

For the use of Professional Mortgage Intermediaries only



Home Purchase Plan criteria

Shariah-compliant finance for home purchase & refinance

Effective from 6 March 2019

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.

HPPCG060319v1



Why choose Gatehouse Bank?

- 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**

**ETHICAL HOME FINANCE
AVAILABLE FOR UK
RESIDENTS AND EXPAT/
INTERNATIONAL RESIDENTS**

**PAY RENT NOT
INTEREST**



**NO EARLY PAYMENT
CHARGES**

**FAST DECISION IN
PRINCIPLE**

**MIN/MAX FINANCE
SIZE £40K – £2.5M**

**UP TO 80% FTV FOR
PURCHASE AND
REFINANCE**

**ACQUISITION & RENT
OR RENT ONLY
PRODUCT OPTIONS**

**EMPLOYED,
SELF-EMPLOYED
AND
CONTRACTORS**

HPP Product Criteria



	HPP Home Finance – UK Residents	HPP Home Finance – Expats/ International Residents
Financing		
Purpose	<ul style="list-style-type: none"> • Purchase or Re-Finance • Debt consolidation is not allowed. 	<ul style="list-style-type: none"> • Purchase or Re-Finance • Debt consolidation is not allowed.
Max FTV	80% up to £1m 75% up to £2.5m	75% up to £1m 70% up to £2.5m
Payment options	<ul style="list-style-type: none"> • Acquisition & Rent • Rent Only up to 65% FTV supported by an acceptable repayment strategy (including the sale of another property, a pension lump sum, inheritance & savings may be acceptable, subject to written proof) 	<ul style="list-style-type: none"> • Acquisition & Rent • Rent Only up to 65% FTV supported by an acceptable repayment strategy (including the sale of another property, a pension lump sum, inheritance & savings may be acceptable, subject to written proof)
Affordability Test	Gatehouse Bank uses an Affordability calculation to assess the maximum supportable finance, given the income and expenditure information provided by the applicant.	
Min/Max Finance size	£40k - £2.5m	£75k - £2.5m
Min/Max Term	Min: 5 years Max: 35 years	Min: 5 years Max: 35 years
Additional Requirements	Applicant must have a UK current account for the duration of the financing to enable direct debit payment	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)	4 applicants (income considered from the two highest earning applicants only)
Minimum Income	Minimum income of main applicant £15,000 p.a. gross	Minimum income of main applicant £25,000 p.a. gross
Minimum Age	18 years	21 years
Maximum Age	75 years at end of finance term or intended retirement age if earlier	75 years at the end of finance term or intended retirement age if earlier

	HPP Home Finance – UK Residents	HPP Home Finance – Expats/ International Residents
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, refinance applications may be considered on single application basis, if already owned in sole name.	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, refinance applications may be considered on single application basis, if already owned in sole name.
Employment		
Employed Income Verification	<ul style="list-style-type: none"> • Permanent employment over 3 months • Must not be under notice of termination or redundancy • 100% main salary, 100% of car allowance, 100% of guaranteed bonus / commission, 100% second job - must be evidenced for the past 12 months, 100% of NET rental income, 50% of any regular bonus / child benefit / maintenance / travel allowance, 100% of an occupational pension income subject to any age restrictions outlined elsewhere • Applicants in probationary periods can be considered subject to conditions, dependent on career history. Applicants should generally have been in continuous employment over the 12 months prior to the application <p>Evidence</p> <ul style="list-style-type: none"> • Last month payslip prior to application (subject to YTD figure evidencing last 3 months), AND • Latest P60 or March year end payslip (to evidence total earnings for previous year) <p>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 OR</p> <ul style="list-style-type: none"> - a reference from current employer - Proof of Pension Income required - bank statements may be required in support of poor quality reference/payslips 	<ul style="list-style-type: none"> • Permanent employment over 3 months • Must not be under notice of termination or redundancy • 100% main salary, 100% of car allowance, 100% of guaranteed bonus / commission, 100% second job - must be evidenced for the past 12 months, 100% of rental income, 50% of any regular bonus / child benefit / maintenance / travel allowance, 100% of an occupational pension income subject to any age restrictions outlined elsewhere • Applicants in probationary periods can be considered subject to conditions, dependent on career history. Applicants should generally have been in continuous employment over the 12 months prior to the application <p>Evidence</p> <ul style="list-style-type: none"> • Employment references / salary certificate + 3 most recent payslips AND • 3 months bank statements if they have a satisfactory credit report, IFNOT • Bank statements showing salary credit for the past 12 months • Proof of Pension Income required
Parental Leave	<ul style="list-style-type: none"> • Return to work income from Parental Leave can be used <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 • Savings to demonstrate ability to cover HPP & living expenses during parental leave period 	<ul style="list-style-type: none"> • Return to work income from Parental Leave can be used <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 • Savings to demonstrate ability to cover HPP & living expenses during parental leave period
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"> • Certified 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 	<ul style="list-style-type: none"> • Current contract must have been running for at least 6 months and applicant has proof of contracting for minimum of 2 years • 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"> • Certified 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



