

# Residential Mortgages

## Underwriting Guide



For Intermediary use only. If you are not an Intermediary please contact your Intermediary for advice.

### What this guide does

This guide includes details of what Standard Life Bank will and will not accept in terms of credit history, income structure and property details. Although every effort has been made to ensure the information is complete, the list is not exhaustive and all the information is subject to change.

### Mortgages. What's in and what's out

Mortgages will be granted for a number of purposes, for example:

- House purchases
- Re-mortgages
- First-time buyers
- Debt consolidation
- Home Improvements
- Second homes (whether a holiday home or a working residence)  
A maximum of two applicants may be named on the mortgage.

Applicants must be at least 18 years of age to take out a mortgage and all loans should normally be repaid by age 65. We will however, consider cases up to 69 on an individual basis.

Repayment can cover the capital and interest, interest-only or a combination of the two. For interest-only mortgages, we strongly recommend a suitable repayment vehicle should be in place.

Guarantor facilities up to 75% LTV are on a case by case basis.

Maximum Loan	£500,000	to	75% LTV
Guarantor	case by case	to	75% LTV

### Our Underwriting process

#### System Underwriting

Standard Life Bank operates an online underwriting process. Our automated system generates the decision to accept a client, based on certain criteria. Due to the sensitive nature of the underwriting process we are unable to fully disclose the criteria, their weightings or how they are used to come to a decision.

Our automated system confirms residency of the applicant utilising voters roll and historic credit records. However, on a small number of occasions we may request historic proof of residency.

Typically we can lend up to four times gross income but lending figures are determined on affordability and not standard income multipliers. To derive this figure, credit card and loan repayments are included in our calculations.

#### Referred/Declined cases

If your client is declined and you feel there are grounds for the case to be reconsidered you can appeal against the decision via our Mortgage Line on 0845 845 8451. The case will then be reviewed by our Underwriting Department. Please note that when a case has been declined following an appeal, the decision is final. We do not look favourably on adverse credit, bankruptcy, County Court Judgements or clients with previous mortgage arrears. Clients with undischarged bankruptcy will not be accepted. Clients from dissolved partnerships will be considered on their individual merits. Arrears on credit cards and unsecured loans will be considered if the arrears are minor and not regular.

*The time taken for a referred case to be reviewed and a decision agreed upon is usually between 24 and 48 hours.*

#### Anti Money Laundering Requirements

To comply with current Banking Regulations, we will need to verify the client's details with suitable documentation. We require one item for name verification and two items for address verification for each client, or you can verify on their behalf by completing and returning the Introduced Customer Certificate.

## **Income Verification**

Please see Appendix B for details of the income types that will be accepted.

Income references are requested at Approval in Principle stage for employed clients or directors with a share holding of less than 25%. If the shareholding is more than 25% we will require income to be confirmed by customer's Chartered Accountant. The client is also requested to provide three months' recent bank statements and payslips.

In some circumstances, a P60 may also be required. The client's net income is verified by this documentation.

Formal independent confirmation of a client's income will not normally be necessary in the following circumstances:

- where the client complies with all Policy Rules
- they satisfy the automated credit scoring requirements
- they meet our residential and credit history criteria
- they are applying for a mortgage not exceeding 75% LTV including Cash Reserve

Employed – Clients who have been employed for a short period of time or are in open-ended contracts, renewable contracts, piece work, agency work or on probationary periods will be considered on an individual basis with consideration given to the length of employment. We are unable to accept income details for clients in temporary or seasonal employment.

Applicants who are non UK citizens will be considered on an individual basis taking into account occupation, length of stay, right to reside etc.

Self-employed – A self-employed income reference is requested for the last two years' accounts at Approval in Principle stage. If the client has been trading for less than two years, and an Accountant's reference will be required for one year.

If applicants have been self-employed for less than one year we will require the Accountant to provide a Profit and Loss Account for the period and three months' business bank statements. All applicants are required to have been self-employed for a minimum period of six months. In all cases, the client is requested to provide three months' personal bank statements.

