We also use a supplementary credit scoring and profile assessment. Credit scoring of an application as part of the packaging process must be completed via our IDOL (Instant Decision OnLine) system. We may reassess the credit score and profile upon receipt of additional information received following application submission.

Minimum application requirements

With every case submitted, we must receive a minimum of:

- Original, up to date, fully completed and signed FN application form
- IDOL submission sheet
- GEMHL valuation report, including 4 photographs of the property
- Appropriate proof in income
- Appropriate proof of rent/mortgage payments
- Know Your Customer and signature ID documentation

Incomplete submissions will cause delays to the processing of the application.

Underwriting and Packaging Guide

Documentation

We will only accept original or first generation certified copies from either the submitting or introducing intermediary. Whilst copies are generally acceptable, we reserve the right to request sight of the original documentation.

We are unable to accept copies of the following:

- Application Form
- Valuation Report (including Photos)
- Buildings Insurance Declaration Form
- Declaration of Income
- Direct Debit
- MPPI or PPP Application Form
- Mortgage Deed, Standard Security or Legal Charge *
- Non-Owner-Occupier Consent Form
- Consent to postpone a second charge *
- Independent Legal Advice Certificate *
- TR1 form for Transfer of Equity *

* Obtained by the Solicitor

The person certifying a document must sign and confirm that they have had sight of the original and that it is a first generation and true copy of the original. When certifying photographic identification, they must also confirm that it is a true likeness if they have seen the applicant face to face.

In most circumstances, we will accept a faxed copy of a document, provided the certified copy/original is to follow prior to completion.

Where a reference is provided to us by a third party (such as an accountant or lender), it is acceptable for them to provide that reference directly to us by fax.

Document Validity

Where an Offer is not issued within 60 days of receipt, we may require further up to date documentation.

This may include:

- An updated Application Form
- An updated Valuation Report, or confirmation from the Surveyor of no change to the original assessment. (Valuations are typically valid for 90 days from first inspection) - see Valuation Requirements section.
- Appropriate proof of current income
- Appropriate proof of rent/mortgage payments since original application

We may also conduct an up to date credit search.

Any material status changes since the original application will be assessed accordingly.

Offer Validity

All Offers are valid for three months from the date of issue. Offers that do not complete within this time are subject to reassessment and reissue at the prevailing criteria/rates.

An updated application form would be required, together with revised supporting documentation.

Typically, we will require the following (although this is not an exhaustive list):

- An updated Valuation Report, or confirmation from the Surveyor of no change to the original assessment
- Appropriate proof of current income
- Appropriate proof of rent/mortgage payments since original application

We will also conduct an up to date credit search.

Any material status changes since the original application will be assessed accordingly.

2. IDOL (Instant Decision OnLine)

IDOL

IDOL is our advanced Decision in Principle facility. It has been designed to provide you with:

- A Decision, based on the most up to date customer information.
- A tailored list of supporting requirements, so you'll know exactly what to provide us with.
- Case-specific decision documents.

This intuitive tool boasts a number of key features to help you through the packaging process:

- Ability to adapt the Credit File information we use for our decision, with extra detail you may be aware of.
- Decisions valid for up to 60 days
- Full Plan/Product cascade to ensure you can advise on the most appropriate options.
- On-line referrals to our underwriting team, if further consideration is required.
- Confirmation of max borrowing (if unable to provide the Loan Requested)

IDOL can be used to check that an application is still suitable for submission to FN, if any details change during the Packaging process. Simply create a "copy" and amend any of the information necessary.

A Submission Sheet based on the most up to date details of the enquiry (which is printed from the Decision options) must accompany all applications.

Any decision is subject to all information received by GE Money Home Lending in relation to any subsequent application being up to date, accurate and not misleading in any way.

Should any subsequent application information differ from that provided for the original decision, the decision would no longer be valid and the application re-assessed.

Additional information may be requested where any documentation is deemed not to fully support the application.

We reserve the right to make any additional, appropriate verification to satisfy our responsible lending policies. This may include, but is not limited to, checks regarding reasonableness of continued affordability where any loan term extends beyond an applicant's expected retirement age.

Where loans are being indicated as to be cleared, IDOL will not assess whether the Loan Agreed will be able to facilitate their redemption.

IDOL Credit Searches and Validity

Applications that have been input via IDOL will be subject to credit scoring and will have a credit search automatically conducted as part of the assessment process.

The IDOL credit search (and any Decisions associated with it) will be valid provided the application is received within 60 days from the date of the original credit search.

Where any information on the application changes, which is critical to an accurate credit search (ie name, address or date of birth), a new credit search will be conducted by us. The information on the revised credit search will supersede that which was used in the original IDOL assessment, and may therefore have an effect on our lending decision.

If a product rate is withdrawn, a deadline date will be communicated to provide you with an opportunity to submit the case on the old rate. If the application is not submitted by the date specified, the prevailing rates/criteria will be applied.

Any Base Rate changes, which occur within the validity period for an IDOL enquiry, will be automatically applied.

If an increase in Base Rate alone causes additional limitations on the maximum loan amount, we will honour the loan amount agreed in the original enquiry (prior to that Base Rate change).

Decision In Principle

A Decision In Principle (DiP) can be obtained by contacting our Sales Liaison on 0845 610 6574.

Any cases agreed outside our published criteria via a Decision in Principle will not include assessment of any credit score or credit search information.

Whilst generally valid for 30 days (subject to there being no material change in the Application information), we may reassess the decision based on any subsequent credit score, or any additional information received following application submission.

3. General Criteria

Solicitors

We use the customers nominated solicitor or conveyancer to act on our behalf, for the legal work that is required to complete the mortgage. We will only accept solicitors registered with the Law Society, or a conveyancer registered with the Council of Licensed Conveyancer's.

This can be checked against the corresponding websites:

- Law Society of England/Wales: www.lawsociety.org.uk
- Law Society of Scotland: www.lawscot.co.uk
- Law Society of Northern Ireland: (call 02890 231614)
- Council of Licensed Conveyancers: www.conveyancer.org.uk

Title Insurance

Where appropriate, we allow the solicitor or licensed conveyancer to use a Title Insurance policy. The solicitor or licensed conveyancer should refer to the CML Lenders' Handbook for details.

Other Lenders' Secured Loans

We will accept another secured loan charged to the security address, providing the charge ranks after the FN charge. In these instances, the maximum LTV for our charge is the lower of 75% or the product maximum. The total LTV of all charges must not exceed 80%. The monthly payment on the other lenders' charge must be included in the DTIR calculation.

Direct Debit

A FN Direct Debit mandate must be completed for all applications.

For joint applications, the account the Direct Debit will be payable from can either be in the joint names of the applicants or one of their sole names.

For a sole application, it cannot be in joint names.

A Direct Debit can be drawn on a business account if the applicant is a sole trader. Limited company bank accounts cannot be used.

Buildings Insurance

Suitable Buildings Insurance cover must be in place by completion of the advance.

FN does not offer this cover. An Own Buildings Insurance Arrangements fee of £25 is payable in all cases. It is usually added to the mortgage, over and above the maximum LTV for a product. The fee is payable on completion.

Portability

FN products are not portable, therefore existing borrowers moving house would be required to redeem the loan (with any applicable early repayment charge) and would need to apply on a product available at the prevailing rate.

Overpayments

Any future overpayment of an FN account will be deemed as an early repayment and will be subject to the appropriate product Early Repayment Charge. (only payable during the Early Repayment Charge period).

