

Summary of Secured Loan Products

Applies to all new business from 15 June 2020

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Referrals outside of standard plans or for larger loans will always be considered promptly.



Your specialist packager distributor

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| I. OWNER OCCUPIED | | | | | | |
|-------------------|----------|--|--------|--------|--------|--------|
| Lender Fee | | 2.00% of Net Loan (£395 Minimum) | | | | |
| Adverse Units | | 0 | 1 | 2 | 3 | 4+ |
| LTV | 0 - 60% | 6.90% | 6.90% | 7.90% | 8.90% | 10.90% |
| | 60 - 65% | 6.90% | 7.90% | 8.90% | 9.90% | 11.90% |
| | 65 - 70% | 7.90% | 8.90% | 9.90% | 10.90% | 12.90% |
| | 70 - 75% | 8.90% | 9.90% | 10.90% | 11.90% | 13.90% |
| | 75 - 80% | 9.90% | 10.90% | 11.90% | 13.90% | 15.90% |
| | 80 - 85% | 10.90% | 11.90% | 13.90% | 15.90% | |
| Large Loans | | Loans over £150,000 on a referral basis, additional loading may apply. | | | | |
| Affordability | | Furlough, overtime, bonus, commission and other irregular income subject to restrictions, referral required. | | | | |
| Valuation | | AVMs up to 80% LTV, net loan < £75,000, property < £750,000. Min confidence 5. | | | | |

| II. BUY-TO-LET | | | | | | |
|----------------|----------|---|--------|--------|--------|--------|
| Lender Fee | | 2.00% of Net Loan (£395 Minimum) | | | | |
| Adverse Units | | 0 | 1 | 2 | 3 | 4+ |
| LTV | 0 - 65% | 7.90% | 8.90% | 9.90% | 11.90% | 13.90% |
| | 65 - 70% | 8.90% | 9.90% | 10.90% | 12.90% | 14.90% |
| | 70 - 75% | 9.90% | 10.90% | 11.90% | 13.90% | |
| Large Loans | | Loans over £100,000 on a referral basis, additional loading may apply. | | | | |
| Affordability | | Full I&E required on all BTL and CBTL. | | | | |
| Valuation | | Full internal valuations are required on all non owner occupied properties. | | | | |

| KEY FEATURES |
|--|
| SIZE → From £5,000 to £500,000. Over £150,000 on referral (£100,000 BTL). |
| LONGER TERM → Now 6 to 30 years. (Max term must equal first mortgage if IO and LTV > 75%). |
| ERCs → 4%, 2% and 1% in year 1 to year 3, respectively on all products |
| 3.00% COMMISSION - For all standard loans on the net loan amount (large loans case by case). |
| BROKER FEE → Up to 15.00% of net loan (£5,000 max). |
| VALUATION → AVMs on most loans up to 80% LTV (Excluding BTL and Scotland). Minimum property value £75,000. |
| EQUITABLE CHARGE → Max 80% LTV when 1st charge won't provide consent (£50,000 max net loan) 2.00% loading. |
| PROPERTY LOCATION → Loans available for properties in England, Scotland and Wales. |

| ADVERSE UNIT GUIDELINES | |
|---|---|
| All credit account activity within the past 12 months will be considered. 24 months for CCI/Default/IVA/DMP/BK. | |
| | One Adverse Unit Per Account |
| A. Current Account Utilities Credit Card Hire Purchase Any Other Unsecured | 3 or 4 missed payments (max status 3). Comms and mail order missed payments ignored. |
| B. All Mortgage Credit | 1 or 2 missed payments. 0 in last 3 months. |
| C. CCJs and Defaults | Unsatisfied < £3,000 and Satisfied < £10,000. 6 months to 24 months. |
| D. IVA / DMP | Up to date and satisfactory conduct for 24 months. |
| E. Discharged Bankruptcy | Ignore if discharged more than 24 months ago. |

OTHER INFORMATION

Applicants in IVA's or in Debt Management Plans will be considered as having 1 adverse unit in absence of any other missed payments. Must be up to date and with satisfactory conduct for 12 months.

