



Second Charge Residential Criteria Guide

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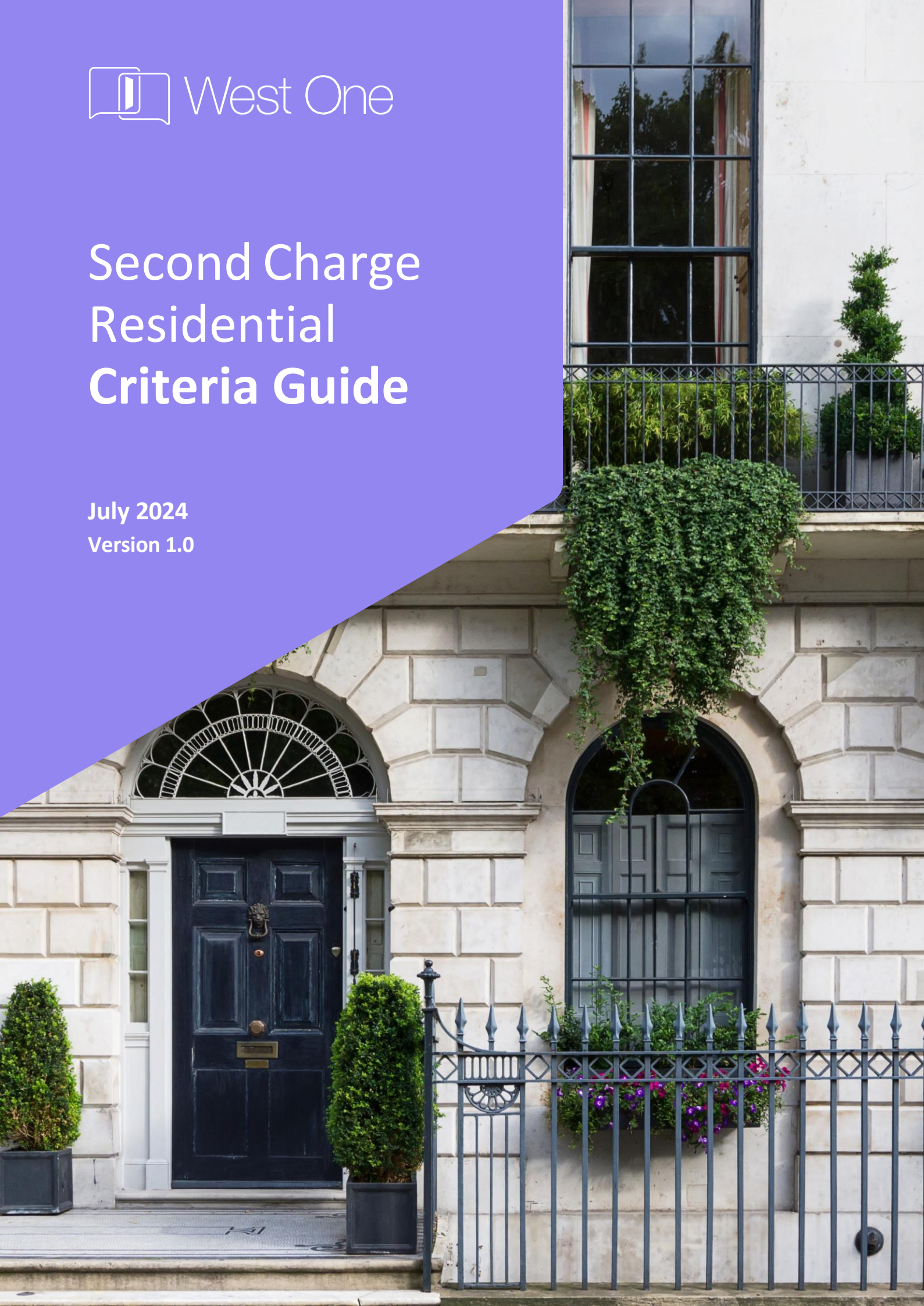


Table of contents

Table of Contents	2
1. Applications	3
1.1 Married (Sole Owner) / Co-Habiting Applicants	3
1.2 Nationality of Applicants	3
1.3 Unacceptable Applicants	4
1.4 Independent Legal Advice	4
1.5 Other Occupiers	4
2. KYC	5
2.1 Proof of Residency	5
3. Loan Purpose	6
3.1 Loan Size	7
3.2 Loan Term	7
4. Mortgage History	8
5. Property	9
5.1 Unacceptable Properties	9
5.2 Properties considered by referral	10
5.3 Restrictive Covenants	10
5.4 Tenure	10
5.5 Property Valuation Reports	10
5.6 Specialist Reports	12
5.7 Structural Reports	12
5.8 Flood Areas	12
6. Income	13
6.1 Employed Applicants	13
6.2 Self - Employed Applicants	14
6.3 Contractors (including IR35)	15
6.4 Income from Land and Property	15
6.5 Pension Income	15
6.6 Secondary Income Sources	16
6.7 Unacceptable Income	17
7. Affordability	18
8. Lending into retirement	19
9. Credit Profile	20
9.1 Mortgage Arrears	20
9.2 Unsecured Arrears	20
9.3 Defaults	20
9.4 County Court Judgement's (CCJ's) / Court Decrees	21
9.5 Pay Day Loans / Doorstep Loans	21
9.6 IVAs, Debt Management plans and Arrangements to pay	21
9.7 Bankruptcies & Repossessions	21
10. Interest Only Loans	22
11. Documentation	24

1. Applications

Applicants

- ✓ The maximum number of applicants is 2.
- ✓ The minimum age at the start of the loan term is 21 years.
- ✓ The maximum age at the end of the loan term is 85 years. (75 years for Interest Only- see Section 10).
- ✓ All applicants must have been resident at the security address for a minimum of 3 months (Where the sole owner of the property is co-habiting, and the non-owning partners income is required for affordability purposes the non-owning partner must have been resident at the security address for a minimum of 12 months).
- ✓ All parties to the existing 1st charge mortgage must be party to the loan.
- ✓ All applicants must pass West One's due diligence checks and in certain circumstances, enhanced due diligence may be carried out.