4. Loan Details

Loan Size

Our minimum loan amount is £25,001 (£75,000 for Near Prime+ and Near Prime).

The maximum loan amount is **£250,000**. Refer to the FN Product and Rate Guide for information on maximum loan size applicable to each product or loan to value.

Loan to Value

Typically, the loan amount will be classed as a percentage of the valuation – the Loan to Value (LTV).

For situations where the purchase price is less than the valuation, refer to Sale at Undervalue section.

Sale at Undervalue

A number of situations may lead to the purchase price being lower than the valuation. If the vendor is offering an allowance or a general reduction, we would usually base our LTV calculation on the lower purchase price figure.

However, if the purchase is at a reduced price, from a close family member or as a sitting tenant, we will base our LTV calculation on the valuation, provided the loan amount does not exceed 100% of the Purchase Price.

A “close family member” would be:

- Parent / Step-parent / Parent-in-Law
- Sibling
- Child / Step-child / Child-in-Law
- Aunt / Uncle
- Grandparent
- Grandchild

The valuer must be aware of the purchase price and state this in the valuation report

For a Right To Buy purchase, we will base our LTV on the Valuation. Refer to Right to Buy section for further, specific detail.

Fees and Charges

A Completion fee is payable in all cases. It is usually added to the mortgage, over and above the maximum LTV for a product. The fee is payable on completion.

An Own Buildings Insurance Arrangements fee of £25 is payable in all cases. It is usually added to the mortgage, over and above the maximum LTV for a product. The fee is payable on completion.

Packaging fees, intermediary fees, arrangement fees or application fees cannot be added to the mortgage if it will result in the total amount exceeding the maximum Loan To Value (LTV) for a product.

Loan Term

The minimum loan term is 5 years. The maximum term is 35 years.

Methods of Repayment

The mortgage can be repaid on a Capital and Interest or Interest only basis.

It is also possible to combine the two repayment methods. In these circumstances, the term for both repayment elements will need to be the same.

Interest Only Loans

Applicants who seek an Interest Only mortgage are required to detail how they intend to repay the remaining capital balance at the end of the mortgage term.

Acceptable types of repayment vehicle are:

- Sale of Property. Please refer to Repaying the Loan through Sale of Property section
- Endowment
- PEP
- ISA
- TESSA
- Stock and Shares
- Pension Fund

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NOTE Any premium payable in respect of a repayment vehicle must be included within the affordability calculation.

Repaying the Loan through Sale of Property

The sale of the FN security can be used to repay the capital balance on an interest only loan. This should be clearly noted on the application form. An explanation of how such an arrangement is suitable for the customer should be provided on the application form.

Where the property to be sold is not the FN security, details of that property must be included with the application. We will also require an estate agents valuation of the property, along with details of any outstanding loans or mortgages secured against it. All existing debts secured against that property plus the proposed GEMHL advance must not exceed 90% LTV.

Loan Purpose

Acceptable loan purposes are:

- Purchase of the applicant's main residence
- Remortgage of the applicant's main residence
 - for Debt Consolidation
 - for capital raising
 - for Home Improvements
- Right-to-Buy (purchase and remortgage)

Unacceptable loan purposes include:

- Property purchased / being purchased under a Keyworkers / Starter Home Initiative
- Property purchased / being purchased under a Homebuyer Scheme.
- Purchase under a Shared Ownership Scheme
- Purchase of a Holiday Home (unless the advance is secured against the applicant's main residence).
- Self Build
- Mortgages where our charge will be subordinate to another charge (except in the case of a Council's Statutory Charge under a RTB purchase).
- Illegal, unethical or immoral purposes.
- Purchase of Timeshare.
- Repayment of Debtor-Creditor-Supplier arrangements.
- Repayment of Tax Debts.
- Repayment of Gambling Debts.
- Speculative Purposes.
- Any purpose where "customer benefit" is not established.
- Any purpose that (in our opinion) may harm our reputation.

Let to Buy

It is not acceptable for an applicant to let the property they currently own in order to purchase another property with a mortgage from FN.

Buy to Let

It is not acceptable for an applicant to purchase / remortgage a property through FN, with a view to letting it to a third party.

Shared Ownership

Applications to purchase a property under a Shared Ownership Scheme are not acceptable.

Applications to remortgage a property which was originally purchased under a Shared Ownership scheme are acceptable, provided they are purchasing the final share in the property (i.e. once our mortgage completes, they will own 100% of the property).

In these cases, we will require proof of both rent and mortgage payments.

Evidence of Deposit

We require evidence of the source of deposit where the amount is over £25,000.

Evidence of deposit may also be requested if the amount is below £25,000, at the Underwriter's discretion.

Forms of Deposit

Applicants own funds

It is acceptable for the deposit to come from the applicant's own funds, i.e. savings.

Gifted Deposit

Gifted deposits are acceptable from the following close relatives of the applicant(s):

- Parent / Step-parent / Parent-in-Law

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- Sibling
- Child / Step-child / Child-in-Law
- Aunt / Uncle
- Grandparent
- Grandchild

A letter is required from the relative gifting the funds to confirm the amount, and that the monies are a gift and non repayable. Depending on the amount / circumstances, proof may be requested from the donor that they are in possession of the deposit funds. In addition, the donor must not obtain any equitable interest in the property.

Vendor Deposits

We do not accept vendor gifted deposits. Where the vendor is providing a deposit, we would treat it as an allowance against the purchase price and reduce the quoted purchase price accordingly.

Builder Deposits

We will accept builders' deposits provided by any NHBC registered company up to 5% of the market valuation of the property. The limit of 5% must include any further incentives (i.e. legal fees, or stamp duty etc) paid in addition to the deposit amount. Please note however, that surveyors are required to value new build properties on a second hand basis and, as such, may discount this figure from their market valuation.

Right to Buy (RTB)

RTB Purchase applications are acceptable (Subject to product) where the subject property is located in England, Wales and Scotland only. RTB Purchase applications are not available in Northern Ireland.

A "RTB Remortgage" is defined as where the applicant is looking to remortgage a property which was originally purchased under a Right to Buy, within 5 years of the original purchase (For Scotland, the period would be 3 years).

RTB Remortgage is acceptable for properties located in England, Wales and Scotland only. RTB Remortgage applications are not acceptable in Northern Ireland.

Maximum LTV

RTB Purchase is available on the FTB+ product, up 80% LTV, (or the property type maximum (whichever is the lower)).

RTB Remortgage is available on the Near Prime+, Near Prime, Ultralight, Light, up to 80% LTV, (or the property type maximum (whichever is the lower)).

See "Mortgage and Rental History" for the appropriate minimum history requirements

Section 125 Agreements

The Right to Buy Notice (S125) must be provided for all RTB applications (Purchase and Remortgage), detailing the person(s) awarded the RTB, the Purchase Price and the Discount given.

See "Sole / Joint Application Section" for additional criteria

Pre-emption charge

The council are required to postpone their charge in our favour. In circumstances where this is not possible, the Solicitor/Conveyancer also has the option to arrange and confirm that an appropriate indemnity policy is in place.

Capital Raising

For RTB Purchase, the applicants can request a loan amount greater than the Purchase Price, provided the applicant confirms any additional funds are solely for home improvements.

For RTB Remortgage, there is no restriction on the further borrowing (within the acceptable Loan Purpose section).

A breakdown of how the funds will be used must be provided in all instances

5. Applicant Details

Employees of FN Intermediaries

Applications from employees to relatives of GEMHL, registered packagers and/or introducers are not eligible, either where the application is submitted direct to FN or via a third party packager.

