

For the use of Professional Mortgage Intermediaries only



Home Purchase Plan – Criteria for Finance above 80% FTV

Shariah-compliant finance for home purchase & refinance

Effective from 1 September 2021

To provide advice on HPP products you are required to hold specific HPP permissions with the FCA.

This criteria is to provide guidance on the main policy and is not exhaustive. Our experienced underwriters endeavour to make cases work, and will make the final decision based on all obtained facts and information on the applicants and property.



Why choose Gatehouse Bank?

- Up to 95% FTV for first-time buyers (a 'first-time buyer' (FTB), is defined as someone that that has never owned or been party to finance on a property in the UK or elsewhere – applies to all applicants)
- Up to 90% FTV for Purchasers, Home Movers or those Refinancing
- No early payment charges are payable
- Dedicated, professional and experienced Business Development Managers
- Every application is individually reviewed
- Fast decision in principle
- A range of ethical financing options, for UK residential property
- A Shariah-compliant alternative to traditional mortgages, where rent is charged rather than interest



Residential Home Finance

**A SHARIAH-COMPLIANT
ALTERNATIVE TO
TRADITIONAL
MORTGAGES**

**UP TO 95% FTV FOR FTBs
&
90% FOR PURCHASE,
HOME MOVERS AND
REFINANCE**

**PAY RENT NOT
INTEREST**

**NO EARLY PAYMENT
CHARGES**

**FAST DECISION IN
PRINCIPLE**

**MIN/MAX FINANCE
£100K – £500K**

**New Build Houses to 95%
&
New Build Flats to 90%**

**ACQUISITION & RENT
OVER
2 or 5 YEAR FIXED TERMS**

**EMPLOYED,
SELF-EMPLOYED
AND CONTRACTORS**



HPP Product Criteria - Higher FTV

HPP Home Finance - UK Residents	
Financing	
Purpose	<ul style="list-style-type: none"> • Purchase or re-finance of main residence for own occupation. • Purchase or re-finance may be allowed within 6 months of purchase, but will be subject to enhanced underwriting checks. <p>Debt consolidation and capital raising re-finance for business purposes and paying tax liabilities is not allowed.</p>
Max FTV	<ul style="list-style-type: none"> • 95% up to £500K for purchase for first-time buyers only. A first-time buyer is someone who has never owned or had finance on a property in the UK or elsewhere. This requirement applies to all applicants on a FTB application. • 90% up to £500K for re-finance that includes £ for £ from previous provider, including from Help To Buy. • 90% up to £500K for re-finance for any reason except debt consolidation, capital raising for business purposes or payment of tax liabilities. <p>Acceptable refinance reasons include: purchase of a second property/BTL/holiday home (but not time-share).</p> <ul style="list-style-type: none"> • Unencumbered property re-finance is limited to 80% FTV and financed under our normal product terms. Unencumbered property re-finance above 80% (max 90% FTV) can be considered by prior referral only.
Financing Basis	Finance amount offered will be based on the purchase price or valuation, whichever is the lower
Payment options	<ul style="list-style-type: none"> • Acquisition & Rent – higher FTV financing (above 80% FTV) is only available on an Acquisition & Rent basis
Affordability Test	<ul style="list-style-type: none"> • Gatehouse Bank uses an affordability calculation to assess the maximum supportable finance, given the income and expenditure information provided by the applicant. Expenditure covers: basic essential expenditure, basic quality of living expenditure and committed expenditure assessed over 3 months.
Min/Max Finance size	£100k - £500K
Min/Max Term	<ul style="list-style-type: none"> • Min: 5 years • Max: 35 years
Additional Requirements	<ul style="list-style-type: none"> • Applicant must have a UK current account for the duration of the financing to enable direct debit payment
Applicant	
Maximum Applicants	4 applicants (income considered from the two highest earning applicants only)
Minimum Income	Minimum income of main applicant £20,000 p.a. gross
Minimum Age	18 years