1.1 Married (Sole Owners) / Co-Habiting Applicants

Applicants who are sole owners of the property and are married, the non-owning partner will need to either become a joint borrower in the loan application or alternatively must sign an occupier's consent form.

Where the sole owner of the property is co-habiting the non-owning partner will need to either become a joint borrower in the loan application or alternatively must sign an occupier's consent form. In Scotland, the non-owning borrower will need to be included as a Consensor on the Standard Security.

* Please note where the partner is not added to the loan, the household composition will still be classed as 2 Adults (See Section 7).

Applicants who are sole owners of the property who were married and now separated, we will require a declaration from the applicant that their ex-partner no longer resides. If the partner is still showing on the voters roll at the address, we will require evidence via a council tax bill showing single person discount for proof they no longer reside.

1.2 Nationality of Applicants

EEA Nationals are permitted on standard terms, providing they currently reside in the UK and have been resident for the last 12 months. (See Table below for list of EEA Countries).

EEA applicants (with the exception of Irish citizens) will need to evidence that they have obtained settled or pre-settled status through the EU Settlement Scheme.

EEA COUNTRIES		
AUSTRIA	GREECE	NORWAY
BELGIUM	HUNGARY	PORTUGAL
BULGARIA	ICELAND	POLAND
CROATIA	IRELAND	ROMANIA
CYPRUS (GREEK CYPRIOTS ONLY CYPRUS	ITALY	SLOVAKIA
CZECH REPUBLIC	LATVIA	SLOVENIA
DENMARK	LIECHTENSTEIN	SPAIN
ESTONIA	LITHUANIA	SWEDEN
FINLAND	LUXEMBOURG	SWITZERLAND
FRANCE	MALTA	
GERMANY	NETHERLANDS	

Individual applications from non-EEA Nationals, who have been residing in the UK for a minimum of 12 months, with Permanent Rights to Reside / Indefinite Leave to Remain in the UK are generally acceptable with these applications being assessed holistically on their merits and may be subject to enhanced due diligence checks.

Applicants who have been living in the UK for a minimum of 24 months under a Skilled Worker Visa (previously Tier 2) / Health and Care Worker Visa / UK Ancestry Visa will generally be acceptable provided they meet the eligibility criteria set out by the UK Government. The details of the specific criteria can be found here:

- <https://www.gov.uk/skilled-worker-visa>
- <https://www.gov.uk/health-care-worker-visa>
- <https://www.gov.uk/ancestry-visa>

1.3 Unacceptable Applicants

The following individuals are generally unacceptable:

- ✘ Individuals with diplomatic immunity.
- ✘ Individuals under the age of 21.
- ✘ Individuals with any unspent criminal convictions.
- ✘ Individuals employed by the introducing broker or packager.
Individuals employed by the Enra Specialist Finance.
- ✘ Individuals who have been subject to a Property Repossession Order, Bankruptcy or Sequestration in the last 2 years or non-performing IVA's/trust deeds.
- ✘ Individuals on the HM Treasury Sanctions List.

1.4 Independent Legal Advice (ILA)

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

- Applicants aged 70 or over.
- Applicants who have difficulty understanding or do not speak English.
- Occupiers who have difficulty understanding or do not speak English.
- Family members who previously have had a financial interest in the property and currently reside at the security address.
- Non-benefiting applicants where the loan is for business purposes. (See Section 3)

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

Solicitors can complete the ILA via video conferencing solutions.

1.5 Other Occupiers

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

2. KYC (Including Biometric Software Checks)

All applicants must pass a biometric software check. Any applicants failing this check will be reviewed on an individual basis and independent legal advice may be required.

Applicants' identity and residency will be verified electronically (via credit reference agency services or biometric software checks); if electronic checks fail, certified proof of identity and residency will be required as below and independent legal advice may be required. In all instances where biometric software check is failed, KYC must be verified via documentation from the list below, with the applicants also obtaining ILA and the solicitor verifying that they are satisfied that they have identified the applicant's identity.

PROOF OF NAME

1 item of the following is required

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

PROOF OF ADDRESS

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

Please note Internet statements are NOT acceptable for KYC purposes.

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

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

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

2.1 Proof of Residency

All applicants must declare and evidence their residency for the last 3 years.

The Electoral Roll will be used to check the applicant(s) UK residency for the last 3 years. If the applicant(s) are not on the electoral roll then an acceptable explanation will be required from the applicant(s) as to why they do not appear along with suitable documentation to evidence proof of residency for the last 3 years as listed below – (Please note for KYC, refer to the acceptable list in Section 2).

- Bank or Building Society statement.
- Utility Bills.
- Mobile phone bills.
- Credit Card statements.
- Local Authority Council tax bills.
- Inland Revenue self-assessment or tax demand.
- Letter from Benefit Agency.

If only the last 2 years proof of residency can be provided, please refer the application prior to submission.

3. Loan Purpose

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

Where the loan is being used primarily for the purpose of a car purchase, the maximum term should be no more than 7 years.