Minimum Age

Applicant(s) must be at least 18 years old at application.

Maximum Age

All applicants must be under the age of 70 at the end of the mortgage term.

Where an applicant exceeds the maximum age limit at the end of the mortgage term, the applicant must receive Independent Legal Advice. For joint applications; if an applicant's income is not being considered in the affordability calculation, the maximum age limit for that applicant does not apply.

Borrowing into Retirement

All applicants must confirm their expected retirement age

If the mortgage terms extends beyond any applicant's expected retirement age or their 65th birthday, whichever is the sooner, then full details of how the applicant(s) propose to maintain payment after retirement, or any other intended arrangements, must be provided.

First Time Buyer & non-First Time Buyer

A First Time Buyer is an applicant who does not currently have a mortgage.

An applicant would not be classed as a First Time Buyer if they currently have a mortgage on a property they are not currently residing in.

Unencumbered Property

An explanation will be required for all applicants with an unencumbered property, detailing how the property has come to be unencumbered.

Applicants who own property without any current mortgage will be classed as First Time Buyers.

Sole Applications

Any customer can apply in sole names (whether married, single, separated, etc)

However, a RTB purchase application in a sole name where the S125 papers are in joint names would not be acceptable.

Applicant(s) who own or rent property jointly (whether married or not) may apply in sole names. The non-applicant occupier will need to obtain Independent Legal Advice and be required to sign an Occupiers Consent Form prior to completion (thereby waiving their residency rights).

Joint Applications

Joint applications for married applicants are acceptable. Joint applications for applicants who are single (and will therefore co-habit) are also acceptable.

A Right-to-Buy purchase application in joint names where only one borrower appears on the S125 is acceptable provided that the applicant not a party to the S125 is shown on the current Voter's Roll, and that the applicant shown on the S125 passes our DTIR affordability model, based upon their income solely. The Conveyancer will be required to confirm that the other applicant has received Independent Legal Advice and had explained their responsibilities without the benefit of proprietorship

Maximum Number of Applicants

The maximum number of applicants is two.

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Previous Names

Applicants must provide details of any other names they have used within the last 3 years (such as maiden names).

Bank Statements

We reserve the right to request bank statements on any product. If provided the bank statements must satisfy the following:

- Show the name of the applicant(s).
- Cover the 90-day period prior to submission of the application.
- Be no more than 90 days old at the time of offer.
- Must reflect all applicant(s) income during the 90-day period.
- Must reflect an overall satisfactory financial track record for the product chosen, with an over-riding requirement that the applicant(s) be able to demonstrate an ability to meet the intended monthly mortgage repayment including the monthly repayment vehicle if applicable.

Bank statements must not be amended by hand and must show a full statement of account.

Foreign Nationals

We can accept applications from Foreign Nationals, provided they live and work in the UK, are UK taxpayers and have resided in the UK for the past three years.

If the applicant(s) are not from the European Union (EU), we will require sight of their passport, confirming indefinite rights to remain in the UK.

Know Your Customer "KYC"

Prior to completion of any advance we require satisfactory evidence of the applicant(s) name and address. This evidence must be provided with the initial application and cannot be made a condition of any formal Offer.

Please refer to the Knowledge Base at www.firstnatonline.co.uk for more information.

Guarantors

We do not accept Guarantor applications.

Proof of Residency

All applicants must be able to provide a satisfactory UK address history covering the last three years. Proof of Residency is required, evidencing the last 12 months. Acceptable proof of residency, includes:

- Voters Roll
- UK Driving Licence
- Utility Bills
- Bank Statements
- Mortgage Statements
- Council Tax Bills
- Credit Card Statements
- Benefit Award Letter
- Presence of a bank loan, mortgage or secured loan on the GEMHL credit search. The item must be active, at least six months old, and can only be used to cover proof of the current residency

NOTE All statements or bills must have been issued to the applicant at the relevant address and confirm residency at that address within the last three months, plus residency at that address twelve months ago. Please note the applicant will need to provide proof of residency for all properties in the last twelve months.

Third Party residents

Anyone aged 17 or over who will reside at the security address, must sign a Non-Owner Occupier Consent Form. This excludes applicants and their children.

Where the credit search reveals such a third party, yet the applicant has not indicated that they will reside, the applicant must confirm in writing that the person no longer lives at the security address.

A Non-Owner Occupier Consent Form is not required where the secured property is situated in Scotland.

6. Employment and Income

Minimum Income

The applicant or joint applicant(s) must have a minimum gross income of at least £15,000 per annum.

Income definition

For employed applicant(s), income is defined as:

- Basic salary (100% can be used)
 - Overtime, shift pay, commissions and bonus. (50% of the average, or 50% of the most recent payment, whichever is lower)
- Where the applicant benefits from a company car then, subject to this being proven the sum of £3,000 can be added to the basic salary. If either a petrol or private mileage allowance is also received then a further sum of £1,000 can be added to the basic salary.

For self-employed applicants, income is defined as the last year's net profit, personal drawings and/or director's emoluments.

Employed/Self-employed Definition

An applicant who owns more than 25% shareholding of a business is classed as self-employed.

Continuous Employment Periods

"Continuous employment" is defined as no more than a 4 week gap between any period of employment/self-employment. If an applicant was on Garden Leave, paid in lieu of notice or is/was on maternity leave, then these periods would not count as a gap in employment.

Employed Applicants

Employment History

Applicants must have been in their current employment for a minimum of 3 months, and in continuous employment for at least the last 12 months.

Applicants who are under Notice of Termination of Employment or Redundancy are not acceptable.

Employment History Verification

Evidence of employment history is required to cover the minimum periods stated. The current payslip would be required to confirm current employment

Where the applicant(s) have been with their current employer for more than 12 months, and this is not obvious from the current payslip, verification will be required in the form of:

- a bank statement (dated on or after month 12 (but no later than 18 months ago)) clearly showing salary credit from the employer; or
- a payslip showing Gross-to-Date income from the previous tax year, thus confirming an employment period greater than 12mths
- P60 from the previous tax year.

Where the applicant(s) have been with their current employer for less than 12 months and period of employment is not obvious from the current payslip, verification will be required in the form of:

- a bank statement showing the first salary credit from the employer; or
- the first payslip for that employment
- P60 from the previous tax year

As part of our underwriting process, we generally check every employer against directory enquiries or www.Yell.com. If they are registered we complete a verification call with the employer. If the company is not listed we may require further documentation to support the employment history.

Previous Employment History Verification

Verification of previous employment, to cover the full 12 continuous months, can be proven by:

- the last payslip from the previous employer (showing Gross-to-Date income)
- P45 confirming end date

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- Bank statement showing last salary credit from previous employer, together with a bank statement (dated on or after month 12 (but no later than 18 months ago) showing salary credit from previous employer

Where the applicant was previously self-employed, refer to section for Previous Self-Employment

Previous Self-Employed Verification

Verification of previous self-employment, to cover the full 12 continuous months, can be proven by:

- Confirmation of trading period from a suitably qualified accountant, or
- HM Revenue and Customs correspondence showing business name & address, or
- Business bank statement (dated within 1mth of the start of the new business), together with a bank statement (dated on or after month 12 (but no later than 18 months ago), all showing the previous business name and address.

Where the applicant was previously employed, refer to section for Previous Employment

Employed Income Verification

All applicants are required to complete the standard declaration of income included in the Application Form.

