

### PSCL Home / Buy-to-Let Mortgage Check List

This is a check list to show that key information on mortgage and related insurances have been considered. If in doubt, borrower should refer to information provided or enquire to advisor. We also provide information on our website (<http://www.prosperitysolutions.co.uk/>). The Money Advice Service also provides good information to all money matter in UK in their website (<https://www.moneyadviceservice.org.uk/en>).

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| 1  | The different types of mortgage products and interest rate arrangements, which might meet your need (including what your future repayments after any fixed or discounted period might be). Lenders will only advise on their own products. Independent mortgage advisers know all the schemes on market and can save time and money.  | √      |
| 2  | The main repayment methods. Capital & interest, interest only or a combination of both.   | √      |
| 3  | The valuation report types and borrower's responsibility to ensure recommendations from valuation report will be handled and whether detailed report is required.   | √      |
| 4  | The consequences of early repayment of the mortgage, e.g. Early repayment charges.  | √      |
| 5  | The borrower's responsibility to ensure that all necessary forms of insurance relating to the property and the mortgage are in place.   | √      |
| 6  | Depend on personal circumstances; related insurances may include building, contents, term life assurance, critical illness protection, income protection, mortgage payment protection, key-man insurance for business owner, liability protection, home emergency cover.... Borrower needs to consult advisor if assistance is required.  | √      |
| 7  | The possible consequences for the borrower's mortgage should their personal circumstances change, e.g. death, accident, sickness, loss of job, loss of key business partner and the insurance options are available. You can have your own choice of financial security. PSCL & lenders recommend borrower to arrange sufficient covers.  | √      |
| 8  | Beware that certain insurances may be a condition of the mortgage.  | √      |
| 9  | Whether higher lending charges may be applicable. (related to high loan to property value ratio)  | √      |
| 10 | Beware all costs, fees, etc. associated with the mortgage.<br>Beware all exclusions, warranties, excess and protected amount etc. associated with insurance.  | √<br>√ |
| 11 | The implications of adding fees and costs to the loan and /or debt consolidation. Additional mortgage illustration can be provided if required.   | √      |
| 12 | Whether or not the terms and conditions of the mortgage product are portable in the event of moving house.  | √      |
| 13 | Beware when borrower account details may be passed to credit reference agencies.  | √      |
| 14 | The consequences of misstating your income: You confirm that the amounts of income and approximate outgoings you have indicated are accurate and you are able to provide further evidence on your expenditure and income in case of need. Income proof is required upfront. Lenders are able to verify your income via Tax Office. <b>Like tax evasion, to lies your income is a criminal offence and may be prosecuted. It will affect your future career or borrowing ability as well as immigration application.</b>   | √      |
| 15 | Be certain that you can afford the mortgage at the initial period and thereafter. You understand that interest rate and property price will fluctuate up and down from time to time. Interest rate may increase and your income may fall. Rental income may drop and property may not be fully rented out all the time. You are not aware any known circumstance which will affect your repayment ability during the initial period and thereafter. <b>Think carefully before securing finance against your home / Property. Your home / property may be repossessed if you do not keep up repayments on your mortgage.</b> Cash flow is important; make sure you have positive cash flow with safety margin. A budget worksheet can help to understand and revise your own finance. <b>For foreign income earner, change in exchange rate may increase the sterling equivalent of your debt.</b> | √      |
| 16 | For mortgage term beyond retirement age: A longer term may reduce monthly payment but make sure you know the risk and you have alternative repayment sources for the mortgage payment after retirement.   | √      |
| 17 | For self-certification mortgage: Self-certificate mortgage is no longer acceptable.   | √      |
| 18 | For fast track mortgage: You understand that the lenders have reserved their right to request further documents at later time. Don't lie on your income. Lenders are able to verify your income via Tax Office. <b>Like tax evasion, to lies your income is a criminal offence and may be prosecuted. It will affect your future career or borrowing ability as well as immigration application.</b>  | √      |
| 19 | For sub-prime mortgage: Beware that the interest rate and fee on sub-prime mortgages are generally higher than normal mortgages. A credit check should be done to verify the situation. A history of sub-prime mortgage may also affect your future opportunity to change back to normal mortgage too.  | √      |
| 20 | For mortgage with a tie in period: Beware the consequences of tie in period and you are not aware any circumstance which may lead to change of your mortgage during the tie in period (including possible partial or full capital repayment).   | √      |
| 21 | For re-mortgage: Beware all the costs and consequences of switching and you have tried to negotiate with your current lender. Any analysis should build in the total costs of the remortgage including penalties, legal / valuation fees, redemption and deeds handling fees etc.   | √      |
| 22 | For debt consolidation: Beware the extra long-term cost and you have tried to negotiate with your current lenders. Unsecured loans may become secured loan too. <b>Think carefully before securing other debts against your home / property. Your home / property may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it.</b>  | √      |