Unfortunately, we are unable to consider an application when the most recent set of accounts is more than 18 months old.

Investment income can be considered if it is guaranteed and regular. We will require dividend statements and bank statements to verify investment income. Please bear in mind that we can only accept investment income that is held in the name of the applicants. In the case of single applications with joint investments, we will accept half of the overall figure.

The applicant's Accountant must be suitably qualified otherwise the business accounts must be verified with tax returns.

For cases where information from an Accountant is required, the following Accountancy bodies are accepted:

- Institute of Chartered Accountants, CA, ACA, FCA
- Chartered Association of Certified Accountants, ACCA, FCCA, AAPA, FAPA
- Institute of Company Accountants, ASCA, FSCA
- Chartered Institute of Public Finance and Accountancy, CIPFA, IPFA
- Chartered Institute of Management Accountants, ACMA, FCMA
- Institute of Financial Accountants, FFA, AFA
- Licensed members only of the Association of Accounting Technicians, MAAT, FMAAT
- Chartered Institute of Taxation, ATII, FTII
- Association of International Accountants with a current UK practising certificate, AAIA, FAIA

## **Useful contacts**

### **IFA Mortgage Line**

Mortgage Applications and Enquiries  
0845 845 8451  
8am-6pm Mon-Fri

### **Sales Operations**

Sales & Marketing Support  
0131 246 0090  
8am-5.30pm Mon-Fri

## Property/Valuation Details

Please see Appendix A for a full list of properties that are acceptable or may be given consideration by Standard Life Bank.

UK coverage only	Areas not considered
Scotland	Republic of Ireland
England	Channel Islands
Wales	Isle of Man
Northern Ireland	
Isle of Wight	

Valuations are requested by Standard Life Bank at Approval in Principle stage. Clients are telephoned by our valuers who arrange a suitable time for an appointment as well as payment for the survey. The valuation fee is refunded by BACS (within seven working days from completion) in accordance with a standardised fee scale less the standard £28.00 CHAPS transfer fee charged on all account completions.

Lower Limit (£)	Upper Limit (£)	Valuation Fee* (£)	Homebuyers Report* (£)	Building Survey* (£)	Credit Re-assessment (£)
0	100,000	215	435	540	90
100,001	200,000	275	530	680	120
200,001	300,000	330	630	775	150
300,001	500,000	445	730	970	150
500,001	750,000	615	925	1,170	150
750,001	1,000,000	810	1,215	1,560	150
1,000,001	1,500,000	970	1,460	2,050	150
1,500,001	2,000,000	1,165	1,660	2,345	150

\*Includes a non-refundable SLB admin fee of £90

If a valuation has been carried out by a surveyor on our panel, prior to the application (and within the last 4 weeks), we may consider accepting a re-type of the report for a fee, currently £135 in England and Wales and £90 in Scotland (re-type carried out subject to Standard Life Bank's approval).

Please note that if a house purchase includes a **Builder Deposit**, **Vendor Deposit** or **Cashback** option, the valuer must be informed and this will be taken into account.

There is no standard valuation fee for your remortgage cases. A remortgage valuation will be carried out, clients will only be contacted, where access to the property is required.

## Self-Build

We will lend up to 75% on land, subject to planning permission.

We require certification of supervision either through the NHBC, Premier Guarantee or professionally qualified Architects or Surveyors with suitable indemnity cover. Self-build properties will be inspected at 3 different stages, namely:

Foundation level  
Wind and watertight  
Final completion

Each stage release inspection will be at a cost of £55 to the applicant(s).

## Buildings Insurance

It is a condition of the mortgage that the client will maintain suitable buildings insurance cover over the property for the term of the mortgage.