We require two of the last three monthly, computerised payslips (including the most recent), or three out of the last six weekly, computerised payslips (including the most recent). These payslips would serve to confirm basic salary, existence of company car, petrol allowance and/or private mileage allowance.

For confirmation of irregular income such as overtime, bonus, commission or shift pay we would require payslips to confirm receipt of the last three payments.

For example, for quarterly bonuses, the last three quarterly payslips to reflect receipt of those bonuses would be required.

Where company details are not shown on computerised payslips a verbal employment check will be needed to confirm validity.

Non-computerised payslips (such as pay packets, envelopes or handwritten payslips) are acceptable but must be substantiated with a reference from the employer or latest computerised P60

An employment reference is acceptable subject to it being on company headed paper, addressed to GEMHL or the introducing/submitting intermediary, and being signed and dated.

If the payslips show any SSP (Statutory Sick Pay) then written confirmation that the applicant has returned to work will be required (unless the SSP is a nominal amount)

Applicants Employed by Family

Applicants who are employed by family are acceptable subject to payslips being computer-generated, showing Gross-to-Date earnings and payment being made by direct bank credit.

Maternity

Although maternity pay is an unacceptable income type, an application in sole or joint names where an applicant is currently on maternity leave is acceptable.

For sole applications, we require confirmation from the employer of the applicants intended return to work date and the salary they are to return on. The applicant must be returning to work within three months of the application. In these cases, the income after their return to work can be considered

For joint applications, we require confirmation from the employer of the applicants intended return to work date and the salary they are to return on. Where the applicant is returning to work within three months of the date of the application, the income after their return to work can be considered. Where the applicant is not returning to work within 3 months of the date of the application their income cannot be included as part of our affordability criteria.

Contract/Temporary Employees

Applications will be accepted for contract or temporary workers, provided they have been in employment with the same employer for the last 3 months and have been in continuous employment over the last 12 months. Confirmation must also be provided that the contract will be ongoing and renewed.

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Probationary Periods

We will accept applicants who are still in a probationary period provided they have been with their current employer for 3 months, and in continuous employment for the last 12 months.

Self-Employed Applicants

Self-Employed History

The applicant must have been in their current self-employed trade for a minimum of 12 months

Self-Employed Income Verification

All applicants are required to complete the standard declaration of income included in the Application Form.

We will require the last year's finalised accounts, or an Accountants Certificate of Income. Alternatively, the last years' HM Revenue and Customs Tax Calculation (SA302) can be provided.

Acceptable sources of income would be:

- Directors Emoluments
- Personal Drawings
- Net Profit after tax

Accountant's Certificate of Income

Where an accountant certificate is required, the letter is to confirm: -

- How long the applicant has been a client of the Accountant.
- How long the applicant has been trading.
- The applicant's occupation.
- Tax Office and Tax Ref No
- That the business is financially sound.
- That the future earnings potential is sufficient to ensure the applicant's ability to meet all their commitments.
- The turnover, net profit, personal income for the applicant, any personal income for any spouse, for the most recent trading period.

Accountant's Qualification

Any **Accountant** certificate or **accounts** used to support an application must be provided by a satisfactorily qualified accountant. The applicant(s) accountant must be traceable through their respective body, hold a valid licence to practice and have one of the following recognised qualifications.

Qualification	Body	Number
ACA/FCA	CHARTERED ACCOUNTANTS	0906 614 0906
ACCA/FCCA	CERTIFIED ACCOUNTANTS	0141 309 4080 / 0207 242 6855
ACMA/FCMA/CIMA	CHARTERED MANAGEMENT ACCOUNTANTS	0207 663 5441 / 0207 849 2251
CA	SCOTTISH CHARTERED ACCOUNTANTS	0131 347 0100
AAT	ACCOUNTING TECHNICIANS	0207 837 8600
AAPA	AUTH PUBLIC ACCTS	0207 396 5913
IFA	FINANCIAL ACCTS	0173 245 8080
AIA	INTERNATIONAL ACCTS	0191 482 4409
CIPFA	Inst. PROFESSIONAL ACCTS	0207 543 5600
ICSA	Inst CHARTERED SECRETARIES + ADMINISTRATORS	0207 580 4741
ICA	INSTITUTE OF CHARTERED ACCOUNTANTS	0207 920 8100

If the Accountant is related to the applicant, we would require confirmation from alternative suitably qualified Accountant that they have reviewed the accounts and can confirm figures provided.

Secondary Employment

Where an applicant has secondary employment, that income can only be included if the associated employment period is greater than 12 months.

Confirmation of income would be required in accordance with the requirements for primary employment/self-employment.

The secondary employment must be permanent and the overall time commitment to both jobs must be seen as reasonable and maintainable.

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Employment from seasonal work is unacceptable.

We will only accept employment/self-employment income from a maximum of two sources (excluding Maintenance and Benefits) per applicant.

Other Acceptable Income Types

Pensions:

- Pension: Occupational and Private Pensions:
 - pay advice slips from the pension provider must be provided (confirming amount and frequency of payment). Alternatively, 3 months bank statements can be submitted, clearly showing pension payment for the applicant
- State Pensions, including War and Widower:
 - pay advice slips from the pension provider must be provided (confirming amount and frequency of payment). Alternatively, 3 months bank statements can be submitted, clearly showing pension payment for the applicant

State Benefits/Allowances:

- Carers Allowance:
 - Award letter must be provided, clearly showing frequency and amount paid, together with the last 3 months' bank statements, clearly showing the amount and source of payments
 - Additional evidence will be required to confirm the duration of the payment, whom it is being paid to and who it is being paid for. This income must be paid to the applicant.
- Disability Living Allowance:
 - For this to be included, it must be paid to the applicant in respect of that applicant
 - Award letter, clearly showing frequency and amount paid with last 3 bank statements clearly showing the amount and source of payments
- Incapacity Benefit Allowance, Employment & Support Allowance, Mobility Allowance, Industrial or Injuries Benefit:
 - Award letter must be provided, clearly showing frequency and amount paid, together with the last 3 months' bank statements, clearly showing the amount and source of payments
- Child tax credits / Working Family Credit:
 - For this to be included, the applicant(s) will be required to sign a declaration, to confirm they will continue to receive this benefit(s) for at least 5 years (to the best of their knowledge) from the date of application
 - In addition, we will require the Award Letter showing amount and duration paid, together with the last 3 months bank statements, clearly showing the amount and source of payment

Rental Income:

- Rental Income
 - If the applicant has an existing property which is let, the rental income can be used.
 - The Assured Shorthold Tenancy agreement must be provided to confirm the income amount.
 - Where the income received from the tenancy is sufficient to cover the secured loans registered against that property, both the income and those associated loans can be ignored from the DTIR calculation.
 - Where the income does not cover the associated secured loan payments, both figures must be included within the DTIR calculation.
 - Any missed mortgage/secured loan payments will still be included when assessing overall mortgage payment history.

Maintenance:

- Maintenance/Alimony:
 - Court Order letter / Solicitors letter / Private Child Maintenance agreement / CSA Award Letter must be provided, clearly showing frequency and amount paid, together with the last 6 months' bank statements, clearly showing the amount and source of payments

Foster Carers:

- Verification of income for Foster Carers will depend upon whether the applicant is employed by the Local Council / other entity or self-employed.

Unacceptable Income Types

We will not accept income from the following sources:

- Company Expenses.
- Employers Allowances (other than Company Car or Petrol Allowance).
- Attendance Allowance.
- Statutory Sick Pay (SSP)
- Maternity Pay
- Statutory Maternity Pay (SMP).
- Widows Benefit / Bereavement Benefit.
- SC60 / CIS Vouchers.