HPP Home Finance – UK Residents	
Maximum Age	75 years at end of finance term or intended retirement age if earlier
Applicants Status	Applications are expected to be in joint names where an applicant is in a legally sanctioned relationship (i.e. married or in a civil union). Joint owners of a property must both be applicants on the finance application. However, re-finance applications may be considered on single application basis, if already owned in sole name.
Employment	
Employed Income Verification	<p>UK Nationals & Foreign Nationals permanently residing in the UK</p> <ul style="list-style-type: none"> • 6 months continuous employment in the UK • Permanent employment over 3 months with the same employer in the UK <p>Must not be under notice of termination or redundancy</p> <ul style="list-style-type: none"> • 100% main salary, 100% of car allowance, 100% of NET rental income, 100% of housing allowance, 100% of an occupational pension income subject to any age restrictions outlined elsewhere • 50% child benefit (working and child tax credits) / maintenance (confirmed by court order or CSA or 12 months' bank statements) / travel allowance, • Applicants in probationary periods can be considered subject to conditions, dependent on career history (please refer). Applicants should have been in continuous employment over the 12 months prior to the application, all of which must have been in the UK. <p>Note: Overtime and Commission, can currently only be considered from 'Essential workers' (LINK) and will be assessed on a case-by-case basis</p> <p>Evidence</p> <ul style="list-style-type: none"> • The latest P60 or March year end payslip (to evidence total earnings for previous) year and payslips covering the last month (subject to YTD figure evidencing last 3 months) • In the event that the latest payslip doesn't provide evidence of the past 3 months income, then additional payslips/evidence of income will be required to support the application such as salary certificates • A reference from current employer • 3 months most recent personal bank statements showing salary credits <p>Proof of Pension Income required</p> <ul style="list-style-type: none"> • Other requirements at the request of the underwriters <p>Handwritten documents will not be accepted</p>
Parental Leave	<ul style="list-style-type: none"> • Return to work income from Parental Leave can be used for affordability purposes <p>Evidence</p> <ul style="list-style-type: none"> • Letter from employer to confirm return date and income • Most recent Bank statement showing salary credit or statutory maternity pay • Savings to demonstrate ability to cover HPP & living expenses during parental leave period



HPP Home Finance – UK Residents	
Self Employed Income Verification	<p>Self-employed applicants will need to have a minimum of two years of self-employment in the same business and provide suitable proof of income (see below).</p> <p>An applicant will be classed as self-employed if they fall into one of the following categories:</p> <ul style="list-style-type: none"> • Sole Trader, Partner in a firm, Member of a LLP, Any director with 25% or more shareholding in a business • Income will be calculated based on average of last 2 years income. Any large fluctuations in income (up or down) will require a full explanation. <p>Evidence</p> <p>Last 2 Years SA302's</p> <ul style="list-style-type: none"> • If only trading for 2 years, minimum 1 year SA302 with suitable accountant's reference will be required <p>3 months most recent personal bank statements</p>
Contractor	<ul style="list-style-type: none"> • Current contract must have been running for at least 6 months and applicant has proof of contracting for a minimum of 12 months • Minimum 12 months employment prior in the same line of work if the contract has more than 6 months to run • Minimum 2 years employment prior in the same line of work if the contract has less than 6 months to run • Applicants being paid via an umbrella company paying their tax and NI are acceptable <p>Evidence</p> <ul style="list-style-type: none"> • Signed copy of existing contract • Evidence of same line of work previous to contract such as bank statements / pay slips / contracts • Most recent Bank statement showing salary credit • Fixed term contractors and temporary workers will be considered where the applicant has been employed for a minimum of 12 months in the same line of work and the contract has a minimum of 6 months to run. Proof of income will be required
Employment not considered	<ul style="list-style-type: none"> • Seasonally based, piece work and zero hours contracts will not be considered by the Bank
Deposit Details	
Evidence of Deposit	<p>Source of deposit evidence is always required</p> <p>Evidence</p> <p>Savings or bank statements in the name of at least one of the applicants.</p>
Gifted Deposits	<ul style="list-style-type: none"> • Non-repayable gifted deposits from a close relative is acceptable subject to interested party waiver • Close relative is defined as parent, child, grandparent, brother, sister, uncle/aunt, foster parent or legal guardian and includes step relatives. • Builder / developer deposits considered up to 5%, however, the applicant will be expected to provide a minimum of 5% from their own funds (meaning a maximum facility of 90% FTV will be available) • Vendor gifted deposits are not acceptable



HPP Home Finance – UK Residents	
	<p>Evidence</p> <ul style="list-style-type: none"> • Receipts of completed Interested Party waiver for all gifted deposits and the Bank reserves the right to ask for proof of the source of funds • For more information on gifted deposits, please refer to the following documents on the Bank's website: Gifted Deposit Guidance and Gifted Deposit Declaration of Source of Funds.
Credit History	<ul style="list-style-type: none"> • No Bankruptcy, Debt Relief Order or IVA in last 3 years • No CCJ's in last 3 years • No missed mortgage or other property finance payments over the last 12 months • No voluntary/ enforced possession • No default in last 12 months, max 1 default of up to £300 between months 13 to 36 and must be satisfied before submitting an application for finance. • Where defaults, whether settled or not, relate to Communication companies these will be disregarded as part of the underwriting credit assessment up to a maximum of £100 in total regardless of when they were registered. • Maximum status 2 on any account in last 24 months and up to date for last 6 months. This includes mobile phone/communications arrears. Cases outside this clause only may be considered by prior referral.
Finance Criteria	
Existing Mortgage/ Financing	Most recent mortgage / home finance statement.
ID & Residency	
Applicant Proof of ID and Residence	For a detailed list showing ID requirements and proof of residence for applicants that is acceptable to the Bank, please refer to our document Gatehouse ID Requirements on the Bank's website.
Applicant Residency Status	<p>UK Nationals and EEA Nationals permanently residing in the UK:</p> <ul style="list-style-type: none"> • Maximum FTV: 95% (FTBs only to 95%, others to 90% FTV) (subject to FTV limits stated elsewhere) • Acceptable: <ul style="list-style-type: none"> - UK / EEA nationals - UK residents with Indefinite leave to remain • Documents / evidence: <ul style="list-style-type: none"> - Valid UK/ EEA Passports - Home office letter confirming the UK Visa or Biometric Resident Permit Card or Visa Stamp on passport are acceptable