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

Home improvements

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

West One reserves the right to request evidence/breakdown of funds if the plausibility of the funds being used for home improvements is not clear and if it is plausible for the borrowers to remain in the property whilst the work is completed. Debt Consolidation.

Debt Consolidation

- All unsecured debt will be paid directly to the creditor(s) using the details provided.
- Where we are repaying unsecured loans directly from the loan proceeds, we will require an up-to-date settlement figure (This must be a standard redemption figure on letterheaded paper) from the following loan providers:
 - Tesco
 - HSBC
 - Zopa
 - Ratesetter
 - Barclays
 - Creation

Where it has been requested that PayPal credit is to be repaid, the following process will be followed: -

1. The applicant must confirm via email (or in writing) that they will pay the PayPal debt directly as advised on their completed debt consolidation form, upon receipt of funds from West One.
2. The funds will be sent directly to the applicant's bank account to settle the debt directly with PayPal.

Secured debt will always be paid directly to the existing lenders(s) by West One's solicitors on completion. A valid settlement figure with the appropriate undertakings will be required in all instances.

Where there is significant unsecured debt, we may require supporting explanations. Whilst this list is not exhaustive this may include:

- Where a borrower has taken out previous secured loans or capital raised through a remortgage within the last 12 months, we may need further clarification of the purpose of these loans.
- Where there is a build-up of credit an explanation on how this occurred.
- Where there is substantial unsecured debt alongside significant disposable income.
- Where the applicant(s) have taken out a number of unsecured lines of credit within the last 12 months.
- Where there are numerous items of credit up to or exceeding credit limits.
- Plausible explanations will be required for adverse credit particularly for deteriorating credit profiles.

Tax Bills

Where additional funds are being used to pay any form of tax bill, we will require the following:

- A written explanation as to how the tax bill arose.
- Why the applicants have not been able to pay it themselves and how this situation will not arise again.
- The tax bill will need to be paid directly to HMRC from the mortgage proceeds, we will require either a HMRC settlement figure or the Tax Year Overview showing the outstanding balance to be paid. (*On the day of completion, we will require an up to statement to repay the balance).
- Where there is more than 1 year's tax outstanding, this will need to refer prior to submission.

Purchase of other properties

Where the applicants are purchasing their first BTL property, details will be required of the intended purchase i.e., Purchase Price and copy of ESIS/Offer. (This is not required for experienced Landlords.)

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

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

Family Assisted Purchases

Available to assist with property purchases for children/grandchildren only (any other arrangements will be considered on a referral basis).

The following will be required:

- Applicants must confirm in writing the details of the arrangement.
- Where the capital being raised exceeds £100k we will require further evidence of the purchase.
- Loan purpose must be compatible with the profile of the borrowers.
- Considered by referral on a case-by-case basis.

3.1 Loan Size

- Minimum net loan size is £10,000.
- Please see rate cards for details.

3.2 Loan Term

- Minimum loan term is 3 years.
- Maximum loan term is 40years. (25 years for Interest Only Loans)
- Loans are not portable.

4. Mortgage History

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

Proof of the latest 12 months mortgage or rent payments will generally be required via a Credit search, BSQ, mortgage statement, bank statements, rent reference or similar dated within 60 days of the offer.

Where the applicants have not been residing at the security address (Minimum time required in is 3 months) for 12 months then rental evidence will be required in form of a rent reference from an official letting agent or a copy of the AST with bank statements for the required period showing the rent has been paid. (Applicants renting privately or living with family during the last 12 months will be considered by referral). A Mortgage / Rental payment is classed as 100% of the agreed monthly contractual payment.

Where there is a history of repeated secured borrowing/capital raising we reserve the right to request further information.

Where our borrower(s) have recently remortgaged, and the mortgage payment has increased we generally require a minimum of 3 months mortgage payments to be made. Where further capital has been raised as part of the remortgage, we will require confirmation of what these funds were used for.

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

Where the prior mortgage is from a specialist lender, a copy of the original mortgage offer / any product switch documentation may be required.

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

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

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

Where the 1st Mortgage is unable to provide one of the above the following will be required: -

- Written confirmation from the 1st mortgagee that any further advances will rank behind our charge along with a redemption figure and undertaking confirming all balances outstanding under their current charge.

For Scottish applications one of the above will be required where the first charge is registered to one of the following mortgage lenders:

- Clydesdale
- Nationwide
- Santander
- Virgin/RBS One Account
- Woolwich/Barclays

West One will not lend behind any mortgage that lends up to a percentage of the index valuation. Where applicants have a single BTL property, a 12-month mortgage history will also be required on the BTL property (unless unencumbered or owned for a lesser period).

Where the applicants have a portfolio of BTL properties, we require evidence of a representative sample of mortgage conduct across the portfolio. Typically, this will be satisfied by evidence of 12-month mortgage conduct (unless unencumbered or owned for a lesser period) for a minimum of 2 x BTL properties or 10% of the portfolio (by number). For applicants with larger portfolios, we will generally limit our requirements to evidencing mortgage payments for a maximum of 5 properties. West One reserves the right to carry out further credit searches against any other known addresses where required and/or request additional supporting documentation.

5. Property

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

Minimum Property valuation for standard properties is £80,000.

Properties that are of a non- traditional construction (that are not listed in the Unacceptable properties in section 3.1) but have been confirmed as mortgageable through conventional sources will generally be considered up to a maximum LTV of 75%.