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- Housekeeping.
- PPP / MPPI Claim.
- Child Benefit.
- Working Family Tax Credits or Child Tax Credits, where the payment will not continue for at least 5 years.
- Child Care element of Working Family Tax Credits or Child Tax Credits
- Income Support.
- Job Seekers Allowance.
- Housing Benefit
- Pension Credit.
- Lodger's rent.
- Any other income not shown as acceptable within in this section.

7. Affordability

Debt To Income Ratio Calculation

We use an affordability calculation to ensure that the applicant's monthly credit commitments are within a certain percentage of their monthly gross income. This calculation is called the Debt to Income Ratio (DTIR).

When assessing affordability, the higher repayment of each commitment should be taken into consideration, whether this is from the application form or the credit search.

The DTIR is calculated as follows:

$$\frac{(A) + (B) + (C) + (D) + (E)}{\text{Total combined gross monthly income}}$$

(A) = FN projected monthly mortgage payment (at the higher of the Limited Offer Rate or the Reversionary Rate) plus any payments towards any repayment vehicle for an Interest Only loan (if applicable).

(B*) = The total of any monthly payments, for any other mortgages or secured loans that are not being cleared/redeemed.

(C*) = the total of any monthly payments for any unsecured loans (including any attachment of earnings) which are not being cleared/redeemed. Any maintenance/alimony must also be included.

(D*) = the total of any payments for revolving credit balances (ie credit cards) which will remain after completion of our loan. This would be taken as the higher of 3% of the outstanding balances or actual payment declared.

(E) = any payment made on a defaulted/delinquent account, CCJ, Administration Order, or Individual Voluntary Arrangement

* Full contractual payment for any loan, irrespective of any payment arrangement (including Debt Management Arrangements)

Exclusions

The following are excluded from the DTIR calculation:

- Loans with less than six months to run (ie the remaining balance is less than six times the monthly payment)
- Overdraft/current accounts
- Mail order accounts
- Defaulted/delinquent accounts, unless being serviced by the customer and confirmed on the application form
- Payments in respect of communication contracts

DTIR Maximum

The maximum DTIR percentage varies depending on the plan chosen and the combined/joint gross annual income for the applicant(s);

For FTB+, NP+ NP, Ultralight and Light adverse products:

- 40% maximum DTIR where the combined gross income is between £15,000 and £19,999 per annum
- 50% maximum DTIR where the combined gross income is £20,000 or greater per annum

e.g. An applicant earning £24,000 per annum has a gross monthly income of £2,000. If the applicant is applying for a NP+ product, the maximum DTIR is 50%, therefore the maximum total payment allowed on all the applicant(s) credit commitments is £1,000. If the applicant(s) only other financial commitment is a £250 per month loan, then the monthly installment on the FN mortgage can be no higher than £750.

The FN Mortgage Payment is calculated on the full gross balance of the advance (including any completion and/or buildings insurance fee).

Enquiries entered via IDOL will have the DTIR assessed automatically. Where the loan amount requested exceeds the maximum DTIR percentage, IDOL will provide confirmation of the maximum loan available.

Provided the DTIR is equal to or below the maximum the case fits our affordability criteria.

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Loans to be repaid/Debt Consolidation

All existing debts must be quoted on the application form, (irrespective of whether they are to be paid off or not), including balance, current monthly payment and account reference number.

Points to note:

- Further evidence of the applicant(s) ability to redeem any/all of their debts may be requested where the source of the funding is not clear (i.e. First Time Buyers required to settle debt(s) for the Debt To Income Ratio (DTIR) to fit).
- Only the redemption of outstanding debts, which do not fit within the maximum DTIR figure, will be made a condition of the Offer.

Breakdown of Funds

A breakdown of the use of funds is required if the applicant is receiving more than £20,000 from the advance, after any debts have been discharged.

8. Credit History

Credit Search

FN uses a credit search to establish the applicant's credit profile. History within the credit search will help determine the capacity and willingness of the applicant(s) to repay the mortgage they have applied for. Specific areas include;

- The product selected corresponds with the adverse credit declared on the application form and/or identified on the credit search
- Any undisclosed linked addresses will need to be searched and explained. Please also provide full details of period occupied, tenure and other relevant information
- Voters Roll History for the last 12 months
- Outstanding credit commitments matching those disclosed on the application form

An enquiry through IDOL includes a credit search being automatically conducted and reviewed. These are valid provided the application is received within 60 days and Offered within 90 days from the date of the original credit search.

Detrimental Credit Search Information

All references to time periods relate to the IDOL enquiry date or date the application is received by FN (whichever is the earlier).

In all cases, we will require an explanation for why the detrimental credit occurred, for the period relevant to the product chosen.

County Court Judgments and Court Decrees

County Court Judgments (CCJs) will be ignored on the FTB+ product if they are under £250, registered more than 36 months ago or have been satisfied more than twelve months ago.

For the Near Prime+ product CCJs will be ignored if they are under £100, registered more than 36 months ago or have been satisfied more than twelve months ago.

For the Near Prime product CCJs will be ignored if they are under £100, registered more than 24 months ago or have been satisfied more than twelve months ago.

For the **Ultralight and Light** products, CCJs will be ignored if they are under £250, registered more than 24 months ago or have been satisfied more than twelve months ago.

Defaulted and Delinquent accounts

We will disregard any delinquents and poor payment profile data in product selection. However, we reserve the right to consider this information in assessment of the case overall.

For FTB+ we will disregard any defaults registered for under £100 or have been registered more than 24 months ago.

For Near Prime+ and Near Prime we will disregard any defaults registered for under £100 or have been registered more than 24 months ago.

For **Ultralight and Light** products we will disregard any defaults registered for under £100 or have been registered more than 12 months ago.

The declared payment on any defaulted or delinquent account should be included in the applicant(s) affordability calculation.

NOTE To be included in the DTIR calculation we must be specifically advised that the applicant is still making repayments on the defaulted account

Repossessions

The applicant(s) must declare any property that was repossessed (voluntary or involuntarily)

For FTB+, Near Prime+, Near Prime and Ultralight, any previous repossession history would not be acceptable

- For **Light products**, any previous repossession must have been over three years ago. Proof must be provided that any outstanding debt has been repaid prior to application.

Bankruptcy and Sequestration

For FTB+, Near Prime+, Near Prime and Ultralight, any previous bankruptcy history would not be acceptable

For **Light products**, any previous bankruptcy must have been discharged more than 12 months prior to application. The Discharge Certificate must be provided.

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Individual Voluntary Arrangement (IVA) and Trust Deeds

For FTB+, Near Prime+, Near Prime and Ultralight, any previous IVA history would not be acceptable

For Light, any previous IVA must have been satisfied more than 12 months prior to application. Confirmation will be required from the IVA Supervisor

Administration Orders

We treat court registered administration orders as a Default

Cautions or Inhibitions

Other lenders seeking to obtain repayment of a debt can also register cautions against the property. This will not affect the scheme but the caution will need to be settled on or before completion of our mortgage.

9. Mortgage and Rental History

Mortgage/Rental History

For FTB+ we require proof of the last 24 months rental payments for all applicants, where such a history exists.

For Near Prime+ we require proof of the last 24 months mortgage payments for all applicants.