HPP Home Finance – UK Residents	
	<p>Foreign Nationals permanently residing in the UK:</p> <ul style="list-style-type: none"> • Maximum FTV: 95% (FTBs only to 95%, others to 90% FTV) (subject to FTV limits stated elsewhere) • Acceptable: valid UK Visa with at least 12 months unexpired at the point of application together with a valid Passport • Documents / evidence: <ul style="list-style-type: none"> - Applicants must have been resident in UK for last 6 months consecutively at the time of application - Applicants must have 12 months continuous employment history; of which the last 6 months must be in the UK at the time of application - 12 months validity on the passport - Home office letter confirming the UK Visa or Biometric Resident Permit Card or Visa Stamp on passport are acceptable - Applicants UK contract of employment
Ensure that all Documents are:	<ul style="list-style-type: none"> • Valid and in date (statements and utility bills must not be older than 90 days) and Certified as true copies and likeness if photo ID • Named, Signed and dated by approved certifiers only (FCA / PRA authorised introducer or a professional covered by the AML legislation)
Applicants not considered	Gatehouse Bank will not provide finance to applicants with diplomatic immunity, and all applicants will be checked for inclusion on financial sanction and Politically Exposed Persons (PEPs) lists.
Property	
Location	England and Wales
Tenure	Freehold and Leasehold (Lease must have a minimum of 70 years remaining at time of application and 40 years remaining at the end of the chosen term)
Property Type	Standard Residential only
Valuation Basis	Market Value
Minimum Property Value	£105,000 (at 95% FTV, FTBs only) £111,000 (at 90% for purchase, refinance or home movers)
Property types acceptable as security	For more information on the property types acceptable as security, please refer to our document Home Finance Property Types – Guidance Notes for Intermediaries on the Bank's website . Please note this list is not exhaustive and if unsure about the suitability of any property as security, you should contact the Bank or your BDM.



Valuation and Application Fees

Property Value	Valuation Fee (Including VAT)
£100,000 - £150,000	£230
£150,001 - £200,000	£252
£200,001 - £250,000	£308
£250,001 - £300,000	£322
£300,001 - £350,000	£364
£350,001 - £400,000	£406
£400,001 - £500,000	£448
£500,001 - £600,000	£476
£600,001 - £700,000	£518
£700,001 - £800,000	£567
£800,001 - £900,000	£644
£900,001 - £1m	£707
£1m - £1.25m	£735
£1.25m - £1.5m	£770
£1.5m - £1.75m	£910
£1.75m - £2m	£1,050
£2,000,001 - £2,500,000	£1,200
£2,500,001 - £3,000,000	£1,700
£3,000,001 - £4,000,000	£2,200
£4,000,001 - £5,000,000	£2,900
Re-inspection Fee	£180
Application fees:	£999 UK RESIDENTS ONLY

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How does it work?

Acquisition & Rent Diminishing Musharakah

Our Acquisition & Rent Diminishing Musharakah product is an arrangement between the Bank and the applicant. Both the applicant and the Bank will each contribute a percentage towards the purchase or refinance of a residential property. For example, the Bank may contribute 75% and the applicant 25% of the purchase price (for refinances, and the applicant's contribution is the equity in the property).

The Bank will lease its share in the property to the applicant for the duration of the finance term.

Over the finance term, the applicant will make monthly acquisition instalments through which the Bank will sell its share of the property to the applicant. With each acquisition instalment, the Bank's share in the property diminishes while the applicant's share increases.

While the acquisition instalments are being made, the Bank will charge the applicant rent for the use of its share of the property, the rent is calculated according to the respective shares owned.

Following the applicant's acquisition of all the Bank's share, either at the end of the agreed term or upon early purchase of the Bank's share, whichever is earlier, the Bank will transfer the full ownership of the property to the applicant.

Notes:

- At the end of the term, administration fees are payable in accordance with the Bank's standard Tariff of Charges to cover the Bank's administration costs.
- No early settlement penalties are payable when the Bank's share is purchased by the Customer before the end of the agreed term.

The Customer is responsible for their own solicitor costs, stamp duty and other conveyancing charges (such as land registry fees) at outset and on settlement.



FOR THE USE OF PROFESSIONAL MORTGAGE INTERMEDIARIES ONLY

Gatehouse Bank plc (“Gatehouse”) is a public limited company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and incorporated under the laws of England and Wales with registered number 06260053 having its registered office at The Helicon, One South Place, London, EC2M 2RB, United Kingdom.

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