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# CON- TENTS

## 1.0 Who are we

## 2.0 Key Lending Areas

- Maximising Affordability
- Complex Credit
- New Build & Supporting Smaller Deposits
- Large Loans & Interest Only
- Buy to Let

## 3.0 Working with us

# REAL LIFE LENDER



We're an independent mortgage lender funded and backed by **Shawbrook Bank**. We operate at the heart of what some people call the 'specialist mortgage market', thing is we don't feel 'specialist mortgages' is really us.

We prefer to describe what we do as 'Real Life Lending'. Our whole reason for being is to provide mortgages to people with less than usual lifestyles.

# MAXIMISING AFFORDABILITY

# Self-Employed

We get it

- Income based on latest year's accounts
- Profit before tax, plus salary used for affordability, for Ltd Company Directors with over 25% shareholding
- Minimum of 12 months trading
- Most recent year's certified accounts OR Tax Calculation (SA302) with Tax Year Overview acceptable as income evidence



# Self-Employed Mortgages

## Case Study Exercise

Lenders use several different methods to calculate affordability for self-employed clients.

Using a simple 4.5x income calculation, calculate the potential max lend for your client in the following scenarios:

- Latest year salary + dividends
- Latest year Profit for the financial year (net profit) + salary
- Latest year Profit before taxation + salary:

Profit and Loss Account		
For the year ended 31st December 2022		
	2022	2021
	£	£
<b>Turnover</b>	123653	103995
Cost of sales	(2,518)	(2,340)
<b>Gross profit</b>	121,135	101,665
	(59,638)	(58,107)
<b>Operating profit</b>	61,497	43,548
Interest receivable	-	2
Interest payable	(994)	(160)
<b>Profit before taxation</b>	<b>60,503</b>	<b>43,390</b>
Tax on profit	(12,094)	(8,948)
<b>Profit for the financial year</b>	<b>48,409</b>	<b>34,442</b>
<b>Dividends</b>	<b>(25,000)</b>	<b>(25,000)</b>
<b>Directors salaries</b>	<b>12,000</b>	<b>12,500</b>

# Self-Employed Mortgages

## Case Study – The Results

Lender Type	Salary + Dividends		Net Profit + Salary		Pre-tax profit + Salary	
	2 year average	Latest year	2 year average	Latest year	2 year average	Latest year
Usable income	£37,250	£37,000	£53,676	£60,409	£64,197	£72,503
Max lend (4.5x)	£167,625	£166,500	£241,540	£271,841	£288,884	£326,264
Difference	<b>-£158,639</b>	<b>-£159,764</b>	<b>-£84,724</b>	<b>-£54,423</b>	<b>-£37,379</b>	

Using pre-tax profit has a significant uplift in affordability and income multiple. Our max lend in the example above is the equivalent of 5.4 x the latest year Net Profit and salary income that a lot of our competitors would use.

Figures above are based on a standard 4.5x LTI with no commitments or dependents.





# Contractors

Great rates for day rates

- Existing contractors – must have been contracting for 12 months
- New contractors – minimum of 3 months (experience in a similar role for minimum of 12 months required)
- Income calculation of up to a maximum of weekly rate x 48
- Minimum 6 months remaining on contract



# Complex incomes

We get it

- 100% of overtime, employment bonus, commission, car allowance and regional allowance
- Multiple incomes considered up to 100%
- Shift allowance considered up to 50%
- Rental income considered up to 50%
- 100% Child Benefit/Maintenance payments and 75% Working Tax Credit/Child Tax Credit (or Universal Credit Equivalent)\*

\*For children 13 years and under, court ordered and minimum of 5 years remaining, restricted to 25% of total income



# COMPLEX CREDIT



# Complex Credit

- Allow up to 2 missed payments on each unsecured commitment in the past 6 months
- No cascade on unsecured arrears
- Up to 2 missed payments in 24 on secured loans (0 missed payments in last 12 months on secured loans)
- Up to 3 CCJs and 4 defaults considered
- CCJs under £300 ignored.
- Defaults on utilities and telecommunications are not considered adverse credit
- Debt Management Plans considered - Negotiated payment used in affordability