	HPP Home Finance – UK Residents	HPP Home Finance – Expats/ International Residents
Self Employed Income Verification	<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 • Income will be calculated based on average of last 2 years income <p>Evidence - One of the following will be required</p> <ul style="list-style-type: none"> • Up to 2 years annual company accounts certified by an Accountant are required although an applicant with 1 year's accounting information can be considered • 2 years HMRC approved Self assessments - SA302 or Copies or 1 year and 1 years accounts • Copy of contracts if applicant is contracting / locum <p>Medical field professionals with less than 1 year in self-employment may provide - If joining an established practice 2 years accounts and confirmation by the practice accountant of the applicants share of income, if providing locum type of work then evidence of 6 months income through accounts, contracts or bank statements</p> <ul style="list-style-type: none"> • Any applicants providing only one year's accounts will also need to provide the following, in addition to the above criteria: <ul style="list-style-type: none"> - 3 months Bank statements for personal banking - 3 months Bank statements for business banking 	<p>An applicant will be classed as self-employed if they fall in 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 • Income will be calculated based on average of last 2 years income <p>Evidence - One of the following will be required</p> <ul style="list-style-type: none"> • 2 years SA302 (or foreign equivalent) or 1 year and 1 years Accounts • 12 months most recent personal bank statements • Sole trader/Partnership/Company Director: <ul style="list-style-type: none"> - If trading for less than 2 years, minimum 1 year accounts with management accounts and cash flow forecasts - If trading for longer than 2 years – 3 years accounts if available, or 2 years accounts plus management account/forecasts or projections prepared by a qualified accountant AND - 6 months most recent business bank statements
Deposit Details		
Evidence of Deposit	<p>Source of deposit evidence is required</p> <p>Evidence</p> <ul style="list-style-type: none"> • Savings or bank statements in the name of at least one of the applicants 	<p>Source of deposit evidence is required</p> <p>Evidence</p> <ul style="list-style-type: none"> • Savings or bank statements in the name of at least one of the applicants
Gifted Deposits	<ul style="list-style-type: none"> • Non-repayable gifted deposits from a close relative is acceptable subject to interested party waiver <p>Close relative is defined as parent, child, grandparent, brother, sister, uncle/aunt, foster parent or legal guardian and includes step relatives.</p> <ul style="list-style-type: none"> • Builder / developer deposits considered up to 5% • Vendor gifted deposits are not acceptable <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 	<ul style="list-style-type: none"> • Gifted deposits are not acceptable for International Residents • Vendor gifted deposits are not acceptable • Builder / developer deposits considered up to 5% <p>Evidence – UK Expats only</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



X



	HPP Home Finance – UK Residents	HPP Home Finance – Expats/ International Residents
Finance Criteria		
Credit History	<ul style="list-style-type: none"> • No Bankruptcy 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 	<ul style="list-style-type: none"> • No Bankruptcy 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
Existing Mortgage/ Financing	<ul style="list-style-type: none"> • Most recent mortgage / home finance statement 	<ul style="list-style-type: none"> • Most recent mortgage / home finance statement
ID & Residency		
Applicant Proof of ID	<p>Customers born in the UK / EEA</p> <p>Evidence</p> <ul style="list-style-type: none"> • Valid Passport • Valid driving licence 	<p>UK Expats or International residents</p> <p>Evidence</p> <ul style="list-style-type: none"> • Valid Passport • Valid driving licence / civil ID / utility bill
Applicant Residency Status	<p>Customers born outside the UK / EEA</p> <p>Documentary evidence to reside in the UK permanently must be provided</p> <p>Must have resided in the UK for a minimum of 6 months</p> <p>Evidence</p> <p>The following are acceptable forms of document:</p> <ul style="list-style-type: none"> • Valid Passport • Indefinite leave to remain together with Passport • Valid UK Visa with at least 3 years unexpired at date of Offer with Passport and confirmed by Solicitor <p>Applications can still be considered since the phasing out of the HSMP and Tier 1 General Visa</p> <p>All Non UK / EEA passport holder applicants are restricted to 75% FTV</p> <p>Evidence</p> <ul style="list-style-type: none"> • Main applicant must be employed and working in the UK • Main applicant must have at least 3 years unexpired on their VISA at drawdown • Passport and Visa must be provided • Home office letter confirming the UK Visa for the main applicant • Main applicant contract of employment 	<ul style="list-style-type: none"> • International - Non-resident in the UK • Expats - UK nationals resident abroad