For all other products, we require proof of the last 12 months rent or mortgage payments for all applicants, where such a history exists. Evidence is required for all mortgages held (ie any first mortgages or secured loans, on the main residence and/or any Buy To Let properties).

Proof of mortgage payments can be from: credit search payment profile information, a mortgage account statement, a reference from the lender, or bank statements (showing the mortgage payments being made from the applicant's account). All proofs must cover the appropriate minimum period for the product chosen.

Proof of rental payments can be from: a reference from the landlord/letting agent/Local Authority or bank statements (showing the rent payments being made from the applicant's account). All proofs must cover the appropriate minimum period for the product chosen.

Where an applicant has moved or redeemed a mortgage within the last 12 / 24 months (subject to minimum product period), proof of payments will be required for the previous mortgage (or from the previous landlord/letting agent/Local Authority, if applicable).

Further verification may be obtained where the credit search information is unclear.

An explanation for the occurrence of mortgage/rent arrears must be provided, for the period relevant to the product chosen

Limited Payment History

Applicants who can not demonstrate a 12 / 24 month (subject to minimum product period) rent/mortgage history are eligible for the FTB+ **plan** only. Evidence of payments must be provided for any rent/mortgage held for the appropriate period.

Right to Buy (RTB) Remortgage

RTB remortgage is acceptable on Near Prime+, Near Prime, Ultralight and Light products, provided applicants have held a mortgage for at least 12 months.

Mortgages Shown on the Credit Search

Mortgage Payment Profiles from the credit search conducted through IDOL will be acceptable, unless any contradictory account information is provided.

Existing mortgages or loans with FN, igroup or another GE Company

We will take into account the past performance on any loan or mortgage held with FN, igroup or any other GE Company.

We will payoff/refinance an existing igroup or FN account on the NP+, NP, Ultralight and Light products only.

We will consider any application where the applicant has a good payment record with igroup.

Payment Holidays

Existing mortgage accounts with payment holidays in the last twelve months are acceptable subject to confirmation that the holiday was approved and has since ended. Confirmation that the holiday has ended or proof that repayments have started as normal again is required.

Private Rent References

A private rental reference is a reference from an individual or Company who is not a Housing Association, Local Authority, or Registered Letting Agency. A Registered Letting Agency is defined as an individual / body who is a member of the Association of Residential Letting Agents (ARLA), National Association of Estate Agents (NAEA) or National Approved Letting Scheme (NALS).

A private rental reference is not acceptable on any product

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Payment Profiles for Second Charges

We treat any secured loan as we would treat the main mortgage account and therefore we require evidence of conduct in the same way.

The arrears profile on any Second Charge(s) can be ignored under the following circumstances:

- The balance is less than £25,000 on the existing second charge, and
- The existing second charge is being consolidated into the FN mortgage, and
- No more than 1 missed payment has occurred on the existing second charge in the last 12 months.

First and Second Arrears

Where a payment has been missed on the first and second charge in the same month this will be treated as “one missed” for the purpose of product selection.

Mortgage/Rental Arrears

In determining arrears history, the intermediary must obtain a full payment record for the required period. Arrear balances are not taken into consideration, only the number of monthly payments made or missed over the relevant period. It is not acceptable to take the payments due and received in that period to calculate the level of arrears. Each payment must have been made within 30 days of the due date. Where the contractual payment made is 90% or greater of the payment due, this will not be classed as a missed payment.

Whilst we will consider payments that are paid early in the following month it is not acceptable for a month to be missed and a double payment made at a later date.

Where a payment profile does not fit our published criteria for a particular scheme please refer for a decision.

When assessing weekly rental payments, it is acknowledged that many applicants pay on a monthly basis, this is acceptable subject to a regular payment pattern being established and no significant arrears accruing.

Housing Benefit

Applicants who have been in receipt of Housing Benefit in the last 12 months will be considered on the Ultralight and Light products. Confirmation/evidence will be required that they are no longer in receipt of Housing Benefit, have made the last payment using their own funds and provide a full explanation as to the reason for the claim.

10. Security and Construction Types

Acceptable Property Types

		MAXIMUM LOAN TO VALUE
HOUSES	Private	80%
	RTB purchase/Ex Local Authority	80%
FLATS & MAISONNETTES	Private	Purpose Built - 80% Conversion - 75%
	RTB purchase/Ex Local Authority	60%
STUDIO FLATS	Private	70%
	RTB purchase/Ex Local Authority	60%
NON STANDARD CONSTRUCTION	General Acceptable	65% (Please refer to Non Standard construction list for acceptability)
	Wimpy No Fines	75%
	Laing Easiform Construction	65%
	Private	75%
100% FLAT ROOF HOUSE	RTB purchase/Ex Local Authority	65%
FLATS ABOVE COMMERCIAL		60%

- Ex Local Authority (Ex LA) criteria will apply to all ex public sector housing, including Ministry of Defence, Police, Coal Board and NIHE
- All LTV's are subject to plan maximum
- Maximum LTV for properties in Scottish Isles is 70%.
- Maximum LTV for properties in Northern Ireland is 50%.

Unacceptable Property Types

Property Type	Information
GENERAL (Relevant to all property types)	New Build Properties without NHBC guarantee, Zurich Municipal Guarantee or Architects Completion Certificate
	Properties suffering ongoing structural movement or insurance claims
	Shared Ownership/Shared Equity schemes
	Properties within 100 metres of high voltage electrical supply apparatus (excluding small substations)
	Properties subject to Compulsory Purchase Orders
	Large Flying Freeholds (>20% of floor area)
	Japanese Knotweed located within or immediately adjacent to the site
	Properties without an internal WC or bathroom
	Properties subject to onerous occupancy restrictions including agricultural restrictions
	Properties subject to enforcement notices (dependant on severity)
	Crofting properties/land (will be considered if certification is available confirming property has been decrofted)
	Properties located within 20 metres of a mine entry/feature
	Back to back / Cluster Homes
Grade I & Grade II* listed properties (Grade A & B in Scotland)	
FLATS & MAISONNETTES	Freehold Flats in England, Wales and Northern Ireland
	Leasehold Flats with a lease term < 75 years unexpired (such cases will each be considered on their own merits)
	Flats in Local Authority or ex Local Authority owned blocks over 4 storeys in height or with more than 50 units in the block or with balcony/deck/walkway access (individual cases will be considered based on quality of location and firm sales evidence)
	Flats in private blocks over 6 storeys in height (individual cases will be considered based on quality of location and firm sales evidence)
	Tyneside flats will not be considered
NON STANDARD CONSTRUCTION	New Build Flats/Maisonnettes (New is classified as up to 5 years old)
NON STANDARD CONSTRUCTION	Properties of unacceptable non-standard construction, including all those on the Defective Housing List (unless repaired under a licensed PRC Homes Ltd repair scheme) – refer to 'Non Standard Construction Types' for acceptability.
FLATS ABOVE COMMERCIAL	Flats above catering establishments, licensed premises, off licenses, launderettes, dry cleaners, betting shops, supermarkets, commercial garages, petrol stations or funeral parlours

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Minimum Property Value

The minimum property value is £100,000 for all property types. This applies to the market value in existing condition.

Maximum Property Value

The maximum property value outside London and the South East is £1,000,000. Within London and the South East the maximum is £1,500,000.

