



CentralTrust[®]

Broker Criteria Manual

Second Charge Mortgages

V5.0 – With effect from 1st March 2021

Table of Contents

1.	Operating Principles	5
2.	Compliant Activity	5
3.	Mortgage Criteria	6
	3.1. Mortgage Type	6
	3.2. Broker Fee	6
	3.3. Payment of Commission	6
	3.4. Minimum/Maximum Mortgage Amount	6
	3.5. Mortgage to Value/Equity	6
	3.6. Mortgage Term	6
	3.7. Purpose of Mortgage	6
	3.8. Debt Consolidation / Repayment of Creditors	7
	3.9. Affordability of the Mortgage	7
	3.10. First Due Date	8
	3.11. Independent Legal Advice (ILA)	8
4.	Applicant	8
	4.1. Discrimination	8
	4.2. Vulnerable Applicants	8
	4.3. Age	9
	4.4. Nationality	9
	4.5. Legal Name / Marital Status	9
	4.6. Address History	10
	4.7. Residential Status	10
	4.8. Contact Details	10
	4.9. Tariff of Fees and Charges	10
	4.10. Mortgage Deed Witness	11
	4.11. Telephone Security Checks	11
	4.12. Unacceptable Applicants	11
5.	Proof of Identification (ID)	11
	5.1. Electronic Proof of ID	11
	5.2. Documentary Proof of ID	11
6.	Proof of Residency	12
	6.1. Methods of Proving Address	12
	6.2. Additional Property Occupiers	13
7.	The Security Property	13
	7.1. Tenure and Location	13
	7.2. Title Information	14
	7.3. Construction and Unacceptable Property Types	14
	7.4. Loan to Value (LTV) Restrictions	15
	7.5. Valuation Types	15
	7.6. Surveyor Panel	16
	7.7. Specialist Reports	16
	7.8. Ex-Council / Ex-Local Authority Properties	16
	7.9. Shared Ownership	16
	7.10. Residential Applicants with Buy-To-Let Properties in the Background	16
8.	Sources of Income	17
	8.1. Introduction	17

8.2. Employed Applicants	17
8.3. Employment References	18
8.4. Telephone Employment Checks	18
8.5. Self Employed Applicants.....	18
8.6. Self-Employed Income - Acceptable Accountant Qualifications	19
8.7. Retired Applicants and Lending into Retirement	20
8.8. Maternity Leave, Paternity Leave and Adoption Leave	21
8.9. State Benefits and Allowances	22
8.10. Court Ordered and Child Support Agency Managed Maintenance Payments	23
8.11. Unacceptable Types of Income.....	23
9. Proof of Income.....	24
9.1. Introduction	24
9.2. Electronic Income Verification (EIV)	24
9.3. Document Income Verification	24
9.4. Acceptable Proof of Income	25
10. Affordability – Ongoing Debt.....	31
11. Affordability Assessment	31
11.1. General and household expenditure.....	32
11.2. Childcare /School Fee / Maintenance Costs.....	32
11.3. Stress Testing	32
11.4. Affordability Test Outcome	33
12. Credit Reference / Search Information.....	33
12.1. Introduction	33
12.2. Voters Register.....	33
12.3. Status Points	34
13. Mortgage Documentation / Referencing	37
13.1. Redemption / Maximum Liability Figures	37
13.2. Mortgage Payment Profile	37
13.3. Mortgage Consent	37
13.4. 1 st Mortgage Exit Strategy / Repayment Vehicle.....	38
14. Additional Requirements	38
14.1. Scottish Property and Personal Search	38
14.2. Northern Irish Folio / Registry of Deeds	38
14.3. Direct Debit	38
14.4. 2 nd Charge Letter of No Interest	39
14.5. Lender Obtained Documents	39
15. Document Requirements	39
15.1. Application Form.....	39
15.2. Affordability Report	39
15.3. Multiple Declaration Form.....	39
15.4. Credit Search	40
15.5. Lender Authority Form	40
15.6. Mortgage Deed.....	40
15.7. Use of Funds Form	40
15.8. Bank Statements	40
15.9. Utility Bills	41
16. The Submission Pack	41
16.1. Required Documents	41
16.2. Supplementary Documents	42

Appendix One Items Accepted as Faxed or Scanned and Emailed Copies.....	43
17. Consumer Buy-To-Let (CBTL)	44
17.1. What is a consumer buy-to-let mortgage?.....	44
17.2. Central Trust CBTL Criteria	44
17.3. Proof of Income & DSCR.....	45
17.4. Legal Search	46
17.5. Valuations	46
17.6. CBTL Specific Documentation	46
17.7. CBTL Additional Checks.....	47
17.8. 1 st Mortgage on CBTL Property.....	47
17.9. Residency & Future Affordability	47
17.10. Documentation	48

1. Operating Principles

So that applicable laws and regulations are adhered to, we have adopted nine responsible lending operating principles.

These operating principles are designed to enable us to meet our regulatory responsibilities and our statutory obligations, as well as our legal obligations and ethical commitments to each applicant.

1. We will follow a documented process to assess all applications, including the verification of application details and documentation.
2. We will ensure that the mortgage is affordable when applied for, and throughout the mortgage term, taking into consideration any reasonably foreseeable future circumstances.
3. We will conduct a reasonableness test on information provided at submission, particularly in respect of higher risk areas (for example where debt consolidation is involved or the term extends into retirement) to ensure that the mortgage appears both appropriate and affordable and we will request additional evidence where we believe that there may be doubt as to affordability.
4. We will consider the information received on each case as a whole and not in isolation and will underwrite each case on its merits, being mindful of “out of the norm” scenarios.
5. We will act with integrity at all times.
6. We will implement a proportionate risk framework to monitor the performance of our underwriting staff to assess compliance with this policy.
7. We will monitor the effectiveness of this policy in achieving appropriate outcomes for customers.
8. We will regularly review, update and enhance our products, criteria, strategy and documentation to ensure a compliant and market-leading business model is maintained.
9. We will train and coach all staff to be mindful of, and equipped to identify vulnerable customers and ensure that the interests of vulnerable customers are carefully protected.

All staff are required to comply with these operating principles.

2. Compliant Activity

We will act in accordance with applicable laws and regulation, and always seek to adopt relevant best-practice guidelines as supplied by relevant regulators and industry bodies, including the current versions from time to time of:

- The FCA Handbook
- The Financial Services and Markets Act 2000.
- Rules, principles & guidance of the Financial Conduct Authority (FCA)
- The UK Data Protection Legislation.
- The Money Laundering Regulations.
- The JMLSG guidance to the UK financial sector.
- Payment Card Industry (PCI) Security Council Standards.

We are authorised by the Financial Conduct Authority (**FCA**).

We are a member of the Finance and Leasing Association (**FLA**) and subscribe to the FLA Lending Code.

3. Mortgage Criteria

3.1. Mortgage Type

All our second charge mortgages are capital repayment mortgages – we do not provide mortgages on an interest only, or part and part basis.

The mortgage must be secured by way of a second charge, which must be on an owner occupied residential property. Any pre-existing second charges must be redeemed out of the proceeds of the mortgage when advanced, or postponed in our favour, so that our advance is registered as a second charge.

If there is an existing second charge in the form of a Council Discount Charge, a Legal Aid Charge that is not accruing interest, or if the first two charges are both held by the same company (and form part of the same mortgage) we will take a charge subordinated only to such charges.

3.2. Broker Fee

Introducing brokers may not charge applicant(s) fees (in any combination of, but not limited to, broker fee; application fee; valuation fee) in respect of one of our mortgages that exceed either (a) £5,000 or (b) 15% of the net mortgage.

3.3. Payment of Commission

Commission is calculated on the net mortgage + broker fee and is paid the next working day after completion to introducers.

3.4. Minimum/Maximum Mortgage Amount

Minimum and maximum mortgage amounts are set out in the current plan matrix.

The maximum mortgage amount detailed on the plan matrix is a net amount - it excludes any broker fee being charged by the introducing broker. So, for example, a plan allowing a maximum mortgage of £150,000 could then have a £1,500 broker fee added on top and this would give a total gross mortgage amount of £151,500.

3.5. Mortgage to Value/Equity

When calculating the maximum mortgage available and maximum loan to value percentage (**LTV**) the equity must not exceed the plan's maximum LTV after including the introducing broker fees and any applicable lender fee.

For the purposes of calculating LTV, the total secured debt is:

Balance of mortgage (on the reference/credit search) + Gross amount of requested mortgage

3.6. Mortgage Term

The mortgage term available will normally be between 36 and 300 months. For the mortgage terms applicable to specific plans refer to the plan matrix.

The mortgage term may be full or part years and does not need to be rounded to the nearest full year. So, for example, both 12 and 18 month terms may be available.

3.7. Purpose of Mortgage

The purpose for the requested mortgage must be provided. Any reasonable legal purpose will generally be

considered, including, but not limited to:

- Debt consolidation;
- Home improvements;
- Raising capital for any legal purpose, including, but not limited to:
 - Purchase of a car/motor vehicle;
 - Purchase of a second property;
 - Injection into an existing business/settling an outstanding tax debt.

A requested mortgage including any element of funding for business purposes (**business loan application**) will be subject to applicants that are not a party to the business obtaining independent legal advice (**ILA**). Business loan applications will be treated as regulated mortgages and their processing must be fully MCOB compliant, with the applicant(s) being able to receive full regulatory protection.

If the mortgage purpose is not listed above or is listed but considered to be potentially unacceptable, then this should be referred to a mandated person for approval on an individual basis prior to submission. Applications will not be considered for mortgages:

- Settling debts to prevent a pending bankruptcy.
- Funding a business start-up.
- Funding the purchase of a timeshare.
- Giving rise to debtor/creditor/supplier agreements.
- For the purchase and/or installation of solar panels, whether or not with a Land Registry restriction.

3.8. Debt Consolidation / Repayment of Creditors

Where the purpose of the mortgage is debt consolidation we will send cheques direct to the applicant, made payable to the relevant creditor, for all balances being settled, regardless of the amount of debt being consolidated.

3.9. Affordability of the Mortgage

We are required to have a responsible lending policy (see MCOB 11.6.20R) to ensure our on-going compliance with the rules and the Responsible Lending Guidelines issued by the FCA. We also have a responsibility to ensure that the mortgage is affordable at the time it is advanced and that it can reasonably be expected to remain affordable in the future.

An affordability assessment will be completed on all applications. The affordability of the proposed mortgage is assessed through an income and expenditure analysis.

Details of the assessment are set out in *Chapter Error! Reference source not found.1 – Affordability*

We may complete additional affordability checks on a case-by-case basis at the discretion of a mandated person where there is concern over the current or future affordability of a mortgage.

3.10. First Due Date

The first contractual monthly due date must be one calendar month from the date of pay-out, and this date will be confirmed during the final call with the applicant(s) immediately prior to funding the mortgage.

The contractual monthly due date for payments subsequent to the first one may be changed at the request of an applicant after the first payment has fallen due, but the first payment must always fall due one calendar month from the date of pay-out.

3.11. Independent Legal Advice (ILA)

For a joint application where it could be considered that one of the parties is not receiving benefit from the mortgage, ILA will be considered. The proceeds may be dispatched in two cheques, one to each applicant, each comprising 50% of the balance being advanced. Accordingly, the applicant who may not be benefiting from the mortgage can do as they wish with their 50%, only forwarding it to the other applicant if they wish to do so.

If ILA is deemed as a requirement due to one applicant not benefitting, or any other reason, it must be served prior to Binding Offer.