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

5.1 Unacceptable Properties

- ✘ Studios Flats less than 25 sqm in size
- ✘ Confirmed as unmortgageable through conventional sources by the valuer
- ✘ Leasehold properties with onerous lease provisions or similar
- ✘ Commercial property Commonhold Properties
- ✘ Properties Identified by the valuer as having combustible external materials without an appropriate EWS1 form
- ✘ Properties without an appropriate Gas Safety Certificate In line with The Gas Safety (Installation and Use) Regulations 1998
- ✘ Freehold Flats and Maisonettes, unless it is an MUFB
- ✘ Properties subject to coastal erosion
- ✘ Live / work units
- ✘ Any modern method of construction (MMC) property e.g. POD construction where units are built off site, secured on site and services connected
- ✘ Properties containing Mundic Block or similar building materials
- ✘ Grade 1 listed buildings
- ✘ Mobile Homes
- ✘ Houseboats
- ✘ Japanese Knotweed or other invasive plant species
- ✘ Valuers are to follow the guidelines set out in the RICS Information Paper on Japanese Knotweed and Residential Property. Properties assessed as category four (4) or three (3) are not considered suitable security. Property assessed as category two (2) or one (1) will only be considered acceptable security once a suitable management plan has been put in place with the benefit of a long-term guarantee. In addition, payment needs to be made up front and held in escrow in order that the full treatment program is guaranteed to be undertaken. The treatment contractor must be a member of the Property Care Association Invasive Weed Control Group.
- ✘ Property with ongoing movement or where monitoring is required
- ✘ Property where material environmental hazards are present
- ✘ Property where saleability may be affected by local planning or an unsatisfactory mining search
- ✘ Property subject to recent flooding or identified as in a flood area (without further investigation)

5.2 Properties considered by referral

- Private flats with 20 storeys or more.
- Ex-local authority flats with 8 storeys or more.
- Flats above commercial premises
- Ex-local authority flats with balcony or deck access.
- Property of easiform or no fines construction.
- Property containing no-fines concrete.
- Properties with more than one kitchen and/or granny or guest annex.
- Single leaf brick offshoots or extensions. (Generally acceptable if the single skin element relates to a non-habitable room)
- Properties subject to retentions
- Properties with 2 kitchens

5.3 Restrictive Covenants

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

- ✘ Properties subject to restricted occupancy clauses
- ✘ Properties designated as retirement or sheltered accommodation.
- ✘ Properties subject to planning or agricultural restrictions.

5.4 Tenure

Leasehold	Minimum remaining lease term at the end of our loan period is 55 years for residential second charge loans on a capital repayment basis and 70 years for loans on an interest only basis.
Freehold	Acceptable on houses only.
Commonhold	Not Acceptable.
Flying Freehold	Considered if total area less than 10% of the property. Must be confirmed by the surveyor.
Feuhold	Scotland only.

5.5 Property Valuation Reports

Mortgage Valuations (Full Internal Inspection)

- Must have the security property value confirmed via a Mortgage Valuation, addressed to West One and dated within the last 3 months.
- All Mortgage valuations are instructed via the panel management companies (Our Valuer panel is maintained by our broker support team and all valuers are subject to satisfactory due diligence checks and adequate PI cover being in place).
- A re-typed report is acceptable provided it is dated within the last 3 months and was carried out via one of the approved panel management companies. (The original report must be provided).
- Amended valuation reports are acceptable, subject to receipt of the original report and an explanation of the amendments; if the explanation is deemed unsatisfactory, the original report may be used. (Where the valuation amount has been increased the lower figure will be used unless strong supporting evidence for the increase in value can be provided).
- Where the property has been purchased within the last 2 years and shows an increase of more than 10%, we will require further information for the increase in value.
- Where there is more than a 10% difference between the OMV and the PMV we will require a further explanation from the valuer.
- In certain instances, West One may refer any valuation report to their internal Property Services Team.

Drive-by Valuations

Drive-by valuations are an acceptable alternative to a Mortgage Valuation.

- **Acceptable up to a maximum property value of £1,000,000**

Drive-by valuations are **not** available for the following: -

- Ex-local authority flats (**Ex-local authority houses are acceptable**).
- Properties of non-standard construction.

Drive-by Matrix

Maximum Loan Size	Maximum LTV
£300,000	60%
£250,000	70%
£150,000	75%

Hometrack AVM

Hometrack AVM valuations are an acceptable alternative to a Mortgage Valuation for secured lending.

AVMs are acceptable for properties up to a maximum value of £1,000,000.

AVM Matrix

Confidence Level	Maximum Loan Size	Maximum LTV
4 or above	£300,000	60%
5 or above	£250,000	70%
5 or above	£150,000	75%

Note: A flood check confirming the property is not at risk of flooding will also be conducted (see 5.8)

Hometrack AVM Valuation are not acceptable for the following:

- Ex-local authority flats (Ex-Local authority houses are acceptable).
- Where extensive refurbishment works are in the process of being carried out.
- Properties of Non-Standard construction.

5.6 Specialist Reports

Applicant(s) will be required to obtain any specialist reports recommended by a surveyor within a mortgage valuation report.

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

5.7 Structural Reports

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

- Structural Engineers reports must be addressed to the applicant, or a letter of reliance obtained, and are only acceptable from members of the following bodies:
 - The Institution of Structural Engineers (www.istructe.org.uk)
 - The Institution of Civil Engineers (www.ice.org.uk)
- Properties subject to ongoing movement or where monitoring is required are not acceptable.
- Properties that have suffered historic movement, or where a structural engineer's report is recommended, will be considered on a referral basis.