London/South-East comprises the following regions:

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

Valuation Requirements

Valuation Panel

All valuations must be carried out by a surveyor on our Valuation panel:

- Allied Surveyors
- Colleys (Surveyors & Valuers)
- Connell Survey & Valuation
- Countrywide Surveyors & Countrywide Scotland t/a Harvey Donaldson & Gibson
- DM Hall
- E Surv
- **J & E Shepherd (Scotland)**
- Lamberts
- Valunation

Mortgage Valuations

- A full internal inspection is required on all 1st Charge cases
- Must be undertaken by surveyor on our Valuation panel
- **GE Money Home Lending valuation form must be utilised**
- Valuation form must be fully completed signed and dated
- 4 photographs must be provided (see below for further details)
- Valid for 3 months (see below for further details)

Photographs

It is a requirement that surveyors provide 4 photographs (front, rear, kitchen & bathroom) and these must be submitted with the valuation for the case to be processed.

Photographs must be first generation scanned/digital images or physical photographs taken by the surveyor – faxed copies are not acceptable.

Validity

Valuation reports will be valid for 3 months. Valuations that expire during the offer period will be honoured until the end of the initial offer period. Where the valuation has expired, the valuation will be extended for a further 3 months (up to a maximum of 6 months after the original inspection date) if the original surveyor provides a letter confirming the market valuation still stands.

Retypes

Retypes undertaken by panel members are acceptable for reports dated up to one month after the original inspection date. After this a new valuation will be required.

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Home Reports (Scotland)

We will require a mortgage valuation carried out on the appropriate form by a member of our panel. If the original home report has been completed by one of our panel members, then we will accept a retype within one month, in line with our current criteria. If the report is over a month old, then a new inspection must take place.

New Builds

- All properties built within the last 10 years must have professional 3rd party supervision (NHBC Guarantee, Zurich Municipal Guarantee, Architects Completion Certificate or Premier Guarantee).
- A re-inspection will be required by the original surveyor to confirm satisfactory completion and valuation figures.
- CML disclosure of incentives form must be provided to the valuer prior to the valuation being completed. (Panel already instructed with this requirement).
- New builds will be valued on a second hand basis and be based on comparable evidence of resale properties. The valuation will exclude any benefits or premiums associated with newness.
- New build flats/maisonettes will not be considered acceptable for lending purposes.
- New build is classified as 2 years old for houses and 5 years old for flats/maisonettes.
- Self build properties will not be considered acceptable within 3 years of completion of construction. Completion is defined as the date of issue of the Building Regulation final completion certificate or Architects Completion Certificate (whichever is the later).
- See also Builders' Deposits.

Listed Buildings/Thatched Property

- The maximum LTV for a Grade II listed property (Grade C in Scotland) is 75%.
- Grade I and Grade II listed properties (Grade A and B in Scotland) will not be considered acceptable for lending purposes.
- The maximum LTV for a thatched property is 75%
- Grade II Listed and/or thatched properties will only be considered for lending purposes where they are in a good condition and no essential repairs are required. It must be confirmed that there are no breaches of the listed status and that there are no outstanding notices.
- It must also be confirmed that ongoing buildings insurance is available and that the insurers are aware of the listed/thatched status.

Public Sector Housing

All ex public sector housing, including Ministry of Defence, Police, Coal Board and NIHE, will be viewed as ex Local Authority and LTV criteria applied accordingly.

Unusual Property Types

Unusual or unique properties may be subject to LTV restrictions.

Northern Ireland

Maximum LTV for properties in Northern Ireland is 50%. This will be subject to all other property type/construction restrictions as well as the plan maximum for the individual case.

Scottish Isles

Maximum LTV for properties in Scottish Isles is 70%. This will be subject to all other property type/construction restrictions as well as the plan maximum for the individual case.

Land

Where there is more than one acre of land the case must be referred to our Valuations Department. Where the applicant owns/controls adjoining land/buildings/businesses we will request this is included within the charge. This includes where the property is split over several titles, all titles should be included within the charge.

Tenure

General

- Freehold is an acceptable form of tenure for houses/bungalows in England, Wales and Northern Ireland
- Freehold flats/maisonettes are not considered acceptable security.
- Feuhold/Ex Feuhold is an acceptable form of tenure for all property types in Scotland.
- Leasehold is an acceptable form of tenure for flats/maisonettes & houses in England, Wales and Northern Ireland.
- Commonhold is an acceptable form of tenure for flats/maisonettes.
- Where the applicant owns a share in the freehold, due to leasehold enfranchisement, this is deemed acceptable providing there is a valid lease in existence.

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- Where the applicant owns the leasehold title and also the freehold interest then a charge will be taken on both.

Unexpired Leasehold Term

The lease must have a minimum unexpired term of 75 years at the time of application

Flying Freeholds

Flying freeholds will only be considered up to 20% of the total property area. This will be subject to conveyancers confirming adequate rights of support and access exist.

Properties on the Market/Recently on the Market

For remortgages, we will not lend on properties currently on the market, or removed in the last 3 months.

Environmental Issues

- Any properties with a coal mining or metalliferous mining shaft within 20m will not be considered as acceptable security.
- Any properties within 100m of high voltage electrical supply apparatus will not be considered acceptable security (excluding small substations).
- Where there is potential for contaminated land a pass certificate must be available from an appropriate body.
- Where a property has Japanese Knotweed (or any other Invasive Weed) located within or immediately adjacent to the site GE will not lend until this has been completely eradicated and long term guarantees issued

Additional Reports

Structural Engineer

If the surveyor advises that a structural engineers report is required or there is potential ongoing structural movement then the case will require referral to the Valuation Department for review.

If the Valuation Department state that a structural report must be obtained then this should be carried out by a Chartered Engineer (CEng) who may be a member or fellow of the Institution of Structural Engineers (MIStructE / FIStructE). We will also accept a report by a Chartered Building Surveyor. These reports should address the areas of movement or concerns highlighted in the valuation report, highlight repairs required and the likely costs involved. They must also be addressed to the client and us.

Sulphate

Where we require a sulphate test this must confirm that the level of sulphate present does not exceed 1200 mg/l. Any results in excess of 1200 mg/l will be declined.

Mundic Failure (Concrete Screening Test)

Where a Concrete Screening Test has been requested to determine potential risk of mundic failure only a Grade A classification will be deemed acceptable for lending purposes.

This report must be carried out in accordance with current RICS guidelines and addressed to us.

Coal / Metalliferous / Brine

If the surveyor states that a report is required or the property is located in an area where mining has taken place in the past then a satisfactory report must be obtained prior to completion. This may require approval by the valuation department (see Environmental Issues section).

Essential Repairs/Retentions

We will not hold retentions. In all cases our aim is to use a reduction in the maximum LTV available to cover the cost of essential repairs.

If a surveyor mentions a retention/essential repairs in his report, the following policy will apply:

- No LTV restriction will be imposed where the retention amount is equal to £2,000 or less
- Where essential repairs are deemed to be high risk and likely to impact the security an individual review will be required by the Valuation Department. Whether a review is required will be determined by the valuation checklist which will reference the LTV, cost of essential repairs and value of property.
- Depending on the extent of the recommended works, further restriction on the maximum LTV may be imposed or the case declined.

In all above circumstances, dependant on LTV, the applicant may be required to enter into an undertaking confirming essential repairs will be carried out within a 6 month period.

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Should any of the following works be required to the property then the case will not complete until the recommended works have been carried out and satisfactory confirmation is received, for:

- Any structural repairs (i.e. wall tie failure, subsidence, sulphate, drainage failure, and defects caused by tree damage)
- Dry rot or any significant water penetration
- A new build or partially incomplete property

Please note: our lending (and any restricted maximum LTV) will always be based against either the Purchase Price or the Market Valuation in Present Condition figure: whichever is lower (except for RTB or where there is a genuine sale at undervalue due to deed of gift).