4. Applicant

4.1. Discrimination

We will not discriminate against any applicant on the grounds of gender, sexual orientation, marital status, religion/beliefs, nationality, ethnic origin, race or disability.

We will not discriminate against service personnel on the grounds that they are service personnel.

Our Vulnerability Policy seeks to ensure that a vulnerable applicant is not unnecessarily excluded from credit and that we take extra care to ensure the applicant is aware of, and understands, the commitment they are taking on.

4.2. Vulnerable Applicants

A potentially vulnerable applicant is a person in respect of whom we know, or have reason to believe that, one or more of the following statements applies:

- they have severe long term health issues;
- they have mental health issues;
- they have undergone a life event such as bereavement, job loss or relationship breakdown;
- they have low literacy or limited mental capacity;
- they have a physical disability;
- they are subject to over-indebtedness;
- we have reasonable grounds to suspect that they lack the mental capacity to understand the mortgage that they are applying for - this may be prompted by one or more of the following:
 - a close relative of the applicant alerts us to concerns;
 - we establish that the applicant has previously been diagnosed with an impairment;

- it appears to us that the applicant is not able to understand information given;
- it appears to us that the applicant does not retain information to make a decision;
- the applicant appears to us to be confused about their personal information; or
- the applicant appears to us not to have an awareness of their finances.

During the security call, Central Trust will discuss aspects of the requested mortgage with the applicant. Where information appears inconsistent with that previously supplied and/or the applicant seems unsure of what they have applied for, this could be a sign that the applicant does not have full mental capacity.

The following additional steps may be taken to assist an applicant's understanding, where appropriate:

- Providing additional information on the mortgage agreement in a clear and accessible format.
- Allowing the applicant more time to make a decision.
- Supporting the applicant with a view to enabling them to make an informed decision.
- Working with an authorised third party, such as the Citizens Advice Bureau or an Independent Financial Adviser.
- A mandated person may require that a vulnerable applicant obtains ILA from a solicitor who must complete the solicitor's sign up letter, provide certified photographic ID and confirm that the applicant fully understands the commitment that they propose entering into, and that non-payment can result in repossession.

4.3. Age

No advance will be made to an applicant under the age of 18, and the mortgage term must finish before the 80th birthday of the applicant(s).

4.4. Nationality

Applications will be rejected from applicants who are Non-EU Nationals unless they have indefinite rights to reside in the UK as evidenced by a letter from the Home Office, or a stamp within their passport (for these applicants a Non-EU passport will always be required as proof of ID).

Our residency period requirement is the same for a Non-EU National as for an EU-National (i.e. three years).

4.5. Legal Name / Marital Status

Applications may only proceed in the applicant's full legal name.

In the case of a married or co-habiting couple, a sole application will be allowed where the spouse or partner is not party to the existing mortgage or hold any ownership of the property, providing a consent to mortgage/waiver is signed and the case passes affordability on the sole applicant's income. If the non-applicant spouse/partner is not working, then they should be added as a dependent and any credit commitments must be

accounted for on the Affordability Calculator. *(Note: 50% of Tax Credits & 100% of Child Benefit income can be used only if evidenced the funds are paid into the applicant's sole or joint account).*

If one partner is not resident at the security address then a joint application will still be considered in some circumstances (if, for example the non-resident partner is serving in the Armed Forces on a long-term posting away from the security address) – providing the binding offer is served at both addresses. (In some circumstances, only the resident's income will be used for affordability calculations).

If any of the below apply to an ex-partner of an applicant we will require a Deed of Separation as supplied by a solicitor, or a certified Divorce Certificate:

- The ex-partner is on the Voters Register at any time in the last three years at the security address;
- The ex-partner has active credit at the security address; or
- The ex-partner is shown to have a mortgage or secured loan settled within the last three years.

Note: The evidence supplied must support that the ex-partner has no ownership rights to any portion of the security address.

If any of the following apply to a deceased partner of an applicant, we will require a certified copy of the Death Certificate:

- The deceased partner is on the Voters Register at any time in the last three years at the security address;
- The deceased partner has active credit at the security address; or
- The deceased partner is shown to have a mortgage or secured loan settled within the last three years.

4.6. Address History

A full three years' address history must be provided for all applicants, and addresses during this period must be credit searched (along with any BTL property owned by them).

4.7. Residential Status

All applicants must have resided within the UK, on a permanent basis, for at least the three complete consecutive tax years immediately prior to the date of their application. Subject to acceptable income verification criteria, if the applicant has worked abroad, in any tax year in that period, that calendar year will count if they were resident in the UK for at least 50% of that tax year (but not otherwise).

4.8. Contact Details

Advances will not be made to applicants who do not provide a mobile or landline telephone number. If an applicant cannot provide a home landline telephone number, then email addresses will be required.

All mobile and work contact telephone numbers should be provided by the introducing broker at application, as well as work addresses.

4.9. Tariff of Fees and Charges

All applicants will receive a copy of our Tariff of Fees and Charges with their Binding Offer pack and with their Welcome Pack at the point of drawdown. We will confirm with the applicants that they have seen a copy of our Tariff of Fees and Charges, and they will be invited to ask questions about this.

4.10. Mortgage Deed Witness

The Mortgage Deed will need to be witnessed by an independent witness. An independent witness is someone for whom all the following are true:

- They do not live in the security property;
- They are not related to any applicant; and
- They have no financial interest in the requested mortgage.

A mandated person may make the witness subject to additional security checks.

4.11. Telephone Security Checks

All applicants will be subject to a telephone security call, in which both applicants must be spoken to, before any binding offer is made; and to a further, pre-completion, telephone call before a mortgage is paid out. During the security calls all key data will be checked.

4.12. Unacceptable Applicants

- Employees of businesses within the Norfolk Capital group;
- Employees of the introducing brokerage;
- Foreign embassy staff / politically exposed persons;
- Businesses;
- Trusts (or trustees acting in their capacity as such);
- Where the applicant(s) annual gross income is less than £17,500 per annum;
- Guarantors or sureties;
- Applicants within an IVA which has not been maintained;
- Applicants within a maintained IVA which is not being cleared upon pay-out;
- Applicants in Scotland who are part of a Debt Arrangement Scheme (DAS);
- Applicants with an outstanding liability following bankruptcy;
- Applicants who have granted power of attorney to a 3rd party;
- Applicants who have been repossessed at any point in the past;
- Applicants who have incurred arrears with Central Trust Limited within a 12-month period should be referred;
- Applicants who have an annual gross income of less than £17,500.

5. Proof of Identification (ID)

5.1. Electronic Proof of ID

Applications made through the Application Portal will generate an E-ID search. Alternatively, selecting the appropriate ID verification option for “Anti-Money Laundering” within the Equifax Europe Limited online credit search facility, introducers may electronically verify a customer’s ID – providing this is done using the Central Trust log-in and E-ID 3-1-0 Pass/Fail threshold.

If a “Pass” decision is made, documentary proof of ID is not required by Central Trust Ltd. However, for broker applications, ID copies should be retained on your files.

5.2. Documentary Proof of ID

Documentary proof of identity will be required for applicants where ID was not able to be verified electronically.

Original documents are required for ID; however, a certified copy may be taken by a permitted person working on behalf of the introducing brokerage. Exception: If ID is required by solicitors in Scotland/Northern Ireland then original ID may be required in Scotland and will likely be required in Northern Ireland.

List A:

Where an applicant can provide one document from List A, no further documentary ID is required:

- UK/EEA/EU Passport;
- UK/EEA/EU Photo Driving Licence;
- EU/EEA National Identity Card;
- Northern Ireland Voters Card;
- Firearms or shotgun certificate.

Note: Non-EU nationals must supply a passport as proof of ID, along with proof of the indefinite right to reside in the UK.

List B:

If the applicant cannot provide one document from List A then they will be required to provide three documents from List B as follows:

- State pension notification;
- Current UK non-photo driving licence;
- Blue disabled drivers pass;
- Credit card statement or bank statement dated within the last 3 months (we do not accept statements for ID purposes which have been printed off the internet, without a stamp from a branch to verify authenticity);
- Utility Bill dated within the last 3 months (not printed off the internet);
- Local authority tax bill for current year.

6. Proof of Residency

6.1. Methods of Proving Address

All applicants will be required to provide a full 3-year address history at the current and any previous addresses.

E-ID pass is accepted as proof of residency for the current year, even where the applicant does not show on the electoral register for current year (as E-ID confirms 3 proofs of residency at the current address).

If the applicant does not pass E-ID, then proof of residency may be provided by two of the following for current year (in addition to Proof of ID):

- Electoral Register at current address for the current year
- Mortgage Statement for the current year
- Council Tax/Rates Bill statement for the current year
- Utility bill (from a gas, electricity or water supplier) dated within the last 90 days
- Bank statement dated within the last 90 days
- Account Statement (e.g. Credit card, Mail order or Personal loan) dated within the last 90 days

For each of the two years prior to the current year that the applicant is not on the electoral register, one of the following is required:

- Mortgage Statements
- Council Tax/Rates Bill statements
- Utility bills (from a gas, electricity or water supplier)
- Bank statements
- Account Statements (e.g. Credit card, Mail order or Personal loan)

We will accept statements for proof of residency purposes that have been printed off the internet, providing they have validated authenticity.

Where an applicant has provided three documents from ID List B for identification purposes, additional proof of residency documentation is not required for current year.

Note: Northern Ireland cases always require a recent Rates Bill/Utility Bill/Bank Statement to confirm the address.

6.2. Additional Property Occupiers

Any other individuals 18 years of age or over residing at the property will be required to sign a Consent to Mortgage ('Waiver Form') unless the property is in Scotland. Confirmation as to whether additional occupiers are dependant or self-sufficient is required for affordability calculations.

Note: Children at university, showing on the security address Voters Roll, will be required to sign a Consent to Mortgage/Waiver Form and assessed if dependant/self-sufficient on a case-by-case basis for affordability.

7. The Security Property

7.1. Tenure and Location

Leasehold and Freehold, registered and unregistered, properties within England, Wales and Northern Ireland and registered Feuhold properties within Scotland are normally acceptable. Please see the unacceptable property types below for any exceptions to this.

Note: Monthly Ground Rent and Service Charge costs on leasehold properties must be accommodated for on the Affordability Calculator ('Other Commitments').

Should the property be leasehold, there must be at least 50 years remaining at the end of the mortgage term. If the property is leasehold, and does not meet this criteria, but the mortgage is being secured on both the leasehold and the freehold of the property and the applicant(s) is/are sole proprietor on both, then this is acceptable.

A full copy of the lease will be required to assess if the property is shared ownership if:

- The freeholder is a Housing Association, Management Company, Shared Ownership Company or a Local Authority / Council;
- The legal search refers to a Housing Association, Management Company, Shared Ownership Company or a Local Authority / Council being party to the Lease.

Note: Shared ownership and properties in a 'Help to Buy' scheme are not acceptable for lending purposes.

Please see below for the acceptable title types on legal searches:

ENGLAND/WALES

- Title Absolute

Note: We are unable to lend on Title Good Leasehold & Title Possessory.

NORTHERN IRELAND

- Title Absolute
- Title Good Leasehold
- Title Good Fee Farm Grant

Note: We are unable to lend on Title Deemed Possessory & Title Possessory.

SCOTLAND

- Properties must be registered to proceed.

Note: Even if a further advance we can't proceed if it is not Sasines Registered.

7.2. Title Information

Where a property is registered at Her Majesty’s Land Registry Office (HMLRO), Office Copies are required. Where a property is not registered at HMLRO a certified copy of the last conveyance and a full land charges search are required in addition to a Search Index Map Result (SIMR).