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

5.8 Flood Areas

- For property in a known or suspected flood area, a flood check report will be completed.
- West One reserves the right to request further information upon review of the flood check report. Where the risk of flood for the property is High (from either surface water or rivers and the sea) a copy of the applicants building Insurance will be required to ensure this risk is covered

6. Income

- The minimum income is £15,000 gross per annum which must be earned solely by the lead applicant. For Apex 0, please refer to our product guide and criteria overview document for separate requirements with respect to minimum income for self-employed borrowers.
- All applicants will be subject to an Income and expenditure assessment.
- All Income must be paid into a UK bank account, in GBP and subject to UK tax.
- All applications must have at least one applicant currently employed, self-employed or in receipt of private pension.

6.1 Employed Applicants

The minimum time in employment for an applicant is 3 months. Applicants with less than 3 months in current employment may be considered on a referral basis provided they have remained in the same profession.

WOSL Underwriter will carry out extra due diligence on employers to ensure there are no other indicators of adverse trading implications. Applicants who have taken any form of short term pay cut will need to be referred to WOSL and will be assessed on a case-by-case basis.

Up to 100% of overtime, commission and bonuses can generally be accepted if they can be evidenced as regular, consistent, and ongoing.

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

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

For each employed applicant we will require you to obtain and submit the last 2 most recent consecutive payslips (3 if paid weekly), with the latest payslip being valid for 60 days.

West One will require supporting bank statements showing pay received for a minimum of 2 of the payslips provided.

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

Income Type	Acceptable	Proof Required
Basic Salary	Yes - 100%	The Latest 2 months consecutive payslips (3 if paid weekly) showing a consistent level of pay. To assess the Income, we will use the basic monthly Gross amount x12 (x26 if fortnightly, x52 if weekly) and the basic monthly Net amount x12 (x26 if fortnightly, x52 if weekly). To assess the Income, we will deduct Income Tax, National Insurance, pension, and any other regular deductions.
Shift Allowance	Yes - 100%	
London Weighting or Large Town Allowance	Yes - 100%	
Car Allowance	Yes - 100%	
Overtime, Commission, Monthly Bonus (which is regular and not a short-term trend) –	Yes - 100%	Overtime, commission and monthly bonuses are accepted as additional income where we are satisfied that they are regular and consistent. Proof will generally be provided by the applicants YTD earnings (P60 required if in the first 3 months of tax year).
Annual or Quarterly Bonuses – Key Workers Only	Yes - 100%	Proof of the most recent bonus(es) supported by the previous year’s P60 showing a similar level of earning from the same employer.
Contractors (Employed)	Yes	Copy of contract with evidence of salary payments being received via payslips and bank account entries.
Second Job	Yes – 100%	The Latest 2 months consecutive payslips (3 if paid weekly). Applicants must generally have held the current position for a minimum of 12 months (if held for more than 6 months, we consider on a referral basis) and total working hours will generally not exceed 60 per week.

Income Type	Acceptable	Proof Required
Agency Workers, "Zero hours" Contracts	Yes – 100% - Must be regular and consistent	The Latest 2 months consecutive payslips (3 if paid weekly) supported by the latest P60. Customer must have generally held the current position for a minimum of 12 months.

6.2 Self-Employed Applicants

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

Where we are aware the applicant has a current outstanding director's loan that is not being repaid from the loan advance, we generally will divide the outstanding balance by 9 and use this figure for affordability purposes in our calculation.

We can consider using the applicant's share of net profit after tax figure where the applicant is Company Director with a minimum of 50% shareholding on a strong referral basis.

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

How Income is assessed

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

Income will be assessed from the latest submitted SA302 from the documentation.

Where the Tax Calculations (SA302's) show an increase in income from the previous year of more than 20%, a plausible explanation for the increase in Income will be required. (We reserve the right to request further information)

Income Type	Income Used	Proof Required
Sole Traders	Net profit after Tax and National Insurance.	For Applicants who submit their own tax returns we will require the following: A copy of the applicant's last 2 years tax calculations (SA302's) printed from their HM Revenue and Customs (HMRC) online account and a copy of the corresponding tax year overviews, printed from their HM Revenue and Customs (HMRC) online account.
Partnerships	Share of Net Profit after Tax and National Insurance.	
Company Director (Limited Companies)	Salary or remuneration and share of dividends after tax and National Insurance.	For Applicants who have an accountant submitting their tax returns we will require the following: A copy of the applicant's last 2 years tax calculations (SA302's) printed from commercial software used to submit the applicants returns and a copy of the corresponding tax year overviews, printed from their HM Revenue and Customs (HMRC) online account.
Foster Care Income	Income after Tax and National Insurance.	As SA302 documents often relate to the previous tax year, we need to ensure that the information provided is as up to date as possible from 1st February onwards each year, we will expect to see the latest figure in relation to the tax return that was submitted for the 31st of January deadline. Older documentation will then cease to become acceptable.
Contractors (including IR35)	Self-employed contractors must provide the last year SA302s/Tax Calculations and Corresponding Tax Year Overview along with a copy of their current contract.	Where we have been provided with a letter from an accountant, West One will carry out a telephone check to validate the information contained within the letter and to ensure that there is no further information regarding the customer that may impact our lending decision.

6.3 Contractors (including IR35)

Applicants employed on a contract basis may be classed as employed or self-employed depending on their individual circumstances.

Applicants will be classed as self-employed if they pay their own tax, they have more than one contract or if they have set up a limited company that employs other contractors.