## Appendix A

Acceptable Properties	Considered Properties	Unacceptable Properties
<p>FLATS</p> <p>Leasehold, minimum mortgage term +40 years</p> <p>5-storey or less</p> <p>LOCAL AUTHORITY &amp; HOUSING ASSOCIATION</p> <p>Outwith discount period</p> <p>MISCELLANEOUS</p> <p>Second Properties – working residence or holiday home where there are no local authority restrictions reoccupancy or restrictive lets.</p> <p>Thatched properties, providing appropriate insurance is in place.</p> <p>Modern timber framed properties with a brick outer skin.</p>	<p>FLATS</p> <p>Studio up to 75% LTV</p> <p>Above business premises</p> <p>Above restaurants</p> <p>Modern/newbuild above 5-storeys</p> <p>MISCELLANEOUS</p> <p>Properties requiring renovation</p> <p>Non traditional construction</p> <p>AGRICULTURAL</p> <p>Barn conversions</p> <p>Restrictive covenants</p> <p>Agricultural tie.</p>	<p>FLATS</p> <p>Flying Freeholds (&gt;10%)</p> <p>Freehold Flats where no management company exists.</p> <p>Freehold Maisonettes</p> <p>Flats above 6-storey where former Local Authority.</p> <p>LOCAL AUTHORITY &amp; HOUSING ASSOCIATION</p> <p>Where still within discount period</p> <p>MISCELLANEOUS</p> <p>Precast reinforced concrete</p> <p>Prefabricated</p> <p>Timeshare</p> <p>Steel framed</p> <p>Laing Easi form</p> <p>Full timber properties in most cases.</p> <p>Houseboat</p> <p>Concrete-Cornish style properties</p> <p>Properties covered by the Housing Defect Act.</p>

*This list is intended as a guide, in all cases the decision to lend on a property rests with Standard Life Bank with guidance from the valuer and solicitor.*

## Appendix B

Acceptable Income	Considered Income	Unacceptable Income
<p>EMPLOYER INCOME</p> <p>Maternity Pay – 100% of salary (only if stated that client is returning to work).</p> <p>Overtime</p> <p>Overtime, regular commission/ bonus (50%).</p> <p>Regular commission/bonus (50%).</p>		<p>EMPLOYER INCOME</p> <p>Statutory sick-pay</p> <p>Luncheon Vouchers</p>
<p>ALLOWANCES</p> <p>Housing allowance or London weighting if permanent feature of pay.</p> <p>On call allowance (if contractual).</p> <p>Shift Allowance (if permanent feature).</p> <p>Car allowances (if guaranteed on the reference from employer).</p>	<p>ALLOWANCES (Applicant(s) only)</p> <p>Disability</p> <p>Disability Living</p> <p>Disability working, also known as tax credit.</p> <p>Invalid care</p> <p>Carers allowance</p> <p>Foster allowance (minimum 12 months payment history).</p>	<p>ALLOWANCES</p> <p>Clothing allowance</p> <p>Disability allowance (if received by third party).</p> <p>Disturbance travel allowance</p> <p>Family/Child Benefit</p> <p>Jobseekers</p> <p>Travel</p> <p>Family Working Tax Credit</p>
<p>MISCELLANEOUS</p> <p>Private/Company Pension.</p> <p>Investment Income (independent confirmation).</p> <p>Family Trust (independent confirmation).</p>	<p>MISCELLANEOUS</p> <p>Incapacity benefit</p> <p>Industrial injuries disablement</p> <p>State Pension (for females 60+)</p> <p>Widow(er)s Pension.</p>	<p>MISCELLANEOUS</p> <p>Budgeting loans (also known as crisis loans).</p> <p>Child Support Agency</p> <p>Community Grants</p> <p>Income Support</p> <p>Council Tax benefit</p> <p>Maintenance payments</p> <p>State pension (unless applicant is female over 60 years old).</p> <p>Weather payments</p> <p>Housing benefit</p> <p>Rental Income</p> <p>Bursaries</p>

*Please note that with Considered Income, the details should be referred to the Bank for confirmation prior to application on 0845 845 8451.*

For customers with hearing or speech difficulties – please call our Textphone facility direct on 0845 601 2346.  
For a copy of this information in Braille, large print or audio format, please call 0845 845 8450.