7.3. Construction and Unacceptable Property Types

Generally, all construction types, including all varieties of concrete, steel-frame and timber-frame, are acceptable providing that the first charge is held by a mortgage lender that CTL will follow. In the event that a Drive-by or Full valuation has been completed, the property may be indicated as non-traditional, providing that it is still indicated suitable to the area.

In the event the construction type is listed as defective within a Drive-by or Full valuation, then the property must have been repaired under a licensed PRC Homes repair scheme (Leeds 1 and 2 repair schemes are not deemed acceptable) and an appropriate completion certificate must be supplied.

The following properties are unacceptable as security:

Unacceptable Property Types	
1	If a property is stated as non-traditional <u>and</u> not suitable to the area on a CTL valuation report.
2	Listed buildings, including English Heritage Grade I, II*(star). (Grade II are acceptable)
3	Properties listed as a specialist building.
4	Environmentally contaminated properties or properties detailed as being on contaminated land.
5	Freehold flats over 65% LTV.
6	Properties with a flying freehold >10%.
7	Single leaf properties or properties with a thatched roof.
8	Properties where an AST (or SAT in Scotland) is in place and the mortgage is on a residential owner occupied property or where any part of the property contains an air B & B.
9	Properties valued at less than £60,000.
10	Properties with agricultural restrictions.
11	Vacant properties or properties on vacant land (unless <u>refurbishment</u> is underway – see below*).
12	Semi-commercial properties or properties above commercial premises.
13	Shared Ownership / Housing Assoc. / Help to Buy properties (irrelevant of the % privately owned).
14	Properties without buildings insurance.

15	Properties with a land registry restriction or lease relating to solar panels.
16	Properties with more than six storeys.

* **Refurbishment** – property must be watertight and structurally sound, with kitchen and bathroom utilities connected (light refurbishment only). No brownfield or development sites permitted. **Internal Valuation required. Note: The Binding Offer will be served at both security and any temporary residential addresses.**

7.4. Loan to Value (LTV) Restrictions

Property type 1	LTV Restriction
Most Properties	75% LTV
Property type 2	LTV Restriction
Properties > £1m	65 % LTV
Scottish Isles	65 % LTV
Ex-council flats/maisonettes <£150,000	65 % LTV
Properties < £75,000	65 % LTV
Freehold flats	65 % LTV

7.5. Valuation Types

Valuation Type	Conditions (Minimum valuation)
1 Roll-Up Chart Valuation	<ul style="list-style-type: none"> Up to 50% LTV, Net mortgage of £25,000 Must be assessed using a purchase price from within the last 10 years. <p>The following documentation will be considered as acceptable proof of the purchase price:</p> <ul style="list-style-type: none"> A Solicitor’s completion statement; Confirmation of purchase price from a mortgage reference; A Right to Buy offer from the council; Office copies from HMLRO provided it says, “price stated to have been paid”.
2 Home-Track Assessed Valuation	<ul style="list-style-type: none"> Up to 75% LTV, Net mortgage up to and including £50,000 Must have confidence level of 5.0 or higher Lower confidence levels: <ul style="list-style-type: none"> Up to 65% LTV on 4.0 to 4.4 confidence level Up to 70% LTV on 4.5 to 4.9 confidence level Not acceptable for any ex-local authority flats or maisonettes
3 Drive-by Valuation	<ul style="list-style-type: none"> Up to 60% LTV, Net mortgage up to and including £100,000 Up to 70% LTV, Net mortgage up to and including £60,000 Up to 75% LTV, Net mortgage up to and including £30,000
4 Full Valuation	<ul style="list-style-type: none"> Up to maximum LTV and mortgage size Required if ex-council flat=>£150k; and properties >£500k with >65% LTV Properties undergoing ‘Light Refurbishment’ (no structural changes) Self-Build Properties also accompanied with Building Regulation Certificate.

7.6. Surveyor Panel

A two-tier surveyor panel is in place, with instructions possible directly to tier-one surveyors, or through Pure Panel Management Limited for access to both tier one and a wider number of smaller tier-two surveyors.

	Details
Tier One Surveyors	<ol style="list-style-type: none">1. Pure Panel Management2. Connells3. DM Hall Chartered Surveyors (Scotland)4. Metropolis Surveyors5. Precedent Surveyors6. Gateway/Sonas7. OCK Chartered Surveyors
Tier Two Surveyors	<ol style="list-style-type: none">1. All tier two Surveyors are only accessible through Pure Panel Management Limited.

7.7. Specialist Reports

When stated on a Drive-by valuation or Full valuation report, a mining report will only be required where the property has not been purchased or re-mortgaged within the last 5 years.

When stated on a Drive-by or Full valuation report, a damp and timber report or electrical report will only be required where the property has not been purchased or re-mortgaged within the last 5 years.

When stated on a Drive-by or Full valuation report, a full structural report will always be required prior to completion of the mortgage.

If a surveyor indicates that a security property may be at risk of contamination from radon gas, the company will require an online desktop site survey to be completed from www.ukradon.org. Once obtained, this online desktop site survey should be referred to an authorised person for approval (a 10% limit applies).

Any reference to additional works, carried out in the last 6 years, that require planning permission or building regulations must be supported by physical documentation to confirm obtained or not required.

Any reference/knowledge of Japanese Knotweed within the vicinity of the property must be referred.

7.8. Ex-Council / Ex-Local Authority Properties

In all instances where a property has been purchased from a council or local authority within the last 18 months a copy of the customer's Section 125 right to buy letter must be obtained. If the property was purchased over 18 months ago this is not required. If purchased within 18 months, any remaining discount will be ignored from the equity calculation; providing it can be evidenced that Central Trust will be able to recover all outstanding amounts in the event of repossession.

7.9. Shared Ownership

Central Trust Limited will not accept applications where the security property may be defined as shared ownership, regardless of the percentage owned by the applicant.

7.10. Residential Applicants with Buy-To-Let Properties in the Background

All mortgages must be secured upon the applicant's own residential property; however, customers who have other buy-to-let properties which they let out to tenants are acceptable, subject to the following criteria:

- Customer to confirm in writing the full addresses of all Buy-To-Let properties held or complete the Property Ownership Schedule Form;
- All Buy-To-Let properties must be indicated within a linked credit on the initial credit search, or a separate soft search will be required of each. Any adverse credit held at Buy-To-Let addresses in the applicant's name will be taken into account;
- An Assured Short-hold Tenancy agreement (AST or SAT if Scotland) will be required for each property that is let out, indicating at least 100% rental cover of the contractual monthly mortgage instalment. If greater than 100% coverage, then the mortgage on the rented property will be discounted for affordability calculations. If there is less than 100% rental coverage, then the shortfall will be taken in to account for affordability calculations;
- That mortgage payments on the additional Buy-To-Let properties, where visible on the credit search, are satisfactorily maintained;
- Land Registry search required on residential and BTL addresses.

If a Buy-to-Let property in the background is tenanted by a family member, evidence of rental payments required.

The applicants are not limited to any maximum number of Buy-To-Let properties that may be running alongside the customer's main residence.

8. Sources of Income

8.1. Introduction

We have a minimum income threshold of £17,500 gross per annum.

Applicants must have a legal source of income, usually from one, or a combination of, the following:

- Employment on a PAYE basis.
- Self-employment on a sole trader or partnership basis.
- Self-employed owner of a limited company.
- Retirement pension.
- State-provided benefits.

Applicants must be UK taxpayers and paid in sterling. Applicants working abroad are acceptable provided they are paying UK tax, and have been resident in the UK for more than 50% of each of the last three completed tax years.

We may decline an application where the legality of income is in doubt.

8.2. Employed Applicants

Applicants who have been with current employer for less than 2 months must provide a full month's payslip detailing income, tax code and deductions – a copy of the job contract/employers reference will be required to support. Income for employed applicants still in a probation period is accepted.

If an applicant is employed by their family owned business, any payslips provided will require back-up in the form of bank statements for the period, or a letter from the external accountant of the business confirming the applicant's salary (an employer's reference is not acceptable for this purpose).

Applicants temping/employed through an agency are acceptable, subject to having payslips as normal and a full written 6-month track record of employment assignments from the agency or agencies.

Applicants employed via a fixed term/zero hours' contract are acceptable, subject to having verifiable payslips and being able to evidence a full 6-month continuous track record of employment, even if from different contracts, up to the current time.

If the applicant is showing under an *entirely* different name on their proof of income (for example, if the payslip shows "John Simon Smith" but the mortgage agreement states "Paul Simon Smith") we will require a "One and the Same" letter from the employer, on their headed paper, and signed by a Manager or HR/Payroll representative.

An employer's "One and the Same" letter will not be required where the name is essentially the same but has simply been spelt differently, for example Rebecca and Rebekah or Dave and David.

8.3. Employment References

If an employed applicant cannot provide payslips as proof of income, an employment reference will be acceptable with a traceable landline telephone job-check completed by Central Trust as back-up.

If an employer's reference is provided, the reference letter must be on the employer's headed paper and signed by a director, partner or authorised employee of the relevant employer. The letter must contain at least the following points:

- i. Start date of employment
- ii. Position title
- iii. Annual salary
- iv. Whether the employment is permanent, fixed term, zero hours or temporary
- v. Tax Code and regular monthly deductions (e.g. Pension).

8.4. Telephone Employment Checks

In some instances, it may be necessary to conduct telephone employment checks with the applicant's employer. This is at the discretion of a mandated person and will likely be required where concerns are held over the applicant's employment status, or over the evidence supplied as proof of employment. In instances of self-employment where income evidence is accountant sourced, the accountant will be contacted on an independently verifiable telephone number to verify the content of the evidence supplied.

A traceable work telephone number from a reputable website (e.g. yell.com), is required to enable a landline telephone job check to be completed.

8.5. Self Employed Applicants

An applicant is considered by us to be self-employed if they own 25% or more of the company that they work for (Owner-managed Company), are a partner in a partnership (including an LLP) (the Partnership) or are a sole trader. Self-employed applicants (or their Owner-managed Company or Partnership) must have been trading for at least one year and be able to provide satisfactory evidence of their submitted income.

A self-employed applicant (or their Owner-managed Company or Partnership) must provide:

EITHER

(a) An Accountant's Certificate that covers the three years most recently ended (or, if a new business, the period since it started) and includes a projection for the current year; and

(b) If the last day of the most recent past period covered by the Accountant's Certificate was more than six months prior to the date of submission, unfiltered business bank account statements (see below) covering the latest three months.

OR

(a) Evidence of income in the form of:

- the Tax Calculation and Tax Year Overview documents provided by HMRC; and/or
- statutory accounts as submitted to Companies House if income after expenses can be obtained from them for at least the latest three years (or the entire period of trading if this is less than three years); and

(b) If the last day of the most recent past period covered by the Tax Year Overview or statutory accounts was more than six months prior to the date of submission, unfiltered business bank account statements (see below) covering the latest three months.

Where bank account statements are required these should be for the relevant business but if a sole trader or partner uses a personal bank account for business transactions personal bank account statements will be required. We will not consider personal bank statements as evidence of income for an Owner-managed Company or LLP.

We regard sub-contractors as self-employed and they are required to provide satisfactory evidence of their income.

8.6. Self-Employed Income - Acceptable Accountant Qualifications

If we use finalised accounts or an accountant's certificate to verify self-employed income and the acting accountant is not chartered or certified with one of the qualifications listed below the matter should be referred to a mandated person for decision on an individual basis. Self-employed applicants who use only a bookkeeper are unacceptable.

