

## STANDARD UNDERWRITING CRITERIA

This document outlines the standard underwriting requirements that all borrowers must satisfy to qualify for a loan product offered by the Funding 365 Limited group of companies ("Funding 365" or "we"). If you have any questions on the contents of this document, please contact your Funding 365 Relationship Manager or contact one of our underwriting team on 0800 689 0650.

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### BORROWER IDENTITY AND ADDRESS VERIFICATION

We require all named borrowers (and if it is a corporate borrower, all directors and shareholders with a shareholding of 20% or greater) and guarantors to provide us with the documentation listed below. Copies of any of these documents are acceptable provided they are certified as being true and genuine copies of the original document by the borrower's solicitor:

- Bank statements for the last 3 months (6 months if a corporate borrower)
- A utility bill (not a mobile phone bill) dated within the last 3 months
- A valid UK passport or driving licence (with photo card).

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### BORROWER LEGAL COUNSEL

All borrowers must be represented by a reputable law firm that has a minimum of 3 partners (or equivalent).

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### BORROWER NATIONALITY

Funding 365 are happy to provide funding to all UK citizens and foreign nationals who have resided in the UK for at least the past 3 years. However, please note that borrowers born in the following countries will only be acceptable if they hold a current valid UK passport and obtain specific Funding 365 sign-off: Afghanistan, Algeria, Angola, Bangladesh, Cuba, Ethiopia, Iran, Iraq, Myanmar, Namibia, Nigeria, North Korea, Pakistan, Syria, Vietnam, Yemen, Zimbabwe.

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### BORROWER INCOME VERIFICATION

If the borrower requests a loan where interest is serviced on a monthly basis, we shall require verification of a suitable level of borrower income to service this interest. Typically the serviced interest element of a loan must not exceed 10% of the borrower's total income or 100% of the rental income from the secured property (if applicable). Where servicing of the loan interest is reliant on rental income from the secured property, we shall require sight of the Tenancy or Lease agreement as well as proof of the payment being received (typically via bank statements).

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### BORROWER CREDIT STATUS

County Court Judgements ("CCJs"), Missed Mortgage Payments, and Bankruptcy/ Insolvencies could have an impact on the loan application. The borrower should provide F365 with a written explanation of any adverse credit history for consideration.

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### BORROWER RESIDENTIAL STATUS

The borrower and their immediate family are not allowed to live in any property that secures our bridging loan during the period that our loan is outstanding. Where the borrower (or their immediate family) has lived in the security property in the prior 3 years, they must provide proof of residency at a different address for the prior 12 months.

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### CONSUMER BUY TO LET

If the borrower inherited the security property, or if they (or their family) have ever lived in the property, then we would require proof that the borrower owns at least one additional buy to let property to ensure the loan is not considered a consumer buy to let.

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### DEBENTURE

All loans to a corporate borrower will require a debenture over the company.

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### GUARANTORS

All loans to a corporate borrower must be supported by personal guarantees from:

- Each director of the borrower
- Any shareholder who has a shareholding of 25% or greater in the company.

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## PROPERTY VALUATION

We shall require a full internal valuation to be undertaken on all properties and the valuer shall require full access to all parts of the property in question. The valuation shall be undertaken by an independent valuation firm that shall be appointed by us. Typically we will utilize the Open Market Value of a property, however where a property is in poor condition or deemed to be illiquid (e.g. specialist in nature or requiring extended marketing time to sell) we may choose to utilize the 90 day or forced sale value. The valuation report should not be over 2 months old upon completion of the loan.

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## PROPERTY INSURANCE

All secured properties must have all-risks insurance to cover an amount of at least 125% of the reinstatement value of the property. Funding 365 must be noted as an interested party on the policy. Where refurbishment or development work is being carried out on the property, such work must also be covered by a builders' all-risk policy.

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## PROPERTY TYPE

We consider loans on all types of commercial and residential properties although both ex-local authority housing and Houses of Multiple Occupation ("HMO") will have LTV restrictions imposed in relation to our standard loan products. The property types outlined below are ineligible for our standard product range and will require us to provide a bespoke loan solution:

- Listed properties
- Properties where potential environmental damage exists
- Properties with evidence of ongoing subsidence
- Care homes (unless leased and operated by a nationally recognized company)
- Hotels, restaurants, bed and breakfasts, nightclubs, petrol stations, churches, farms and pubs (unless leased and operated by a nationally recognized company)
- Vacant industrial buildings
- Leasehold properties with less than 70 years remaining
- Mobile homes or house boats
- Agricultural land or land without planning permission
- Properties with non-standard Prefabricated Reinforced Concrete (PRC), timber or steel construction.
- Properties designated as defective under any housing legislation
- Properties which are not in compliance with planning permission
- Properties located within either ten metres of an electrical substation or 100 metres of an overhead high voltage cable or communication mast

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## PROPERTY STATUS

All secured properties on a Funding 365 loan are required to have been completed with both building regulations sign off as well as a 10 year homebuilders' insurance policy (such as NHBC or equivalent). We can consider providing finance on properties that are not yet completed, however this funding will be in the form of a bespoke development loan. Non-habitable properties or those with structural or severe damp issues are ineligible for our standard product range.

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## PLANNING PERMISSION

For our Re-development Loan and Light Development Loan products, full planning permission is required prior to drawdown of the loan. Where permitted development rights are to be utilized for conversion of a commercial building to residential usage, formal signoff on the plans from the local council is required prior to loan drawdown.

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## OTHER UNDERWRITING PROCESSES

Several other steps will be taken by our underwriting team as part of our standard due diligence checks, including:

- The borrower (or, if a corporate borrower, its directors and shareholders with 20% or greater ownership share) must provide us with their personal credit report (which can be obtained for free from multiple online sources).
- The borrower must have a due diligence phone call with one of our underwriters
- The borrower must provide an exit strategy for the loan which must be deemed satisfactory by us
- Where a borrower intends to utilize their own funds to complete a refurbishment, re-development or development of a property, we shall require proof of the availability of these funds (typically by receipt of a bank statement)
- Where a borrower is refinancing a loan with an alternative mortgage lender, we may wish to receive confirmation that their loan has not defaulted.