Applicants will be classed as employed if their tax is paid on their behalf either by the company (except CIS) that they are working for, or if they are employed by an umbrella firm that deducts tax.

How income is assessed

Contractors must be in continuous employment of 12 months or more and be subject to a current contract in the same.

For contractors who we are treating as self-employed, proof of income requirements remains the same as those for self-employed applicants (see section 6.2 above).

For contractors who we are treating as employed, payslips and corresponding bank statement entries are required as per employed applicants (see section 6.1 above) but with the additional requirements to provide their existing contract and evidence of continuous employment of 12 months or more.

Gross income for LTI calculation purposes will be based on the applicant working 5 days per week and 48 weeks per year unless the contract itself states otherwise.

6.4 Income from Land and Property

The Latest Tax Calculation / SA302 will be required with corresponding Tax Year Overviews.

All properties owned in relation to the Income must be confirmed on our application form and must detail the current mortgage payment and rental income being received for each property.

All Mortgage payments relating to the BTL properties will be deducted for affordability purposes from any properties owned during the latest tax -period.

Any properties where a buy to let mortgage has been taken out after the latest tax period provided will be treated as self-funding (no income can be used from these properties). Where the property is let to a family member, the monthly mortgage payment (stressed) will be included in our affordability assessment.

6.5 Pension Income

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

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

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

SIIP Pension Income a referral will be required.

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

6.6 Secondary Income Sources

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

Income Type	Acceptable	Proof Required
Child Benefit	Yes – 100% where the child is no older than 12 years of age. (*Not accepted if either applicant has an individual gross income above £50,000 per annum)	Either the latest HMRC issued award statement or the latest 2 months bank statements showing the payments being received.
Child Tax Credit	Yes – 100% where the child is no older than 12 years of age.	
Working Tax Credit	Yes – 100%	
Child Maintenance	Yes – 100%	Court Order supported by latest 3 months' bank statements, showing maintenance credits. Only useable if payable for the full duration of the loan. (Casual agreements are not acceptable)
Maintenance	Yes – 100%	
Maternity Pay	Yes – 100% - Where supporting a joint application with suitable income.	Where an applicant is currently on maternity leave, our affordability calculations will be assessed using the applicant's reduced maternity pay unless they are within 6 months of returning to work, in which case we will calculate their income based on their return-to-work position. The date of return, confirmation of role, hours and salary must be confirmed by the applicant's employer. In all cases, as employers offer differing levels of maternity pay, we will require sight of the last 2 months' payslips. Future childcare costs will also need to be clarified to ensure that our loan remains affordable when the applicant returns to work
Universal Credit	Considered upon referral	Generally accepted based on the latest HMRC issued award statement and the last 2 months bank statements showing the payments being received. The award type will be reviewed by the underwriter on a case-by-case basis.
Other State benefits	Considered upon referral where an "indefinite award" has been made.	If accepted the latest issued award statement along with the last 3 months bank statements showing the payments being received. (Cannot be used if being received for someone not party to the loan)
Bank Nursing / Supply Teaching	Considered upon referral	Generally acceptable if regular and consistent.

6.7 Unacceptable Income

- ⊗ Income derived as interest earned from UK Banks and Building Societies.
- ⊗ Expenses incurred within regular employment i.e., mileage, reimbursement for travel or accommodation.
- ⊗ Investment Income not derived from properties (However this may be considered upon referral, providing it is not the primary source of income).

Any Income not listed must be referred to see if the income can be used.

7. Affordability

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

Where the household composition is larger than our stated household composition groups, an Income and Expenditure form completed by the applicant/s may be required.

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

Where an applicant is the sole owner of the property and is either married or co-habiting, affordability will generally be assessed using a household composition that includes the non-owning partner. Where a statement from the applicant is provided confirming that their partner is non-dependent in relation to his income and them providing evidence that their partner is in receipt of income of at least £600 per month net, the partner can be excluded from the household composition.

The following can be provided to evidence of Income for the non-owning partner and acceptable income sources are generally aligned to the proof of income criteria for borrowing applicants.:

- 1 months' pay-slip dated within the last 2 months.
- Latest SA302/Tax Calculation.
- Evidence of Pension (Latest Statement required, dated no more than 12 months ago).
- Evidence of Benefits (Latest Statement required, dated no more than 12 months ago).

We will also require the non-owning partner to sign the following statement:

"As part of the second charge mortgage application being made to West One, documentary details on your income are required in order that we can continue underwriting the loan. You should be aware that West One will process and retain this data as part of the mortgage application file and that this will be retained for a period of 7 years as per the firm's retention policy. The data will only be used in connection with the underwriting of this loan and will not be shared with anyone outside of this firm's parent entity. Further details on the firm's policy for dealing with customer data can be found at: <https://www.westoneloans.co.uk/legal/privacy>".

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

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

1. **Council Tax.** (West One will check the declared Council Tax figure against the following website to ensure that the declared expenditure is correct -<http://www.mycounciltax.org.uk/content/index>)
2. **Ground Rent & Service Charge.** (This applies to leasehold properties only and will be sense checked against the valuer's comments within the valuation report.)
3. **Childcare / Maintenance/School Fees.** This will be subject to a plausibility check in all instances.
4. **Holiday / Second Home Expenditure.**
5. **Interest Only Repayment Vehicle (Only applicable to Interest Only and Part & Part applications)**

A stress test is applied to the existing mortgage payment and any other mortgage payment taken into consideration for affordability purposes (unless the mortgage payment has a fixed rate remaining of 5 years or more) and to the proposed West One loan payment (unless a 5-year fixed product is selected).