	Qualification	Professional Body
1	AAPA	Association of Authorised Public Accountants
2	AAT	Association of Accounting Technicians
3	ACA	Association of the Institute of Chartered Accountants in England and Wales
4	ACCA	Association of Chartered Certified Accountants
5	ACMA	Association of Chartered Institute Management Accountants
6	AIA	The Association of International Accountants
7	CA	Institute of Chartered Accountants of Scotland
8	CIMA	Chartered Institute of Management Accountants
9	CIPFA	Chartered Institute of Public Finance Accountancy
10	FCA	Fellow of Association of the Institute of Chartered Accountants
11	FCCA	Fellow of Association of Chartered Certified Accountants
12	FCMA	Fellow of the Chartered Institute of Management Accountants
13	ICA	Institute of Chartered Accountants
14	ICSA	Institute of Chartered Secretaries and Administrators
15	IFA	Institute of Financial Accountants

An independent search will also be conducted on www.yell.com and / or Companies House (<https://beta.companieshouse.gov.uk>) to locate and confirm that the firm exists (only limited companies and limited liability partnerships (LLPs) incorporated in England & Wales, Scotland and NI are listed at Companies House).

A telephone accountant's check may be completed to verify the figures provided in the event of any concern regarding affordability of the mortgage, or in the event of faxed or scanned and emailed documents being received.

For information about acceptable sources of income (and the proof required) for self-employed applicants see [Chapter 9](#).

8.7. Retired Applicants and Lending into Retirement

An applicant who is retired is acceptable if they have a private, or state, pension. The latest pension statement, showing annual/monthly income derived from the pension, will be required in addition to the latest bank statement to show pension credits and evidence income.

If an applicant is opting for a mortgage term that will take them beyond the date they become entitled to their state pension or any earlier planned retirement date, the reason(s) why they would like the mortgage term to extend beyond that date must be discussed, personally, with the applicant during the security call. We must clarify, and sense check, as a minimum, the applicant's understanding of the following:

- Their expected retirement age;
- That the proposed mortgage term extends beyond their expected retirement age;
- That any proposal to continue in employment is plausible given the nature of the work undertaken;
- In the case of a second charge mortgage, whether any first charge mortgage is on a repayment, or interest only, basis;
- The maturity date of any first charge mortgage;
- Whether any other finance may extend into retirement;
- That the monthly payments will continue to fall due throughout the period until the mortgage is repaid; and
- The expected income in retirement and the plausibility of the applicant meeting all their financial commitments in retirement.

Post-retirement affordability will need to be evidenced as appropriate by reference to the applicant's individual circumstances, so that a reasoned judgement can be made as to the credibility of the applicant's stated ability to afford the payments in retirement.

It is unlikely, for example, that we would allow a second charge mortgage term that continued into retirement if the first charge mortgage is on an "interest only" basis and extending into retirement unless there is satisfactory evidence of substantial pension income, or there are other sufficient realisable and acceptable assets, savings or investments held by the applicant.

If the first charge mortgage is on an "interest only" basis and extends into retirement but finishes after the proposed second charge mortgage, then the appropriateness of this will be discussed with the applicants during the security call.

Where the mortgage term takes an applicant into retirement a senior underwriter will assess the proposition to ensure all relevant matters are considered. This may involve a case conference between senior underwriters and management where it is considered appropriate.

If the term of the mortgage extends into retirement the following guidelines will apply:

- A. If more than 10 years until the customers state retirement age (SRA-usually 67/68) or planned/maximum working age in current role (whichever is earliest), an explanation that the customer can continue to work until the term ends is sufficient, providing it is plausible and the customers current role is of a non-physical nature. Some form of pension provision will also be required such as a pension deduction on payslip. In this scenario the maximum working age at the end of our term is 69.
- B. If less than 10 years until the customers state retirement age (SRA-usually 67/68) or planned/maximum working age in current role (whichever is earliest) or if our term takes the applicant to the age of 70 or more, the application must pass the current affordability model using evidence of future projected post-retirement income taken from the last annual pension statement(s) and or state pension income.

Any cases that fall outside of the above guidelines (A or B) will be referred to senior management for consideration.

State Retirement Age calculator: <https://www.gov.uk/state-pension-age>

If the applicant is opting for a mortgage term that will take them beyond the date on which they become entitled to their state pension but they work within a profession with a forced early retirement age that is before they will become entitled to their state pension (for example, the police, armed forces, oil workers etc.) then an acceptable explanation must be provided to justify how the applicant plans to continue to repay the mortgage post-retirement. That might be an early retirement pension or a pension fund that is accessible ahead of their state pension age if the amounts are adequate.

Generally, a key consideration is the proximity of the applicant's retirement. The degree of scrutiny adopted may vary according to the period of time remaining to retirement when the assessment is made. The closer the applicant is to retiring the more robust the evidence of retirement income will need to be.

As in scenario A above, where retirement is many years in the future, it will generally be sufficient to confirm the customer's ability and intention to continue working until 69 in their current role (providing it is non-physical in nature) and the existence of some pension provision such as sight of a pension deduction on a payslip. In scenario B, where retirement is likely to be much closer to the date of assessment, more robust evidence of retirement income via sight of an illustration of expected pension income from a pension projection statement is required.

A common sense approach is taken to information provided by the applicant regarding their expected retirement date.

8.8. Maternity Leave, Paternity Leave and Adoption Leave

Applicants currently on maternity, paternity or adoption leave are acceptable. The income currently received by the applicant will be used for affordability purposes, providing it is not set to drop or stop during the period of leave. Sight of the contractual leave is required for assessment, alongside a signed written explanation of affordability by the applicant(s), given any known or foreseen future changes in income (e.g. reduction in hours / childcare costs).

Providing the income used is sustainable and assessment of future affordability is deemed satisfactory, this form

of income can be used.

8.9. State Benefits and Allowances

Mortgages to applicants who are in receipt of state benefits will be considered on all our plans, provided that confirmation of any review date is provided. If any state benefit:

- Has a known or calculable end date that will occur before the end of the mortgage term; &/or
- Will end on the occurrence of an event that is certain to happen before the end of the mortgage term.

Then future affordability will need to be considered. In addition to assessing affordability, applicants receiving state benefits will also be subject to a holistic appraisal of the borrowing proposal including, but not limited to, an assessment of the proportion of the total household income accounted for by the state benefit.

For the full list of acceptable state benefits, please refer to [Chapter 9](#).

If an applicant is opting for a mortgage term that will take them beyond the set end date for some or all of the state benefits that they are receiving, a signed statement regarding post-benefit affordability will be required separately or on the Multiple Declaration Form. This explanation must be sufficient to evidence how the applicant will replace the reduction and/or loss of benefits during the term of the mortgage.

State benefit/allowance incomes will be accepted subject to the following criteria:

- Where the income is available for the entire mortgage term.
- Where the income ceases during the mortgage term, provided the applicant is currently in part-time employment or has been previously employed and indicates an intention to return to work go full-time. In this scenario, the application must pass the current affordability model, using the equivalent-full time salary for that applicant, with no benefits or relevant dependents.

Any income declared by the applicant on HMRC entitlement letters (typically for Tax Credits and/or Working Tax Credits) must be consistent, within a reasonable level of tolerance, to the income evidenced on the documentation used to prove income within the Submission Pack. If the income declared on HMRC entitlement letters is not consistent within a reasonable level of tolerance with the income declared by the applicant an updated quote for correct entitlement may be completed via the Benefits Adviser section of www.direct.gov.uk. This updated benefits entitlement quote may then be used to evidence what the state benefit entitlement should be with the correctly declared income for use within affordability calculations. If the entitlement letter shows that the applicant has been in receipt of this over-payment for more than 12 months, then the Financial Crime Policy should be considered. Any childcare costs declared on the Tax Credit Award letter will be accounted for in the affordability assessment.

Applicants for whom the Department of Work & Pensions (**DWP**) is contributing towards their mortgage payments are unacceptable.

Where the principal gross income (total income including benefits) exceeds £50,000 per annum, Child Benefit will not be included within the affordability assessment.

Where the total gross income (total Income including benefits) across both applicants exceeds £41,330 per annum, Tax Credits will not be included within the affordability assessment.

8.10. Court Ordered and Child Support Agency Managed Maintenance Payments

Providing that the appropriate court or Child Support Agency (CSA) documentation is provided as evidence, along with the latest bank statement to show its receipt, maintenance income is acceptable.

Maintenance income will be treated the same as state benefits for post-maintenance affordability purposes where the children will reach 18 before the end of the mortgage term.

Maintenance income will not be accepted as a sole source of income - it must be received alongside some other form of employed, self-employed, pension or state benefit income in order to be used.

8.11. Unacceptable Types of Income

The following types of income are deemed unacceptable for use:

- Regular Monthly Overtime / Bonus / Commission, if together they exceed 50% of basic income
- Hours of work that exceed 50 hours per week (unless they are intrinsic to the role and sustainable)
- Housekeeping money received from a non-applicant adult resident at the security address
- Statutory Sick Pay
- Gambling winnings
- Income from savings or trust funds or stocks and shares
- Income from an insurance pay-out
- Job Seeker's Allowance
- Child Benefit if the principal income is more than £50,000 gross per annum
- Working Tax Credits if the total gross income across both applicants is running at a rate which, if sustained, would take them over the prevailing annual limit in the current tax year.
- Training, teaching and university grants/bursaries
- Rental income from a lodger / tenant within the security property
- Rental income not disclosed for tax purposes from an investment letting property company.

9. Proof of Income

9.1. Introduction

All applicants will be subject to confirmation of (stated) income, which will be obtained, subject to circumstances through either:

- *Electronic Income Verification*, which provides an automated assessment of income; or
- *Document Income Verification*.

9.2. Electronic Income Verification (EIV)

EIV can be used for either or both applicants but may not be used where the customer is self-employed, as it will not be possible to determine income against turnover.

EIV will confirm, within agreed parameters, the statement of income submitted for verification:

- If the input level of income is verified and this is sufficient for our debt to income and affordability requirements, no further verification is required.
- If the input level of income is not verified, or is verified but this is not sufficient for our debt to income and / or affordability requirements, the remainder of this section 9, under *Document Income Verification*, applies in full and documented evidence must be obtained.

It is not possible to part verify using EIV then use documented evidence to increase this figure as it is impossible to establish whether the documented income has been included in the EIV figure verified.

If EIV is to be used the applicant(s) will be asked to verify their income details in the security call as well as details such as whether they under notice to leave their employment or are currently on maternity / parental leave.

9.3. Document Income Verification

We will accept the types of income listed below if the evidence listed alongside it below is provided. If proof of income cannot be supplied the un-evidenced income is ineligible and will be excluded from affordability calculations.

Income believed to be derived from a legal source but that is not detailed below or is listed in the unacceptable types of income list should be referred for consideration by a mandated person. State benefits not listed below may be considered on a referral basis at the discretion of a mandated person.

In certain circumstances, exceptions may be made to the acceptable types of income where it is evidenced to be as standard within the applicant's type of employment, or intrinsic to their specific role. For example, applicants who work for the police, fire-service, NHS or on oil rigs may receive additional allowances listed under their standard terms of their employment, or care workers who are rota'd to work evenings and bank holidays as part of their role. Applicants of this nature should be referred for consideration by a mandated person.

