

## Summary of Revised Processes (Covid-19 Update)

June 2020

The following information is a summary of revised procedures for application assessment in light of the impact of Covid-19.

**Applicant Update:** Anyone who has been on a mortgage payment holiday will have to have resumed normal payments for a period of 3 months. This will need to be verified using their last 3 bank statements.

### Applications Update

#### **Employed (currently Furloughed):**

- Applications can be accepted where an applicant has a definite date of return to work which must be within the next 4 weeks.
- Applications falling outside of this will be declined and a new application would need to be submitted once the criteria can be met. (This stops cases sitting in the pipeline indefinitely).
- Employed (use of overtime/bonus/commission):
- The inclusion of overtime/bonus/commission will be permitted subject to the requirements detailed in case assessment below.

#### **Self-employed:**

- If an applicant is self-employed and is not currently trading we are unable to accept an application.
- Applicants who have continued to trade will need to provide further information to support their application – see below.
- Applicants with 1 year's accounts will not be accepted until further notice.
- An Accountants reference is required for all self-employed applications. If the applicant doesn't have an Accountant the case will need to be DIP'd prior to application.

#### **Referrals to AMT:**

If an application requires HLC cover and falls under one of the following a referral to AMT is required prior to offer:

- Any furloughed applicants. It would also be our expectation that all applicants would have returned to full normal employment prior to completion.
- Any self-employed applicants (where income needed for mortgage).
- Any applicants where it is apparent that a payment holiday has been granted

<b>Covid-19 Grants</b> (e.g. Small Business Grant Fund)	<b>Covid-19 Loans</b> (e.g. Bounce Back Loan)
Where an applicant has received support in the form of a non-repayable government grant such as the Small Business Grant, Discretionary Grant or Retail, Hospitality Leisure Grant (RHLGF), this should be treated neutrally i.e. it should not be treated as income nor a commitment.  Cannot be used towards deposit.	Where a business has received a government loan such as the Business Interruption Loan or Bounce Back Loan, this will be treated as a commitment when affordability is assessed.  Cannot be used towards deposit.

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### Case Assessment Update

#### **Employed:**

- If an applicant is furloughed, an employment reference will be requested by the Society to confirm their return to work and salary.
- A referral to AMT is required for any applicants who are currently furloughed. Note: this is not required where the applicant has previously been furloughed and has returned to work.
- 100% of confirmed salary will be used.
- The inclusion of overtime/bonus/commission will be permitted subject to verification using the latest 2/3 payslips (April, May, June). An average of the amount received over this period will be annualised and compared to the latest P60. The lower of the two will be used for affordability. Note: this change applies to all applications.

#### **Self-employed:**

- An accountant's reference is required in all instances. (See criteria for a list of acceptable qualifications). This must be re-worded to include a statement from the Accountant to state whether Covid 19 has impacted the business and to what degree profit/salary/dividend will be affected going forward.
- Business bank statements from January – date will be required. A review of activity in terms of credits to the account will be conducted to identify whether business income has been affected pre-lockdown (Jan, Feb & March) to post-lockdown (April, May, June).
- A discussion to go through the case will be required with the Underwriting Manager to confirm the figures being used can be justified.
- ALL self-employed applications which require HLC cover require a referral to AMT.

### Offers Update

An additional offer condition will be inserted into the mortgage offer, prior to completion the following is required:

- Confirmation from the applicant/s that there has been no change in their income since the application was submitted and they are not aware of any changes in the foreseeable future. Anyone who has been subject to a Furlough arrangement will have to have returned to work prior to completion and evidence, in the form of the latest payslip, will be required to confirm this
- Confirmation that the applicants will follow government advice regarding moving house in accordance with Covid 19 guidelines. (House purchase applications only)

### Completions Update

If the above cannot be satisfied completion cannot take place.