Extensions

If the property has been extended/alterd within the last 4 years and LTV exceeds 65%, then Local Authority Planning Permission and Building Regulation approval must be provided prior to completion. If consent is not available then the surveyor will be required to provide a valuation excluding any value attributable to the extension/alteration and the valuation department will review the case.

If the extension is ongoing then prior to offer we will require sight of the following:-

- Local Authority Planning Permission
- Local Authority Building Regulation approval.
- A schedule of all outstanding works together with costings and an estimated date for completion.

If this information is not available then the case will be declined.

Please note that if Local Authority consents were not required then a satisfactory explanation must be provided preferably accompanied by confirmation from the Local Authority.

Valuation Department Referrals

The following issues will result in a referral to the Valuation Department on an individual basis and restrictions/conditions may be imposed.

- Where property is outside published Valuation Criteria
- Properties of non-standard construction (excluding Wimpey No Fines & Laing Easiform within defined criteria)
- Properties with either poor location, poor demand, poor condition or in a declining area, with an LTV >70%
- Properties suffering potentially ongoing structural movement (where surveyor has stated movement affects saleability or a structural engineers report is required)
- Properties where significant essential repairs are required.
- Where comparable evidence is not available or not deemed suitable (due to age, variance, property type or location)
- Properties requiring the following reports: Concrete Screening Test (Mundic) or Sulphate
- Properties potentially affected by dry rot
- Properties where environmental factors are noted to be affecting the property (see Environmental Issues)
- Properties with ongoing extensions

Please note that we offer a Valuation Decision In Principle service on any properties defined above (see Valuation Decision In Principle).

Valuation Decision In Principles

We offer a DIP process whereby we will review valuations on properties prior to the full case being submitted to underwriting. Please only refer cases that would necessitate a Valuation Department referral.

Valuation Decision In Principle referrals should be faxed direct to the Valuation Department on 01923 426356 / 01923 426424 or emailed to enquiryvaluations@ge.com.

All referrals must include a complete copy of the valuation report (or property details) and a fully completed Valuation Decision in Principle Request Form (available from Knowledge Base at www.firstnatonline.co.uk), otherwise a decision will not be provided.

Non Standard Construction Types

Pre-cast Concrete and Designated Defective Construction

All properties designated as defective under the Housing Defects legislation (1984) and the Housing Act (1985) will not be considered unless they have been repaired under a licensed PRC Homes Ltd repair scheme and an appropriate completion certificate issued.

The maximum LTV we will consider on repaired units is 75% subject to the adjoining property also having been repaired, otherwise it will be 65%.

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Airey
Ayrshire County Council
Blackburn Orlit
Boot Beaucrete
Boot Pier and Panel
Boswell
Cornish Unit Type I
Cornish Unit Type II
Dorran
Dyke
Gregory
Mac-Girling
Myton
Newland
Orlit
Parkinson
Reema Hollow Panel

Schindler
Smith
Stent
Stonecrete
Tarran Temporary Bungalow
Tee Beam
Ulster Cottage
Underdown
Unitroy
Unity Type I
Unity Type II
Waller
Wates
Wessex
Whitson-Fairhurst
Winget
Woolaway

The following properties are designated as defective under the above Government Legislation:
Generally Pre-cast Concrete properties are not considered as suitable security, however, subject to referral to the Valuations Department will be considered on their merits up to a maximum LTV of 65%.

Anglia
Balency
Battery Cast
Belfry
Bison
Bryant Low Rise
Bryant Low Rise System 4
Camus
Cornish Flush Panel
Fram
Glasgow Foamed Slag
Gregory Industrialised
HSSB

J-Byrd Mk II
Jespersen 12M
Kenkast
Lecaplan
Reema Conclad
Reema Contrad
Simplified Brickwork
Sipores 6M
Skarne
SNW
Spacemaker
Taylor Woodrow-Anglian
XW.

The following are the most common examples of Pre-cast concrete properties:

Cast-in-situ Construction

Wimpey No Fines - 75%

Laing Easi-form – 65%

Any other “No Fines” property – 65% provided the Surveyor indicates that the property is mortgagable.

We will consider other cast-in-situ construction type properties at 65% subject to a positive valuation report and confirmation that they are mortgagable.

The following are some examples of Cast-in-situ properties:

Corolite
Diatomite
Duo-Slab
Easi-form
Fidler
Laing Easi-form
Lindsay Parkinson Parkwall
Maxim
Mowlem
No Fines
Parkwall
Unit No-Fines
Universal

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Wimpey-No Fines

Metal Framed Construction

Generally Metal Framed properties are not considered as suitable security. We may, however, consider such properties subject to referral to the Valuations Department where the surveyor confirms they are readily saleable/mortgageable and have been subject to a refurbishment program. Such properties will be considered on their merits up to a maximum LTV of 65%. Where considered acceptable a satisfactory intrusive structural engineer's report will be required.

The only exceptions to the above are:

BISF (British Iron & Steel Federation) properties will be considered at 65% subject to having been refurbished and a satisfactory intrusive engineer's report being provided. A BISF property in its original format is not considered as acceptable.

Modern Metal Framed properties built within the last 10 years with a suitable warranty certificate (eg.n NHBC, Zurich Municipal etc) certificate being available are acceptable under normal criteria.

The following are some examples of Metal Framed properties:

Aluminium Bungalow

Arcon

Arrowhead

Atholl

BISF

Crane

Cranwell

Cruden

Cussins

Dennis-Wild

Dorlonco

Hawthorn Leslie

Howard

Livett-Cartwright

Lowton-Cubitt

(MOHLG) 5M

Riley

Stuart

Trusteel

Weir-Quality

Timber Framed Construction

Modern timber framed properties clad with masonry are considered as acceptable under normal criteria. Modern to be defined by the valuer or post 1980.

Timber framed properties which are not deemed to be of a modern type clad with masonry will be considered up to 65%.

All other timber framed properties will be subject to referral to our Valuations Department and will be considered on their merits up to a maximum LTV of 65%.

Single skin timber framed properties are not acceptable.

General

Single skin properties are not acceptable.

100% Flat roofed houses – Will be considered up to 65% where the property is ex local authority and 75% where private. Please note flats & maisonettes with 100% flat roofs are acceptable up to plan maximum.

All other non traditional properties will be subject to referral to the Valuations Department and will be considered on their merits up to a maximum LTV of 65%.

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Definitions

Cast In-situ Concrete

This is a type of concrete that is cast on site. It is poured in a liquid form into moulds, or shutters.

Cavity Masonry

This refers to brickwork, block-work or stone that built in two vertical leaves (or layers), with a space between them. This is a traditional method of construction

Cladding

The outer skin of a property

Intrusive Engineer's Report

A structural engineer's report that involves exposure and inspection of the structural framework. This will involve the outer structure of the property being opened up.

Large Panel Systems (LPS)

A non-traditional construction type consisting of pre-cast concrete panels, assembled on site. These are not generally acceptable for mortgage security

Masonry

This refers to brickwork, block-work or stone.

Metal Frame

A property having structural elements made of metal (usually steel). These can be clad in traditional materials, thus being hard to identify. The steel can corrode and cause structural failure.

Single Skin

A property built with only one wall layer. This could either be a single leaf of brickwork, timber cladding, render or similar.

Stone

A traditional building material. This can include reconstituted stone that is a type of remanufactured stone made from crushed stone.



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