# Product criteria

## Core residential range

### REAL LIFE PRODUCT CRITERIA

Criteria	Real Life 0	Real Life 1	Real Life 2	Real Life 3
<b>Unsecured Arrears</b>	0 in 36 months	Maximum 2 missed payments in last 6 months allowed on each unsecured credit agreement. Arrears ignored if the current balance is under £500.		
<b>Secured Arrears</b> (missed payments)	0 in 36 months	0 in 24 months	1 in 24 months, 0 in last 12 months.	2 in 24 months, 0 in last 12 months.
<b>CCJ Number</b>	0 in 36 months	0 in 36 months	1 in 36 months (0 in 6 months) Ignore CCJ <£300	3 in 36 months (0 in 6 months) Ignore CCJ < £300
<b>Defaults</b>	0 in 36 months	0 in 36 months	1 in 36 months (0 in 6 months)	4 in 36 months (0 in 6 months)
<b>Bankruptcy</b> (clean profile since discharge)	None	Discharged 72 months	Discharged 72 months	Discharged 36 months + (clean 36 months)
<b>IVA (or Trust Deed in Scotland)</b> (clean profile since discharge)	None	Discharged 72 months	Discharged 72 months	Discharged 36 months + (clean 36 months)
<b>Repossession</b>	None	None	None	6 years
<b>Debt Management Plan</b>	None	None	Acceptable (negotiated payment)	Acceptable (negotiated payment)
<b>Max LTV</b>	90%	90%	85%	80%
<b>Payday loans</b>	0 in 36 months	Payday loans must be satisfied 12 months prior to application. No defaulted payday loans in 12 months.	Current/recent loans considered	

# NEW BUILD & SUPPORTING SMALLER DEPOSITS

# 90% LTV

## Products

- 90% LTV on new build houses and flats
- Purchase Only
- A-C EPC
- £600,000 max loan, £120,000 min loan
- £0 completion fee options
- 2 & 5 year fixed products available
- 5% builder incentive accepted
- 1 years Self Employed up to 90%
- Credit Score requirement (see product guide/website)
- Up to 40 year term





# Shared Ownership with TML

- Maximum 95% share purchase (market share value) on new build houses and flats
- Up to 75% LTV open market value of the property
- Purchase only
- Properties must have EPC rating A-C
- £0 completion fee options
- 2 & 5 year fixed rate product options
- 1 year self-employed is acceptable
- No minimum credit score
- Minimum loan £25,001, maximum loan £405,000
- Up to 40 year term



# Products / Product Criteria

Shared Ownership products are available on our RL1 criteria

## REAL LIFE PRODUCT CRITERIA

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**LARGER LOANS &  
INTEREST ONLY**



# Larger loans

Supporting applicants seeking larger loan amounts

- Minimum loan £500,000
- Maximum loan £1.25m
- 80% LTV up to £1m, 75% LTV up to £1.25m
- RLO and RL1 Criteria Applies
- LTI maximum of 5x
- Loans over £1m require evidence of 2 years income
- Most recent year will be used for affordability

**Variable income assessed at 75% of last 3 months average (evidenced for loans over £1m). This includes:**

- Overtime and second incomes
- Regular commissions paid monthly/quarterly
- Annual bonus amounts

# Interest only

Supporting applicants seeking alternative repayment options

- Available on RLO and RL1
- Interest only up to 75% LTV
- Part & Part up to 85% LTV
- Maximum age at end of term 70 years
- Minimum term 10 years
- Minimum loan £500,000
- Maximum loan £1.25m
- Maximum income multiple of 4.5x

## Repayment vehicles:

- Sale of mortgage property, subject to minimum equity of £250k (70% LTV)
- Sale of other UK property subject to sufficient equity at the point of application
- Simple investment vehicles e.g. ISAs, current value used
- Cash/savings, current value used

# BUY TO LET



# Buy to Let

## Our proposition

- Individual and Limited Company
- No minimum income
- Max number of applicants 4
- Max age at application 80 (95 at end of term)
- Communications and utilities arrears and defaults are not treated as impaired credit
- Corporate lets, student lets, holiday and short-term lets
- HMO/ MUB, Ex-Local, Deck Access & High-Rise Flats
- Re-mortgage within 6 months of purchase
- Expats
- **Fees can be added to the loan above max loan and max LTV**

# Capital Raising

## Reasons why

- For business purposes
- Debt Consolidation
- Onward purchase of residential or BTL property
- Home Improvements

# WORKING WITH TML



# A no-stress approach



## Register

In a few minutes  
on our website

## Submit DIP

Immediate decision  
and product  
(soft footprint)

## Checklist

To get offer ASAP

## Submit APP

Along with supporting  
documents

## Track

Online case tracking  
and full access to  
dedicated sales team

# THANK YOU .

Thanks for listening in.  
**Any Questions?**



SCAN ME