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| 23 | For interest only mortgages: Various methods available for repaying the mortgage. Beware the consequences of failing to make suitable arrangements to repay the mortgage. It is the borrower's responsibility to ensure a repayment product is maintained and regular review for the duration of the mortgage.  | √ |
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| 24 | For money laundering and anti-terrorist laws purpose, you are required to provide details of the source and proof of funding. Proof of deposit is required upfront in all case.   | √ |
| 25 | For capital rising against your home / property for commercial or personal purpose, you understand the risks and consequences. <b>Your home / property may be repossessed if you do not keep up repayments on your mortgage.</b> You may be required to prove purpose of fund usage.  | √ |
| 26 | For mortgage with guarantor: Make sure guarantor is independently advised and understand the consequence of the guarantee.  | √ |
| 27 | For a joint application the concept of joint and several liability. Each individual will liable to the whole sum.   | √ |
| 28 | Mortgage illustration and key facts about our services and cost have been provided to you and<br>- you understand how this mortgage product works, include its features & risks<br>- you understand what your monthly payments will be,<br>- you understand when rates might change on this product,<br>- you understand what fees you need to pay before you buy it and thereafter, and if you decide to repay the mortgage before the end of the term,<br>- you understand how your mortgage will be repaid at the end of the term(interest only mortgage), and<br>- you understand that some types of buy to let mortgages are now regulated under FCA regulation. | √ |
| 29 | Beware that the number of properties you own is correct and you are able to proof it when required. This will affect the lending procedures governed by regulations.  | √ |
| 30 | For Buy to Let Mortgage: You confirm that the mortgage property is for letting and not for self-occupation purpose. For self-occupancy Mortgage: You confirm that the mortgage property is for self-occupancy only and not for letting purpose.<br><b>Abuse of mortgage scheme is a serious fraud and may be prosecuted. It will affect your future career or borrowing ability as well as immigration application. Lenders have set up regular check procedures for this kind of abuse.</b>  | √ |
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| 31 | PSCL is specialised in Finance with update information. We also have professional knowledge in general tax and legal issues, but for update and personal issues, please seek independent advices from qualified accountants or solicitors.  | √ |
| 32 | To avoid suspect of fake document / information issues: Make sure all proof of income / funding are evidenced in acceptable formats.  | √ |
| 33 | For Life Time Mortgage / Equitable Release: Although no income may be required, it is only available to people age over 55 with high equity in their home. Lifetime mortgage may impact the value of an estate and could affect entitlement to means tested State Benefits. Make sure the beneficiaries of the estate were informed or take part in the process. We recommend to use the providers of Equity Release Council. This will incorporate SHIP standard.<br><b>To understand the features and risks, ask for a personalised illustration.</b>   | √ |
| 34 | Residential Mortgage / Buy to Let Mortgage and other types of alternative finance will have their own type of criteria and merit. Inexperience borrower should seek independent advice. Alternative finance may be available!   | √ |
| 35 | There are many kind of lenders, include traditional banks and many specialist lenders for certain types of loans but they will only provide their own products or schemes. Tied financial brokers are licensed and governed by FCA but can provide schemes from only a limited number of lenders. Independent mortgage advisor can provide the whole market schemes from all lenders. In UK, there are specialist software to match lenders' criteria and borrowers' situations. Thus, even profession fee need to be paid, this saves time and lot of money for borrower.  | √ |
| 36 | In UK, due to huge population, there are professional software, brokerage system and proper government supervision for mortgage brokerage. Over 70% of borrowers use licensed mortgage brokers to source mortgage and save time and money.  | √ |
| 37 | Due to recent tough regulations, many borrowers were declined due to poor documentation record. Declined record will affect future borrowing too. Some lenders will need certain record up to 3 to 6 months. Early assessment by qualified mortgage broker will improve mortgage success and start application earlier. In a tough mortgage market, property sellers require approval in principle of mortgage before closing a deal with you.  | √ |
| 38 | These pages give general information over the issues surrounding mortgage and related insurance. These based on our understanding of the current regulations which may subject to change. Please always enquire for the update from professional adviser.   | √ |
| 39 | In modern digital era, it is very easy to detect genuine and fake information provided by borrower or broker. Don't be a victim of a scam. Mortgage is now toughly regulated. Lenders recently added a lot of requirements and mortgage code. It is not easy be understood by borrower. To save time and money, always use a professional licensed broker. You can check authorization on <a href="https://register.fca.org.uk/">https://register.fca.org.uk/</a> .   | √ |
| 40 | We take particular care to vulnerable people. If you feel vulnerable in age, language, physical (e.g. hearing, sight...), mental impairment or suffer from job loss, bereavement, divorce, financial difficulty etc., our approach and procedure will be flexible to cater for your personal needs.   | √ |

Mortgage applicant(s): X \_\_\_\_\_