9.4. Acceptable Proof of Income

	Income Type	Evidence Required	Gross
1	Employed Basic Income	<p>Employed income will be verified as follows: Latest two months' coverage of payslips required - i.e. 2 x monthly, 2 x 4-weekly, 4 x fortnightly or 4 x weekly.</p> <p>Where employment is under two months old, an employer's reference letter / job contract will also be required to evidence the salary and a full month's payslip to evidence taxcode/deductions.</p> <p>Computerised and perforated-style "standard" payslips or internet payslips:</p> <ul style="list-style-type: none"> ➤ No further back-up required. <p>Sage payslips:</p> <ul style="list-style-type: none"> ➤ A traceable online landline telephone job check completed by the lender, with no further back-up required. <p>Any other type of "non-standard" payslips:</p> <ul style="list-style-type: none"> ➤ With back-up of either, a computerised P60 <u>or</u> a bank statement dated within 60 days showing the salary credit. <p>OR</p> <ul style="list-style-type: none"> ➤ If payslips cannot be provided, then an employer's reference letter is acceptable with a traceable online landline telephone job check completed by the lender as back-up. <p>If fixed, the basic salary will be used; if basic varies slightly, an average will be used if consistent; if basic is sporadic, an explanation for this/further evidence may be required. GTD/P60 must support the figure being used. (See Chapters 8.2 - 8.4)</p>	

2	Regular Monthly Overtime / Bonus / Commission (<=50% of total basic income)	<p>Regular monthly overtime, bonus &/or commission is acceptable as an income type, providing that it can be evidenced, with at least 4 months' continuity of payments, and represents <=50% of basic income. Therefore, the following evidence is required to use this on top of Basic Income:</p> <ul style="list-style-type: none"> ➤ A salary credit of this type on each payslip. ➤ The last year's P60 or 12th monthly payslip will be required if within the first 4 months of the new tax year. <p>The GTD/P60 will be reviewed so that the lender can assess whether the evidence provided supports using any additional income. The sustainability of this income type will also be fully discussed with the applicant(s) during the security call and the future affordability of the mortgage if this income source was to stop.</p>	
3	Regular Quarterly or Annual Bonus / Commission	<p>Regular quarterly or annual bonus / commission is acceptable as an income type, if we receive:</p> <ul style="list-style-type: none"> ➤ The previous P60 (quarterly) or 2 x P60's (annual) are provided to evidence past performance. <p>GTD and P60's will be reviewed so that the lender can assess whether the gross to date on the payslips provided supports using any additional income. The sustainability of this income type will also be fully discussed with the applicant(s) during the security call, and the future affordability of the mortgage if this income source was to stop.</p>	
4	Guaranteed Overtime / Bonus	<p>Can be used in addition to "Employed Basic Income", with:</p> <ul style="list-style-type: none"> ➤ A salary credit of this type and same amount on each payslip. <p>OR</p> <ul style="list-style-type: none"> ➤ Sight of contract/employment letter confirming the overtime / bonus as guaranteed. 	
5	Car Allowance / Shift Allowance	<p>Can be used in addition to "Employed Basic Income", with:</p> <ul style="list-style-type: none"> ➤ A salary credit of this type on each payslip. 	
6	Unsocial Hours Allowance (if required as standard in role)	<p>Can be used in addition to "Employed Basic Income", with:</p> <ul style="list-style-type: none"> ➤ A salary credit of this type on each payslip. 	

7	Self-Employed Income	<p>Dependent on the type of income: e.g. Sole Trader / Partnership - net profit before tax will be used on the affordability calculator. Limited companies - net profit before tax plus salary paid to self may be used on the affordability calculator.</p> <p>Acceptable proof is either:</p> <ul style="list-style-type: none"> ➤ A fully completed Accountant’s Certificate covering 3 years (or the entire period of trading if this is less than three years) and a projection. Plus, a traceable telephone number for the accountant within the submission file from a reputable website (e.g. yell.com) to enable independent verification of dispatch from the accountancy firm. (Note: See Chapter 8.6 for ‘Acceptable Accountant Qualifications’); ➤ The last 3 year’s Accounts as submitted to Companies House (or the entire period of trading if this is less than three years); ➤ Submitted self-assessment forms - these may include the latest Tax Calculation and Tax Year Overview as produced by HMRC (some larger accountancy practices use commercial software to produce the Tax Calculation and these are acceptable on a referral basis, but the Tax Year Overview document must be from HMRC). The last 3 years are required (or the entire period of trading if this is less than three years). <p><i>Note: Self-assessment forms will not be accepted for limited companies, as these tend to show dividend income – see below.</i></p> <p>If the latest period covered by the Accountants Cert., Accounts or Tax Year Overview was more than 6 months ago, latest three months’ unfiltered business bank statements will be required (See Chapter 8.5).</p> <p>Please note that if Limited companies wish to use any income other than net profit + salary (such as dividends), then the latest set of accounts will be required.</p> <p>Note: Applicants with a limited company will be searched on ‘Companies House’ to verify status.</p>	
---	----------------------	---	--

8	Private Pension Income	<p>Latest private pension statement showing annual / monthly income derived from pension</p> <p>OR</p> <p>The latest bank statement to show the last two pension credits to confirm amount and frequency of payments. (See Chapter 8.7)</p>	
9	State Pension	<p>A copy of the applicant's annual statement from the Benefits Agency</p> <p>OR</p> <p>A bank statement showing the last two payments to confirm amount and frequency of payments.</p>	
10	Maternity / Paternity / Adoption Leave	<p>The income currently received by the applicant will be used for affordability purposes, alongside a written explanation of affordability given any known or foreseeable changes in future income / expenditure. (See Chapter 8.8)</p>	
11	Working / Child Tax Credits	<p>The latest full letter of entitlement (or letter of review), showing details of income due, review period and any other conditions of payment. An original is not required, provided the copy supplied is of a "standard" HMRC nature. (See Chapter 8.9)</p> <p><i>Note: In sole application cases, where the applicant is married or in a common-law/civil partnership, 50% of Tax Credits & 100% of Child Benefit income can be used only if there is satisfactory evidence the funds are awarded to and paid into the applicant's sole or joint account.</i></p>	
12	Disability Living Allowance (If reviewed no more than annually)	<p>The latest full letter of entitlement (or letter of review), showing details of income due, review period and any other conditions of payment. An original is not required, provided the copy supplied is of a "standard" HMRC nature.</p>	
13	Carers Allowance	<p>The latest full letter of entitlement (or letter of review), showing details of income due, review period and any other conditions of payment. An original is not required, provided the copy supplied is of a "standard" HMRC nature.</p>	
14	Incapacity Benefit	<p>The latest full letter of entitlement (or letter of review), showing details of income due, review period and any other conditions of payment. An original is not required, provided the copy supplied is of a "standard" HMRC nature.</p>	
15	Income Support (50% only)	<p>The latest full letter of entitlement (or letter of review), showing details of income due, review period and any other conditions of payment. An original is not required, provided the copy supplied is of a "standard" HMRC nature.</p>	

16	Fostering Allowance	<p>The HMRC deems foster carers as self-employed - they have to register as a self-employed worker and file self-assessment tax returns each year.</p> <p>Acceptable proof:</p> <ul style="list-style-type: none"> ➤ Tax Calculations and Tax Year Overviews covering the last 3 years (or the entire period of fostering if this is less than three years): ➤ The latest Tax Return (i.e. the SA100, SA101, SA103 & SA110 forms) to confirm whether the customer uses Qualifying Care Relief method or Net Profit method of income tax liability calculation; and ➤ The latest 3 months remittance advices from the firm or local authority from whom the foster placement is awarded. <p>If the latest period covered by the Tax Year Overview was more than 6 months ago, the latest three months' unfiltered bank statements will be required showing foster care income. (See Chapter 8.5)</p> <ul style="list-style-type: none"> ➤ Please refer the documentation to an underwriter for additional guidance once obtained. 	
17	Child Benefit (if the principal income is <u>under</u> £50,000 gross per annum - this figure is the total income including benefits)	<p>Evidence that the applicant(s) have children from another HMRC benefit document, such as a Tax Credit entitlement letter, means that proof of child benefit does not need to be provided as it is the same statutory amount for all (£20.70 per week for the first child, and £13.70 per week for all additional children) – See Chapter 8.9.</p> <p>OR</p> <p>The latest full letter of entitlement (or letter of review), dated within the last 12 months, showing details of income due. An original is not required, provided the copy supplied is of a “standard” HMRC nature, along with verbal confirmation of the children’s ages.</p> <p>OR</p> <p>The latest bank statement showing child benefit payments being made along with verbal confirmation of children’s ages is acceptable.</p> <p><i>Note: In sole application cases, where the applicant is married or in a common-law/civil partnership, 50% of Tax Credits & 100% of Child Benefit income can be used only if there is satisfactory evidence the funds are awarded to and paid into the applicant’s sole or joint account.</i></p>	

18	Employment Support Allowance (ESA) (if start date >13 weeks ago)	The latest full entitlement letter showing details of income due, review period and any other conditions of payment. Evidence running for over 13 weeks e.g. bank statement, showing credit over 13 weeks after date of letter OR reference to a 'support group' on letter.	
19	Court Ordered or CSA Managed Maintenance Income	The latest court order documentation, along with the latest bank statement to show credit. OR The latest CSA documentation, along with latest bank statement to show credit. (See Chapter 8.10) Maintenance income must be received alongside some additional form of employed, self-employed, pension or state benefit in order to be used.	
20	Rental Profit from an investment letting property company (for residential affordability)	Only accepted where the customer is declaring this type of income for tax purposes: ➤ Latest Tax Calculation to show "Profit from UK Land and property" & Tax Year Overview. ➤ Bank Statement to show latest rental income for additional properties owned. Note: See Chapter 7.10 for additional requirements for 'Buy-To-Let Properties in the Background'.	

10. Affordability – Ongoing Debt

The affordability calculation will include:

First Charge Mortgage	The contractual monthly instalment due to the first mortgagee as detailed within the credit search, unless lower than that stipulated on any mortgage reference or 12-month statement (in which case the higher stated figure will be used).
Fixed-Payment Credit Agreements	The fixed monthly payment due under the appropriate credit agreement should be included as detailed within the credit search, unless lower than that stipulated on any reference or 12-month statement (in which case the higher stated figure will be used).
Credit Card Agreements	3% of the balance outstanding on the account as detailed within the credit search, after any consolidation taking place as part of the mortgage being advanced.
Partially Settled Debt	3% of the balance left outstanding or the contractual monthly instalment on the account as detailed within the credit search.
Outstanding Defaults (including mail order and communications)	3% of the balance outstanding on the defaulted account as detailed within the credit search, after any consolidation taking place as part of the mortgage being advanced. Note: A lower 'actual' payment can only be used if evidence is provided to support an agreed monthly amount until settlement of the debt.
County Court Judgements	3% of the prevailing judgement balance as shown on the credit search. Note: A lower 'actual' payment can only be used if evidence is provided to support an agreed monthly amount until settlement of the debt.

If the amount of debt or monthly payments shown by the credit search is different to that on other documentation received, the evidence which is most recently dated will be used in calculating affordability.

Where the difference between the applicants declared balance outstanding or monthly repayment sum requires explanation the underwriter will request an explanation. The underwriter will assess whether it represents a normal or acceptable transaction in light of the overall characteristics of the applicant and the application.

General up-to-date communication supplier, utility and insurance items on the credit search will not be included within affordability calculation, as these are already included within the affordability expenses in the background of the affordability calculator. Please note that monthly payments on 'Communication Supplier Loans' are counted for affordability.

If the applicant has a Debt Management Plan, which incorporates a number of negotiated credit commitments at a lower level than the fixed-payment or the 3% calculated minimum payment, Central Trust will use the higher 3%/CMI scenario for affordability.