	HPP Home Finance – UK Residents	HPP Home Finance – Expats/ International Residents
Proof of Residence	<p>All customers must be able to provide documented evidence to confirm their residence in the UK</p> <p>Evidence</p> <ul style="list-style-type: none"> • Utility bill • Full driving licence • Bank or Credit Card statement • Latest council tax notice 	<p>All customers must be able to provide documented evidence to confirm their residency</p> <p>Evidence</p> <ul style="list-style-type: none"> • Utility bill • Full driving licence • Bank or Credit Card statement
Ensure that all Documents are:	<p>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</p> <p>Named, Signed and dated by approved certifiers only (FCA / PRA authorised introducer or a professional covered by the AML legislation)</p>	<p>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</p> <p>Named, Signed and dated by approved certifiers only (FCA / PRA authorised introducer or a professional covered by the AML legislation)</p>
Property		
Location	England and Wales	England and Wales
Tenure	Freehold and Leasehold (Lease must have a minimum of 70 years remaining at time of application and 45 years remaining at the end of the term)	Freehold and Leasehold (Lease must have a minimum of 70 years remaining at time of application and 45 years remaining at the end of the term)
Property Type	Standard Residential only	Standard Residential only
Valuation Basis	Market Value	Market Value
Minimum Value	£50,000	£100,000
Unacceptable Property Type	<p>Unacceptable property types include, but are not limited to: Freehold flats, Ex Local Authority Flats over 4 storeys, agricultural restrictions, shared ownership, back to back, unrepaired defective or concrete construction, properties in flood areas or without main amenities such as a kitchen or bath/shower, or where condition affects marketability, uninsurable properties or properties with age, location or other restrictions affecting saleability.</p> <p>If unsure about suitability, please contact us for further information.</p> <p>In all instances the Bank will be guided by its Surveyors recommendations.</p>	<p>Unacceptable property types include, but are not limited to: Freehold flats, Ex Local Authority Flats over 4 storeys, agricultural restrictions, shared ownership, back to back, unrepaired defective or concrete construction, properties in flood areas or without main amenities such as a kitchen or bath/shower, or where condition affects marketability, uninsurable properties or properties with age, location or other restrictions affecting saleability.</p> <p>If unsure about suitability, please contact us for further information.</p> <p>In all instances the Bank will be guided by its Surveyors recommendations.</p>



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Valuation and Application Fees

Property Value	Valuation Fee (Including VAT)
£50,000 - £100,000	£192
£100,001 - £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
£2m - £3m	By Agreement
£3m - £5m	By agreement
Re-inspection Fee	£180
Application fees:	£499 UK RESIDENTS £699 UK EXPATS 1% INTERNATIONAL RESIDENTS



How does it work?

We offer a range of financing options, from simple single residential investment finance, to more complex corporate structures including property portfolios.



Rent only Diminishing Musharakah

Our Rent Only 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, 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 payments to the Bank which will comprise of rent only. This means that during the term of the agreement, the applicant is not acquiring any shares of the property from the Bank and as a consequence the applicant's share in the property during the term will remain the same. In addition, the applicant's monthly payments will also be lower when compared to our Acquisition & Rent Diminishing Musharakah product.

To acquire the Bank's share in the property, the applicant will either need to pay part lump sum instalments prior to each rent review (this is not possible during a fixed term period) and/or make a full lump sum instalment at any time or at the end of the agreed term.

Until the Bank's share had been acquired by the applicant, 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 of the property, whichever is earlier, the Bank will transfer the full ownership of the property to the applicant.

Our Rent Only Diminishing Musharakah product is higher risk than our Acquisition & Rent Diminishing Musharakah product as the monthly payments under the Rent Only structure only consist of rent, whereas under the Acquisition & Rent Diminishing Musharakah product the applicant's monthly instalment consists of both acquisition instalments and rent payment.

It is the applicant's responsibility to make sure that they put in place, maintain and regularly monitor, any financial arrangement that is expected to provide a lump sum sufficient to acquire the Bank's share at the end of the agreed finance term.

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 14 Grosvenor Street, London, W1K 4PS United Kingdom.

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Prospective clients should make their own independent assessment when considering the products described in this document. In reaching a decision, prospective clients should discuss their options with an independent financial adviser and seek independent professional tax and legal advice.

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