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

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

8. Lending into retirement

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

The retirement age used will generally be the lower of the applicants declared retirement age or age 75 however, any applicant retiring beyond the age of 70 must provide a detailed plausible explanation as to how the loan will remain affordable.

A plausibility assessment is conducted for applicant(s) expecting to work beyond the age of 70 (based on the retirement age declared). For example, consideration is given to the declared occupation advised, i.e., physical demands, travel commitments, etc. Similarly, there are some industries where there are limitations on the applicant's ability to continue working after certain ages, often set but the industry's governing body or the government (i.e., HGV drivers). In these instances, we need to ensure that the likelihood of the applicants continuing ability to work to their stated retirement age has been assessed fully and we must be satisfied that the loan remains affordable for the applicants for the full duration of the loan term.

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

APPLICANTS OVER 10 YEARS FROM RETIREMENT AGE:

Applicant(s) must confirm their anticipated retirement income will be sufficient to cover loan repayments.

Evidence of pension contributions are required in the form of a pension statement, payslip or P60

Applicant(s) unable to prove an existing pension must provide details and supporting evidence of how they will maintain payments into retirement.

All Income is subject to the standard affordability assessment.

APPLICANTS WITHIN 10 YEARS OF RETIREMENT AGE:

Pension statements providing evidence of post-retirement income is required.

Affordability is assessed using the lower of the applicant(s) current Income or post-retirement Income

All Income is subject to the standard affordability assessment.

A plausibility assessment is conducted for applicant(s) expecting to work beyond the age of 70 (based on the post-retirement age declared). For example, consideration is given to the declared occupation advised, i.e., physical demands, travel commitments, etc. Similarly, there are some industries where there are limitations on the applicant's ability to continue working after certain ages, often set but the industry's governing body or the government (i.e., HGV drivers). In these instances, we need to ensure that the likelihood of the applicants continuing ability to work to their stated retirement age has been assessed fully and we must be satisfied that the loan remains affordable for the applicants for the full duration of the loan term.

9. Credit Profile

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

Any credit not being repaid from the proceeds of the loan will be factored into our affordability calculations. This will be assessed as the contractual monthly payment or where the credit is a revolving facility, we will assess the monthly payment as 3% of the outstanding balance.

Where an item of credit has 3 months or less to run, it will be excluded from the affordability calculations. Where an item of credit has 3 months or less to run, it will be excluded from the affordability calculations. West One reserves the right to request additional information / evidence where there are concerns over the affordability of the loan going forward.

For defaulted revolving credit i.e. for any Credit Cards, Defaults and CCJs with an outstanding balance (not being consolidated directly from the loan proceeds), we will assess the monthly payment as 3% of the outstanding balance.

For defaulted unsecured loans (or similar) with an outstanding balance, we will factor the monthly contractual payment factored into our affordability assessment (unless the debt is being cleared directly from the loan proceeds).

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

9.1 Mortgage Arrears

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

A satisfactory explanation will be required for any secured arrears (where the plan allows).

Mortgage arrears are counted as the total number of missed payments in a set period (not the highest level of arrears). Refer to our product guide for more details.

Plan specific criteria applies.

9.2 Unsecured Arrears

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

Unsecured arrears are counted as the highest number of missed payments in a set period (not the total number of arrears). Refer to our product guide for more details

A plausible explanation will be required for any unsecured arrears. Where there is a deteriorating credit profile further information may be requested. Unsecured arrears will be ignored where the balance is under £500 for plan selection purposes. (Where there is more than one instance of arrears for credit less than £500 a satisfactory explanation will be required)

Comms suppliers and public Utilities payment profiles do not form part of our unsecured arrears assessment however an explanation will be required where the arrears exceed the plan maximum.

Where the credit search shows that there is currently any arrangement, the last 12-month payment profile will be required for each profile subject to an arrangement. Plan specific criteria applies.

9.3 Defaults

Defaulted credit over 12/24 months is acceptable subject to the plan selected. Refer to our product guide for more information.

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

Satisfied defaults and unsatisfied defaults less than £500 are acceptable for plan selection purposes. (Where there is more than one instance of defaulted credit less than £500 a satisfactory explanation will be required)

Defaults for unsecured credit will only be counted if they relate to Credit Cards, Loans or HP Agreements. All other defaults will be ignored.

Plan specific criteria applies.

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

CCJ's registered over 12/24 months ago are acceptable for plan selection purposes subject to the plan selected. Refer to our product guide for more information.

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

All satisfied CCJ's and unsatisfied CCJ's less than £500 are acceptable for plan selection purposes. (Where there is more than one instance of CCJ's less than £500 a satisfactory explanation will be required)

Plan specific criteria applies.

9.5 Pay Day Loans / Doorstep Loans

Plan specific criteria applies.

IVAs, Debt Management plans and Arrangements to pay

Plan specific criteria applies.

9.6 Bankruptcies & Repossessions

Plan specific criteria applies.

10. Interest Only Loans

Minimum Age 21.

Maximum Age of the end of the Term cannot exceed 75.

West One offers a range of Interest Only secured loans. Plan specific criteria applies.

Interest Only loans are not available for the purposes of consolidating existing debt.

Interest Only loans should only be recommended where this is suitable for the applicants(s) and where it can be evidenced that there is in place a clear and credible strategy to repay the capital sum at the end of the loan term.

Examples of repayment strategies which may be acceptable to West One having given full regard to the individual circumstances of the borrower are: -

1. [Sale of the security property](#)
2. [UK Pension](#)
3. [Existing UK Investment Plan](#)
4. [Sale of another property](#)

All proposed repayment strategies must be clear and credible and below is a breakdown of our usual requirements and any supporting documentary evidence that will usually be required in order for West One to be satisfied with regard to the credibility of that repayment plan.