11. Affordability Assessment

An Affordability Assessment will be completed on all applications.

Affordability of the proposed mortgage is subject to a review of overall plausibility, which involves the applicant's:

- 1) statement of income being subject to verification;
- 2) general and household expenditure being reviewed for plausibility against a set of guideline expenditure figures based upon actual income, the number of adults and children (factoring in the ages of any dependent children) or any other dependents resident at the security property;
- 3) on-going credit commitments being subject to verification against the Customer's Credit Report.

11.1. General and household expenditure

The underwriter/mandated person must be satisfied that there is no reason to doubt the information supplied. If, after assessment of documentation, any doubt remains this will be questioned and/or further supplementary evidence will be requested to support the application - financial and documentary information will be considered in its entirety. For example, if a bank statement is provided for proof of residency and the incoming salary payment is inconsistent with the applicant's declared income, further investigation will be undertaken.

Once all appropriate evidence has been gathered, a holistic reasonableness check will be undertaken at the final stage of underwriting after the security call to ensure that there is no reason to doubt the credibility, accuracy or validity of the information provided by the customer via the introducing broker.

The figures provided within the affordability calculator will be assessed for accuracy and reasonableness upon submission and will form the main basis for our verification of affordability. When assessing reasonable expenditure, it is to be expected, and accepted, that applicants will have different levels of financial commitments. For example, joint applicants with three dependent children will have a different set of average expenditures to joint applicants with no dependent children.

Non-dependent adults (other than a joint applicant) living at the security property should be excluded from the calculator entirely and no housekeeping received from any such non-dependent should be entered under income - we will assume that any non-dependent adult resident within the security property takes care of their own expenditure so including these anywhere within the affordability calculator could result in an inaccurate outcome decision.

11.2. Childcare /School Fee / Maintenance Costs

Any additional childcare costs, school fee costs, or any other large unusual outgoing (Inc. separate maintenance costs for any other children), are entered as a monthly income deduction.

Note: Children at university, showing on the security address voters roll, will be required to sign a Consent to Mortgage/Waiver Form and assessed if dependant/self-sufficient on a case-by-case basis for affordability. If the applicants pay any additional costs for children at university (e.g. tuition fees, rent/lodgings etc.), these will also be accounted for in the affordability assessment.

11.3. Stress Testing

The purpose of the stress test to establish that all secured borrowing is affordable, over the next five years, should interest rates during that period exceed those at the time the mortgage is made.

Stress testing will be carried out except where the applicant has confirmed that the first charge mortgage is on a fixed rate for at least 5 years, in which case there is no need to stress test the payment.

The interest rate on all such mortgages is increased by our guidance figure at the time (**Uplift Rate**), producing a monthly repayment sum on all such mortgages that reflects the higher rate.

This uplift is not required for:

- A mortgage on a fixed rate that will still apply five years and beyond the inception of the requested mortgage (as the applicant is protected from any interest rate rise in the five-year period).

The application will be declined if the result of applying any applicable stress test to any mortgage is that future affordability for the applicant is not proven.

It is important that all information in relation to the first charge mortgage is input accurately to generate an

accurate outcome, including: current balance; product type (repayment / interest only); contractual monthly payment; remaining term; annual interest rate; interest rate type (fixed / variable) and remaining fixed rate term if applicable.

Note: First charge mortgages that contain multiple accounts and / or that contain repayment and interest only products will require a separate stress test analysis by the underwriting team. We require a mortgage statement or separate evidence from the mortgage provider to detail the above information on each account to allow this to be carried out. In these instances please refer the evidence to ensure the case still passes affordability.

11.4. Affordability Test Outcome

Assuming that all fields have been correctly completed, the affordability calculator will provide one of the following affordability outcome decisions:

Pass	Affordability is acceptable based on the information input. The income and expenditure will be assessed by an underwriter / mandated person at the time of submission to ensure the validity of the information entered. (Proof may be required to support the figures entered)
Fail	Affordability is not acceptable - the application has failed as the available income is not sufficient to cover the outgoings detailed and does not leave sufficient surplus to cover all other expenditure now and/or in the foreseeable future.

We may complete additional affordability checks on a case-by-case basis at the discretion of a mandated person where there is concern over the current or future affordability of an application.

12. Credit Reference / Search Information

12.1. Introduction

On receipt of the applicant’s permission to obtain a credit search, the introducing brokerage must contact Equifax Europe Limited to provide credit details on all parties to the mortgage through the lender provided credit search agency. The results of the credit search must be included within the submission pack and will be valid for a period of 60 days from the date on which it was completed.

Credit searches will then be assessed manually during underwriting and status points calculated where applicable as per the relevant plan matrix. In addition to quantifying status points, the underwriter will take a holistic view of the applicant’s credit profile including, but not limited to, the amount and frequency of borrowing activity and proximity to revolving credit limits.

12.2. Voters Register

If anyone other than the applicant(s) is showing on the current Voters Register we will require the non-residency section of the Multiple Declaration Form, OR an Occupiers Consent Form (‘Waiver’), to be completed. Plus, confirmation if that person is dependant or self-sufficient for affordability calculations.

If an applicant has a former partner or deceased partner either: on the voters roll in last three years; with active credit at the current address; or is shown to have a mortgage or secured loan settled within this time – [See Chapter 4.5.](#)

12.3. Status Points

Status points are an indication of adverse credit that can be readily measured and provide brokers (and underwriters) with an initial quantification of an applicant's impaired credit history. Whilst they are used to help determine a) the creditworthiness of the applicant and the lending risk an applicant might present, b) limitations to the LTV available, c) maximum mortgage size and d) the appropriate chargeable interest rate commensurate with the assessed risk, the **whole** application data is assessed by the underwriter to establish creditworthiness and affordability of the proposed mortgage.

For the purpose of establishing the above only, status points are calculated as follows:

<p>County Court Judgments (CCJ's) / Defaults</p>	<p>Status points will be assigned at the rate of 1 status point per CCJ or Default apart from the following:</p> <ul style="list-style-type: none"> • Defaults/CCJs under £300; • Satisfied defaults / CCJs under £3,000 registered in the last 12 months; • All defaults/CCJs over 12 months old. <p>Central Trust will consider the date, number of occurrences, applicant(s) description of the circumstances, repayment plans and customer attitude to any of the above when assessing the whole application.</p> <p><i>Note: 3% of <u>all</u> Default balances and CCJ's, not being cleared, will be used for Affordability Calculations (unless we are advised that the customer(s) are paying more, or evidenced they are paying less until settlement of the debt or until our full term).</i></p>
<p>Unsecured Arrears</p>	<p>Status points will be assigned to any unsecured debt, such as credit cards or unsecured loans, at the rate of 1 status point for each account where the balance shown by the credit search is £300 or more and the latest / final month shows as 3 or more missed payments.</p> <p>Any account where the last entry is a 2, or less can be discounted for status point purposes, irrelevant of previous conduct but still assessed in conjunction with all other aspects of the application.</p> <p>An arrears history of any kind will be considered in Central Trust's holistic assessment of the Application.</p>
<p>Mortgage / Secured Debt Arrears</p>	<p>Status points will be assigned to any mortgage or secured debt at the rate of 1 status point per full month of arrears missed within the last 12 months, including if the account is now settled.</p> <p>Any current outstanding arrears, even those that pre-date the last 12 months, will also be taken into account at the rate of 1 status point per full month of arrears.</p> <ul style="list-style-type: none"> • Worst-case scenario of missed payments vs. current arrears is taken for status calculation (e.g. 2 x missed in last 12 months vs. 1 x current arrears = 2 x Status Points). <p>(Note: A maximum of 2 x Mortgage/Secured Status Points are permitted).</p> <p>If relevant, the exact level of any outstanding arrears must be confirmed in writing by the mortgagee or secured lender and any outstanding arrears must be cleared directly from the advance. The circumstances of the arrears will be fully examined during the underwriting process, including during the security call, and the findings incorporated into the assessment of the application.</p>

Utility / Insurance Policy entries	<p>Treated the same as unsecured arrears, at the rate of 1 status point for each account where the latest / final month shows as 3 or more missed payments and is £300 or more.</p> <p>These types of arrears do not need to be cleared out of the advance, if not doing so is more financially beneficial for the applicant(s) – e.g. if the applicant is in a more financially advantageous arrangement to clear them (i.e. lower interest rate and/or lower total repayable) and the arranged payment is accounted for in affordability.</p>
Payday / Home Lender entries	<p>Treated the same as unsecured arrears at the rate of 1 status point for each account where the latest / final month shows as 3 or more missed payments and is £300 or more.</p> <p>These types of debts do not need to be cleared out of the advance, if the payment is accounted for in affordability or evidence is supplied to confirm the debt has already been cleared.</p>
Mail Order entries	Discounted for status point purposes, but included for affordability.
Communication entries	Discounted for status point purposes, and not included for affordability.
Communication Supplier Loan entries	Treated the same as unsecured arrears at the rate of 1 status point for each account, with a balance of £300 or more, where the latest / final month shows as 3 or more missed payments, and included for affordability.
Discharged Bankruptcy	Un-discharged bankrupts will not be considered. Discharged bankrupts will be considered subject to being discharged for at least 3 years at application, and do not incur any status points. A discharge certificate will be required
/Sequestrations in Scotland	prior to completion of the mortgage together with confirmation from the Trustee that there are no monies outstanding under the bankruptcy, and that they have no further interest in the property. No status points are incurred.
Individual Voluntary Arrangement (IVA) Trust Deeds in Scotland	<p>Central Trust Limited will accept applicants who have an existing IVA, and do not incur any status points, with the following conditions:</p> <ul style="list-style-type: none"> • That the IVA will be settled upon pay-out; • That confirmation be received from the appropriate IVA management company that the IVA has been satisfactorily conducted with a minimum of all payments being received over the past 12 months; • That all appropriate adverse credit is taken into account when assessing the appropriate number of status points for Plan eligibility purposes. Please note that <i>any</i> adverse credit which would result in a status point being assigned must be included, irrelevant of whether that adverse credit was included in the IVA or not, and whether it pre or post-dated the commencement of the IVA. • Those IVA's taken out in the last 24 months should be referred in the first instance.

Debt Management Plan (DMP)	<p>Central Trust Limited will accept applicants who have an existing DMP, and do not incur any status points, with the following conditions:</p> <ul style="list-style-type: none"> • That all appropriate adverse credit is taken into account when assessing the appropriate number of status points for Plan eligibility purposes. Please note that <i>any</i> adverse credit which would result in a status point being assigned must be included, irrelevant of whether that adverse credit was included in the DMP or not, and whether it pre or post-dated the commencement of the DMP. • 3% of Defaulted items or 3%/CMI of non-defaulted items that are not being cleared, or cannot be tied to the DMP, are taken into account for affordability. • Clearance of the DMP is not mandatory and a 12-month conduct is not required.
Cautions / Scottish Inhibitions	<p>Cautions or equitable charges will be accepted on all plans provided that they are being cleared from the proceeds of the mortgage. Scottish inhibitions are acceptable, providing that they are cleared upon pay-out, using the proceeds of the advance. No status points are incurred.</p>
Legal Aid Charge	<p>A Legal Aid charge will always be required to be repaid if it is interest accruing.</p>
Previous capitalisation of Historic Mortgage / Secured Debt Arrears	<p>Discounted for status point purposes, but explanation for historic arrears and why not cleared by applicants required - reviewed on a case-by-case basis.</p>

13. Mortgage Documentation / Referencing

13.1. Redemption / Maximum Liability Figures

No redemption figure is required for the first charge mortgage on second mortgages up to and including 75% LTV, and the balance according to the Equifax credit search may be used for calculating LTV. In the event there is no credit search entry a Mortgage Questionnaire/BSQ will be required to calculate the LTV.