Affordability is based on individual I&E. A final cushion of £100 is required after any relevant interest rate stress test. I&E assumes 3% on any remaining credit and store cards and loan/HP payments as per credit search.

Adverse unit example: 101010321000 = 6 missed payments with a max status of 3.

NB: This summary is not intended to be a definitive guide and any questions should be directed to the underwriting team or consulted in the full Step One Lending and Underwriting Policy.

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| ACCEPTABLE INCOME AND PROOFS | ADVERSE UNIT GUIDE |
|--|---|
| <p>PRIMARY INCOME</p> <ul style="list-style-type: none"> • Basic salary • Overtime/Commission/Bonuses/Irregular payments - evidenced from latest payslips, must be regular, ongoing and subject to individual assessment. • Employed applicants to provide either latest 3 monthly payslips or latest 4 weekly payslips. • Self Employed applicants must provide 2 years proof of income and the latest 3 months business and personal bank statements. • <u>Net Profit</u> for a Sole Trader/Partnership. • Salary and Dividends for Directors of a Limited Company (>20% shareholding) • Pensions and annuities. • Working Tax Credit and/or Child Tax Credit and Child Benefit. • Other DWP/HMRC benefits <u>guaranteed</u> for life. <p>SECONDARY INCOME (50% WEIGHTING)</p> <ul style="list-style-type: none"> • 2nd job which is non-regular acceptable provided for NHS bank work • Bonuses that are less frequent than monthly. • Maintenance payments (court ordered/CSA). • Fostering income. <p>GENERAL COVID-19 TERMS</p> <ul style="list-style-type: none"> • Furlough - Applicants who have been on Furlough only acceptable when back in receipt of 100% of prior income and return to work letter from employer. • Payments Holidays – Applicants should not currently be in a payment holiday on any form of regulated credit. Confirmation from 1st or 2nd mortgagee (if appropriate) that the payment holiday has concluded and details of any new mortgage payment which has to be included in the Affordability assessment. • Applicants in sectors adversely affected may be declined or required to provide further independent confirmation of income. • Applicants in probation or on Zero hours contracts are not acceptable. | <p>ALL MORTGAGE CREDIT – Assessed over 12 months</p> <ul style="list-style-type: none"> • <u>Max</u> 1 or 2 missed payment in last 12 months. (1 or 2 missed = 1 unit). • 0 missed payments in last 3 months allowed. • Late payments acceptable if made in calendar month. <p>UNSECURED ACCOUNTS – Assessed over 12 months. Excluding M/Order & Comms</p> <ul style="list-style-type: none"> • <u>Max</u> 3 or 4 missed payments in last 12 months. (3 or 4 missed = 1 unit). • Highest “status” of 3. • 4 or more missed payments, and/or a “status” <u>above 4</u> can be considered on a referral basis only. <p>DEFAULTS & CCJ’s – Assessed over 24 months. Including M/Order & Comms</p> <ul style="list-style-type: none"> • Registered over 2 years ago – Not assessed regardless of the amount. • Satisfied or unsatisfied up to £3,000 balance and over 6 months ago = 1 unit. • Satisfied balance less than £10k and registered over 6 months ago = 1 unit. • Registered within last 6 months – considered on referral. • Satisfied >£10k, Unsatisfied > £3,000 – considered on referral. <p>DEBT MANAGEMENT PLANS & IVA’s</p> <ul style="list-style-type: none"> • Maximum LTV – 85%. • DMP – unsettled and arranged over 2 years ago = 1 unit. • DMP within 2 years – units applied as normal. • IVA– unsettled and arranged over 2 years ago = 1 unit (must be cleared). • IVA within 2 years – units applied as normal. • Debt Arrangement Schemes in Scotland are not accepted. <p>BANKRUPTCY</p> <ul style="list-style-type: none"> • Discharged over 2 years ago – not assessed (No units applied). • Discharged within 2 years – considered on referral. |

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