In all instances, the applicants must complete West One's Interest Only Declaration form.

1. [Sale of the security property](#)

Where applicants have stated that they intend to repay the interest only loan through the sale of the security property, West One will need to understand the borrower's proposed future living arrangement in order to assess the plausibility of the explanation provided. In addition to having a minimum equity level requirement as part of our criteria, we have to be satisfied that the plans do not allow for any increase in value in the security given the fact that there is no certainty over this. It should however be noted that any fluctuations in property values relating to the downsize property will be considered to be offset by the increase in value of the security.

Key questions to be covered include the following: -

- a. [Location of the proposed new residence.](#)
- b. [If location is > 25 miles from the security, a plausible explanation is to be provided.](#)
- c. [Type of property \(i.e. House / Bungalow / Flat etc.\)](#)
- d. [Style of property \(detached, semi-detached, terraced etc.\)](#)
- e. [Number of bedrooms](#)
- f. [A link to a similar type of property currently for sale on Rightmove / Zoopla etc?](#)

West One's underwriting Team will then carry out a plausibility assessment of the information provided to ensure that we are satisfied that the sale of the property is a plausible repayment proposal. These checks will assess the available equity in the property alongside the likelihood of the sale of the security property yielding enough capital to purchase another property for the applicants and their family to live in. Where the applicants' existing prior first mortgage has been evidenced as a capital repayment mortgage, the amortizing nature of the balance may be considered when assessing the available equity in the security.

In all instances where sale of the security property is selected, the applicants must have minimum available equity in the property of £150,000 after the creation of the West One loan.

2. [UK Pension](#)

Where an applicant is using a UK pension to repay the Interest Only loan at the end of the term, evidence of the pension pot will be required. West One will review the pension pot and where no cash sum has already been drawn, will allow a maximum of 25% of the total projected pot (using the medium projection figure) to be pledged to repay the Interest Only loan. This will allow for a 25% tax-free lump sum to be drawn. In cases where an applicant has drawn part of their tax-free lump sum, the amount of the pot accepted for repayment of the loan will be reduced accordingly.

Evidence will be required in the form of the latest statement dated within the last 12 months.

Where the applicants have an existing Interest Only prior ranking 1st Charge Mortgage and the stated repayment strategy is from a pension, we will need to ensure that there are sufficient funds available to repay both the prior 1st charge AND West One's Interest Only loan. Where the applicants have a Capital Repayment prior ranking 1st Charge Mortgage, the applicant will only be required to show sufficient funds to repay West One's Interest Only loan.

3. An existing UK Investment Plan (including Endowments, Cash ISAs, Bonds etc.)

Where applicants have an existing investment plan or combination of plans, West One will accept this as a method of repayment. Investments will typically be in the form of endowments, Cash ISAs and bonds but similar investment plans and savings are also acceptable.

Evidence will be required (using the medium projection figure) in the form of the latest statement dated within the last 12 months. Evidence of savings must be dated within the last 3 months.

Where the existing Investment covers >75% of the interest only amount outstanding and the applicants can evidence ongoing contributions to the investment plan, West One will generally accept the remaining 25% needed. The ongoing contributions must be sufficient to provide the remaining 25% required and these ongoing contributions will need to be factored into our affordability assessments. For West One to consider these contributions to be ongoing, they must be evidenced as regular monthly payments for the last 6 months. Additionally, we will need to be satisfied that this ongoing level of contribution over the loan term will be sufficient to increase the amount of funds available to repay the loan in full at the end of the term.

Where the applicants have an existing Interest Only prior ranking 1st Charge Mortgage and the stated repayment strategy is from an existing Investment plan, we will need to ensure that there are sufficient funds available to repay both the prior 1st charge AND West One's Interest Only loan. Where the applicants have a Capital Repayment prior ranking 1st Charge Mortgage, the applicant will only be required to show sufficient funds to repay West One's Interest Only loan.

4. The sale of another property

West One will accept equity in property other than the security address as an intended repayment strategy.

Evidence of the value of the property will be required via either a valuation report carried out within the last 6 months or via an AVM. The balance of any existing debt against this property will be deducted from the value of the property and this will be verified by HMLR checks and credit search information. In instances where there is secured debt in place and details are not shown within the credit report, a mortgage reference will be required from the existing mortgage lender.

Where the applicants are continuing to make contributions to any form of repayment vehicle, these commitments will be taken into account as committed expenditure items within our Affordability Assessment.

All Interest Only loans are subject to Specialist Servicing requirements following completion of the loan.

11. Documentation

Original and Certified Documentation

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

Document	Original	Certified Copy*	Copy
Independent Legal Advice Certificate	✓	✗	✓
Occupier Consent Form (Waiver)	✓	✓	✓
All proof of income (payslips, bank statement, pension proof etc.)	✓	✓	✓
Accountants Certificate	✓	✓	✓
Proof of residency	✓	✓	✓
KYC Signature and Address Identification	✓	✓	✗
Consolidation Evidence	✓	✓	✓
First Mortgagee Consent	✓	✓	✓
Valuation Report	✓	✓	✓
Consolidation Sheet (fully completed and signed by all parties)	✓	✓	✓

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

** Where a copy is accepted further checks maybe carried out

Certified Documents

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



West One, The Edward Hyde Building, 38 Clarendon Road, Watford, WD17 1JW.

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