Any other secured borrowing, such as an existing secured loan which is being redeemed, will always require a physical redemption statement to be provided, along with an undertaking for the charge to be removed.

Lenders such as Northern Rock, Nationwide and Woolwich who offer open-plan style products, or where the Land Registry states they are obliged to give further advances, will require a maximum liabilities figure to be provided. This can be provided on a stand-alone letter outside of a full Mortgage Reference for cost and ease purposes. The lender will also accept a Deed of Postponement in the event that a maximum liabilities figure is not available.

13.2. Mortgage Payment Profile

Up to 12 months mortgage continuous history will be assessed for Status Points on current OR current and previous mortgage history. There is no minimum length of time with current lender.

Applicants that only have 6-11 months continuous mortgage history (e.g. first-time buyers or previously unencumbered properties) are acceptable.

Instances where the applicants have taken a mortgage payment holiday are acceptable, providing this has not resulted in arrears accruing. Should the applicant currently be in a payment arrangement then this should be referred to the underwriter for a decision on a case-by-case basis. If approved, confirmation of the arrangement, and that payments have recommenced, will be required along with confirmation no current arrears persist outside of our tolerance for such

Applicants for whom the DWP are making contributions towards Mortgage payments are unacceptable.

The credit search mortgage bypass or mortgage reference start dates must be compared to the legal charge start dates and show as within the following timeframes, if it does not then an explanation will be required from the mortgage company for the delay:

- English and Welsh cases – 3 months' difference;
- Scottish cases – 4 months' difference.
- Northern Ireland Cases – 12 months' difference.

13.3. Mortgage Consent

If a prior mortgagee has registered a restriction on land registry, original written consent to a second charge must be obtained.

If a prior mortgagee provides conditional consent, usually upon outstanding arrears being repaid, then these must be repaid out of the proceeds of the mortgage in order to proceed. The outstanding arrears will also be re-confirmed with the first mortgagee prior to pay-out.

13.4. 1st Mortgage Exit Strategy / Repayment Vehicle

When the 1st mortgage, or any element of it, is Interest only and the term comes to an end prior to the proposed Central Trust 2nd mortgage term, a 1st mortgage 'exit strategy' proposal is required. This must be in writing, signed by the applicant(s), and confirm the repayment vehicle or plan in place to clear the 1st mortgage Interest Only balance on or before the date it falls due.

Sale of the security property and/or downsizing is generally unacceptable, unless it can be evidenced that there is sufficient equity left in the property to purchase a property outright, or with an affordable, accessible mortgage to supplement the equity released from the sale, using today's market conditions and the current value of the property*. Information on items such as equity, property size, applicant age(s), residents and location would be required for assessment.

**Note: MCOB only allows assessment of the property at its current value in situations where sale/downsizing is the proposition.*

Evidence of any repayment plan (e.g. investment vehicle) may be required or supporting affordability evidence that future plans are achievable based on the age of the applicants when the repayment vehicle is realised.

14. Additional Requirements

14.1. Scottish Property and Personal Search

All submission packs for security properties located in Scotland must contain a Scottish property and personal search, provided by Wilson McKendrick Solicitors of Queens House, 29 St Vincent Place, Glasgow, G1 2DT.

In order to set up a new account with Wilson McKendrick, or to obtain a Scottish property and personal search for an individual case, please contact Wilson McKendrick on 0141 2227950 or info@wilsonmckendrick.co.uk.

Applicants in Scotland who are part of a Debt Arrangement Scheme (DAS) are not acceptable for lending purposes.

If the 5 year Scottish property and personal search contained within the submission pack is not dated within the last 7 Calendar days, then an up to date copy will need to be obtained by a mandated person.

14.2. Northern Irish Folio / Registry of Deeds

All submission packs for security properties located in Northern Ireland must contain a Folio / Registry of Deeds property search, provided by McCartan Turkington Breen. This can be ordered and paid for by the broker at their expense OR ordered and paid for by Central Trust when the affordability assessment has been satisfied.

In order to set up a new account with McCartan Turkington Breen, or to obtain a Northern Irish property search for an individual case, please contact Kerry-Louise Quinn on 028 9055 7446 at McCartan Turkington Breen, 88 Victoria Street, Belfast, BT1 3GN

14.3. Direct Debit

All applications are required to be paid via Direct Debit (DD). This will be set up verbally by Central Trust during the security check speak with call, if a signed mandate is not submitted.

14.4. 2nd Charge Letter of No Interest

In the event that an application is received to the lender, which has already been submitted previously to another 2nd charge lender, a letter of no interest will be required to allow the lender to successfully register their charge with HMRC Land Registry. This must be dated within the last 45 days, and detail the name and security address of the applicant(s).

14.5. Lender Obtained Documents

The majority of documentation will be gathered by the introducing brokerage and provided to the lender as part of the submission pack. However, the following requirements will be obtained / completed by the lender prior to issuing the Binding Offer: Bankruptcy Search, OS1, Scottish/Northern Irish Approval, and Security Call.

15. Document Requirements

15.1. Application Form

Submissions packs must contain a fully and accurately completed Central Trust application form, with the applicant's preference for 'added' or 'upfront' fees box ticked.

To avoid any unnecessary delays following submission and during underwriting it is important that the introducing broker ensures that all required fields have been correctly completed and that the applicant signatures match all documents submitted purporting to bear their signature, including any documentary proof of signature.

15.2. Affordability Report

Submissions packs must contain an Affordability Report results sheet via the portal and assigned household expenditure form (see [Chapter 11 – Affordability assessment](#) for further details).

The underwriter will check the information input by the broker and signed by the applicant(s) for accuracy and plausibility.

15.3. Multiple Declaration Form

Submissions packs must contain a fully and accurately completed Multiple Declaration Form.

To avoid unnecessary inconvenience for applicants (by them having to sign multiple pages covering different declarations) we have combined a number of declarations into one easy-to-use form. The Multiple Declaration Form covers these packaging requirements as explained:

Current First Mortgage Information	Provides the product and rate information we need to apply an interest rate stress test (where applicable) to the higher-ranking mortgage held by the applicant(s). This is a mandatory field that may require a mortgage statement to support.
Non-Residency Information	Allows the applicant(s) to confirm that any individuals on the Voters Register or with active credit at the security address are no longer resident there.
Electronic Transfer Authority	Allows the applicant(s) to say if they would like any non-debt consolidation funds to be sent via electronic transfer.

Sole Applicant Payment Authority	Allows the applicant(s) to say if they would like any non-debt consolidation funds to be sent to only one applicant, rather than as joint payment. This is only required if the payment is to be made by cheque.
Affordability Post-Retirement	Allows the applicant(s) to confirm how they will afford the mortgage if the term takes them beyond state retirement age. Only required if the mortgage term may do that.
Affordability Once Benefits Reduce / Stop	Allows the applicant(s) to confirm how they will afford the mortgage if the term takes them beyond the point at which their benefits will reduce / stop. Only required if the mortgage term may do that.
Tariff of Fees and Charges	Confirms that the applicant(s) has received a copy of our Tariff of Fees and Charges and had the opportunity to ask any questions they may have on this. This is a mandatory requirement for every applicant.

15.4. Credit Search

All submission packs must contain a valid central trust credit search either completed through Equifax or printed off via the portal (these are valid for 60 days). If a manual search is provided, the introducing broker must complete a hard credit application search before submission to us, and must ensure that the appropriate E-ID (3-1-0), HMRC Sanctions and PEP searches have been completed.

15.5. Lender Authority Form

Submission packs must contain a lender authority form to allow us to discuss with the applicant's lender their account details regarding their first charge mortgage, and second charge (if applicable).

15.6. Mortgage Deed

We will send the Mortgage Deed to applicants for their signature as part of the Binding Offer pack.

15.7. Use of Funds Form

Applications will require a Use of Funds Form to be completed, detailing the specific breakdown of funds. Also, any mortgage with an element of debt consolidation will require all account numbers for any debt being consolidated. We need these as we will send cheques direct to the applicant(s) made payable to the relevant creditor for all balances, irrelevant of the amount of debt being consolidated, with the account numbers detailed on each cheque.

If remaining funds are for home improvements that total more than £15,000, a monetary breakdown of home improvements being carried out is required.

Payment of consolidation funds direct to creditors by bank transfer can be completed, if acceptable evidence is supplied by the creditor with their bank details and reference to allow payment.

Written settlement figures are required on items where the figure to clear is more than £1,000 different to the balance on the credit search.

15.8. Bank Statements

Any bank statements supplied must be dated within the last 90 days unless otherwise specified. Online bank statements are acceptable for income back-up purposes or proof of residency purposes, but originals are required if they are used for ID purposes.

Bank statements will be assessed by an underwriter for authenticity and all entries will be checked against other information in the application for credibility, accuracy and consistency. Further explanation or clarification will be sought from applicants for any entry or combination of entries that do not conform to our expectations or do not tally with other information within the application.

Mini bank statements from ATMs are not acceptable for any purpose.

15.9. Utility Bills

Utility bills supplied as proof of residency must be dated within the last 90 days, unless otherwise specified. Utility bills that have been printed online are acceptable.

Acceptable utility bills are generally those received for council tax, oil, gas, electric or water usage.

Landline, mobile phone and insurance statements are not considered utility bills and so are unacceptable but if there is a good reason why an acceptable utility bill cannot be provided, these may be acceptable, on a case-by-case basis, at the discretion of a mandated person.

16. The Submission Pack

16.1. Required Documents

These documents must be in every submission pack:

Introducing broker to submit

1. Case Submission Form (incorporating advisor details)
2. Homeowner Application Form
3. ESIS (Mortgage illustration) - copy sent to applicant(s)
4. Land Registry Search/Scottish search/N.I. Registry of Deeds or Folio*
*(*or a copy of the N.I. Legal Search Instruction Form)*
5. Proof of Income
6. Printed Affordability Report
7. General & Household expenditure form (I and e)
8. Equifax Credit Search (including E-ID, PEPs and Sanctions List at 3-1-0 cut off) OR printed Portal Credit Search
9. Use of Funds Form
10. Proof of ID (only if E-ID “fails”)
11. Direct Debit (we can complete verbally if omitted)
12. Multiple Declaration Form

To be obtained/undertaken by Central Trust after submission

13. Bankruptcy search
14. OS1
15. Scottish (Wilson McKendrick) approval letter
16. N.I. (MTB) approval letter
17. Security call
18. Mortgage Deed / Standard Security

16.2. Supplementary Documents

The following documents may be in the submission pack, if required or necessary, depending on individual case requirements:

- Valuation of the security property (if Portal Hometrack is unsuccessful)
- Proof of Residency
- First Mortgage Reference/BSQ
- 12-Month Payment Profile for the 1st Mortgage
- Maximum Liabilities / DOP
- Consent to a second charge
- Redemption Figure and Undertaking for a second/third charge
- 12-Month Payment Profile for a second/third charge
- Post-Benefit / Post-Retirement explanation letter
- 1st Mortgage Exit Strategy letter
- Occupier's Consent Letter ('Waiver')
- Sole Cheque letter
- Electronic Transfer Authority
- Customer Contact Authority Form
- Marriage certificate / Divorce certificate
- Death certificate
- Letter of No Interest/Cancellation of priority
- Right to Buy documentation
- Property Ownership Schedule
- Assured Short-hold Tenancy (SAT in Scotland) agreement

- Copy of the lease
- Northern Ireland Legal Search Instruction
- Non-Residency letter
- Introducer Declaration Form (Packager cases only)

Appendix One Items Accepted as Faxed or Scanned and Emailed Copies

These items can be accepted as faxed or scanned and email copies if the relevant conditions are met:

	Document	Details/Conditions
1	Standard Security	Providing Wilson McKendrick solicitors hold the original.
2	Case Submission Form	As long as it is a clear and readable copy.
3	ESIS/Mortgage Illustration	As long as it is a clear and readable copy.
4	Application Form	As long as it is a clear and readable copy.
5	Payslips / Proof of Income	As long as they are clear and readable copies.
6	Legal Search	As long as it is a clear and readable copy.
7	Credit Search	As long as it is a clear and readable copy.
8	Scottish Approval Letter	Only on Wilson McKendrick headed paper.
9	Uplift letter	Wilson McKendrick hold the original.
10	Conveyance	As long as it is a clear and readable copy.
11	RTB Section 125	As long as it is a clear and readable copy.
12	Mortgage Reference	As long as it is on headed paper and signed.
13	Maximum Liabilities	As long as it is on headed paper and signed.
14	2 nd charge redemption figure	As long as it is on headed paper and signed.
15	Letters of No Interest	As long as it is on headed paper and signed.
16	Valuation Report & Photos	As long as they are readable and clear copies.
17	“One Liners” from Surveyors regarding missing valuation information	Only on the surveyor's headed paper and signed by them. If the mortgageable box is left blank or marked as ‘no’ in error, we will require a new re-type valuation.
18	Bank Statements, P60 or Employer’s Reference	Only in support of payslips, and subject to a telephone job check being successfully completed.
19	Accountant’s Certificate	Providing that an accountant’s telephone check is successfully completed.
20	“One Liners” from applicants regarding missing information	For example, non-residency confirmation, post benefit affordability or post-retirement affordability statements.
21	Direct Debit Mandate	Original not required to set-up the Direct Debit up with bank.
22	Multi-Declaration Form	Original not required to accept the document content.
23	Use of Funds Form	Original not required to accept the document content.
24	HMRC Benefit Documentation	Originals not required to accept the document content, provided the copy is of a “standard” format and lay-out.
25	Proof of Residency Documentation	Originals not required to accept the document content, provided the copy is of a “standard” format and lay-out.
26	AST Agreement	Original not required to accept the document content.

Even if not listed above a faxed, emailed or scanned copy of a document may still be acceptable if approved by a mandated person.

17. Consumer Buy-To-Let (CBTL)

17.1. What is a consumer buy-to-let mortgage?

Consumer buy-to-let mortgages are regulated by the FCA under the MCD order 2015 and aimed at 'accidental landlords' and non-professional landlords. They offer protection to people renting out their homes, but not as a business or investment.

The legislation for Consumer buy-to-let mortgages covers the sale, underwriting and administering of a CBTL mortgage.

How the MCD order defines a consumer-buy-to-let contract

'A buy-to-let mortgage contract which is not entered into by the borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower.'

What is an 'accidental' landlord?

The term 'accidental landlord' is relatively common in the lettings industry. It is someone who didn't buy a property to let it out, but circumstances meant they ended up becoming a landlord. Those circumstances vary.

Some examples of what could be classified as an 'accidental landlord':

- Someone who goes travelling
- Inherited a relative's property
- Moving elsewhere but not selling
- Moving in with a partner

When is it NOT a consumer buy-to-let application?

When the customer:

- uses the mortgage to buy a property, intending to rent it out
- has previously bought the property intending to let it out and neither they nor their relatives have lived there
- already owns another property that has been let out on a rental basis.

17.2. Central Trust CBTL Criteria

We are able to offer CBTL products for 1st Charges on unencumbered properties and 2nd Charges on a repayment basis only.

This product is available in England, Wales & Scotland (not Northern Ireland).

Please see our product matrix for rates, ERC's and status plans available.

Note: status points are worked out the same way as on our residential products (see Section 12.3)

Our existing criteria for residential mortgages still covers and is relevant to most aspects of CBTL applications with the exception of the below variants:

17.3. Proof of Income & DSCR

We have bandings on Debt Service Coverage Ratio (DSCR) dependant on the highest wage earners tax banding.

DSCR BANDINGS

125% if total taxable income is < £50,000

145% if total taxable income is £50,000 > £150,000

165% if total taxable income is > £150,000

1st Charge DSCR calculation: Rent (net of any letting fees) / CT CBTL stressed mortgage payment x 100.

2nd Charge DSCR Calculation: Rent (net of any letting fees) / CBTL stressed 1st mortgage payment + CT CBTL stressed mortgage payment x 100.

Proof of Income if a case passes DSCR

If a case passes at 165% or more on DSCR no proof of income is required.

If it passes on 145% or 125% bandings, evidence is required of the following taxable income to support which banding they fall into for DSCR calculations:

- Self-Employed (Sole-Traders/Partnerships/LLP): Accountant certificate or latest SA302 – net profit used.
- Self-Employed (Limited Companies): Accountant certificate or latest accounts – net profit + salary used.
- Employed: Latest payslip showing min 4 months GTD (& P60/job contract if payslip shows 3 or less months GTD).
- State &/OR private pension: Latest annual entitlement letter.

Note: On joint applications, only the highest wage earners annual income, of all of the above, is used to determine which DSCR banding they fall into.

Proof of Income if a case fails DSCR

If a case fails on DSCR, it will need to pass a full affordability and our income & expenditure process much like our residential product – this includes:

- Proof of all Income (see Section 9).
- A signed household expenditure Form (which includes, any associated costs relating to the BTL property not covered by tenants).
- Interest rate & term remaining details of main residential mortgage (including any other charges on the property) & BTL mortgage to allow accurate stress testing.

For cases that fail on DSCR – in our income & expenditure assessment we will factor in the DSCR shortfall as an expenditure for affordability purposes.

Important Note: We will not factor in any rental profit from the CBTL property as an income, as this has already been factored in via the DSCR calculation/shortfall.

Electronic Income Verification of Income (E-IV) is not acceptable on our CBTL products.

17.4. Legal Search

England/Wales - we require:

- A legal search on the CBTL property.
- A legal search on the residential property (if it fails DSCR)

Searches for England/Wales, can be obtained from the District Land Registry.

Scotland – we require:

- Searches for Scotland must be obtained from our Scottish solicitors Wilson McKendrick (see criteria Section 14.1 for their details).
- The search request sent to Wilson McKendrick must confirm it is a CBTL application and contain the residential address and detail the security address (CBTL) as the property being lent on. The AST also needs to be provided to them.

Note: This is to allow both addresses to be searched, and to generate the correct Standard Security document for the security address.

Northern Ireland - we are unable to offer our CBTL products in Northern Ireland.

17.5. Valuations

Internal valuations are required on all CBTL applications (see criteria Section 7 for other elements on 'property').

If the rental income on the valuation report is lower than the evidenced AST/Bank Statement, then the lower figure will be used for DSCR calculations.

17.6. CBTL Specific Documentation

- Property Ownership Schedule – required on all cases.
- Tenancy Agreement (AST) – required on all cases.
- Tenancy Deposit Scheme – evidence is required on all cases, via separate proof.
Note: If a Tenancy Deposit Insurance Scheme has been used, evidence of this will be required.
- Latest months' worth of management company invoices/statements – required when a management company deals with rent for & manages the property on behalf of the applicant(s).
- Bank statements evidencing the latest months' rent being paid (valid for 60 days).
NOTE: If the property has recently been tenanted, then we require evidence that the deposit has been paid on the bank statement to support the AST.
- Building Insurance – we require proof of adequate building insurance on all CBTL applications. This must cover the rebuild cost detailed on the valuation report.
- Energy Performance Certificate (EPC) – this is required on all cases and must have a rating between A-E for us to lend. This can be obtained for free from the following links:

➤ England/Wales - <https://find-energy-certificate.digital.communities.gov.uk/>

➤ Scotland - <https://www.scottishepcregister.org.uk/>

Note: If the property is not registered on this site, it will need to be updated with a result before we can proceed.

Additional Note: HMO's don't need an EPC.

IMPORTANT NOTE: The lowest figure via the AST, management company invoice, Bank statement & Valuation rental demand (£) figure will be used for DSCR calculations.

17.7. CBTL Additional Checks

London Rogue Landlord Checker

Private landlords of properties in the London boroughs will be checked against the Rogue Landlord Checker website <https://www.london.gov.uk/rogue-landlord-checker> to ensure that they have not been previously fined or prosecuted.

Landlord Registration – Wales

Landlords in Wales must be registered with Rent Smart Wales – if not, they must do so to proceed.

<https://www.rentsmart.gov.wales/en/landlord/landlordregistration/>

17.8. 1st Mortgage on CBTL Property

If the applicant doesn't hold a BTL mortgage product on the CBTL property, then we will require a 'Consent to Let' letter from the mortgage company before we can proceed.

17.9. Residency & Future Affordability

Proof of Residency

Same as residential requirements (see Section 6 for details).

Interest Only Exit Strategy

Interest only Exit Strategies are required from the applicant(s) in writing on an Interest Only 1st mortgage that ends prior to our term – this is required for the CBTL property only (see Section 13.4 for details)

Lending Into Retirement (LiR)

- LiR is not required on cases that pass DSCR.
- For cases that fail DSCR – if a case takes any applicant past the age of their state retirement age, lending into retirement explanations/proof is required as per our residential criteria (see Section 8.7 for details).

Post-Benefit Affordability

- Post-benefit affordability is not required on cases that pass DSCR.
- For cases that fail DSCR – if any benefit income is used that will reduce/stop during our term, explanations/proof is required as per our residential criteria (see section 8.9 for details).

17.10. Documentation

- CBTL Application Form.
- Case Submission Form.
- CBTL ESIS.
- Legal Search on CBTL property (& residential property if fails DSCR).
- Valuation & photos.
- Portal credit search on CBTL & residential properties.
- Use of funds form.
- Multiple declaration form.
- Proof of Income (where required on DSCR pass cases & on all DSCR fail cases).
- Property ownership schedule.
- AST for CBTL property (we are unable to lend on untenanted properties).
- Proof of tenancy deposit scheme (if applicable) - either on AST or separate proof.
- Latest 2 months Invoices/statements - if Management Company collects rent (to tie to rental proof for use on DSCR).
- Latest 2 months bank statements showing rent being paid (for use on DSCR).

Note: proof of deposit paid is required if new tenants.

- Buildings insurance policy for security address (to be factored in as expenditure with residential BINS on I&E cases).
- Energy Performance Certificate (EPC) for BTL (Performance rating must be between A-E for us to lend).

Where applicable:

- Household Expenditure Form (if it fails DSCR).
- Proof of ID (if fails E-ID)
- Proof of residency (if not on VR at residential address/fails E-ID)
- BSQ & payment profile (if not on credit search).
- Original consent to 2nd Charge (if mortgage restriction on legal)
- Redemption figure & undertaking (if any additional charge(s)/monetary interest restriction on the property other than 1st Charge).
- 12 Month payment profile (if any additional charge(s) on the property other than 1st Charge – if not on credit search).
- Client Authority Form (2nd charges only).
- Interest only exit strategy (on CBTL property only).
- Post-benefit affordability (if applicable & only when fails DSCR).
- Post-retirement affordability (if applicable & only when fails DSCR).
- Packager Declaration Form (Packager cases only).
- Application Specific Agreement (Network & mortgage club cases only).