



Bridging Loans

A Broker's Guide to a perfect application submission



At Shawbrook we recognise the importance of providing speed and efficiency for your Bridging cases, and we understand working smarter ensures service certainty for you and your clients. Perfectly packaged cases mean quicker mortgage offers, and this guide is designed to help you to help us achieve the perfect Bridging application submission.

The below 'Prior to Offer' documents are the standard underwriting requirements needed when submitting a Bridging application to Shawbrook for the underwriter to fully assess. For fully packaged cases where our minimum packaging requirements have been met, we aim to issue a Formal Mortgage Offer within 24 hours* upon receipt of a satisfactory valuation report.

Prior to Offer – Minimum Packaging Requirements**

- **Bridging Application Form & DDM*****
Fully completed & signed by all applicants
- **Brief outline of the loan proposal with a clear exit strategy and supporting evidence**
Purpose identified and clearly presented
- **Valuation**
Report from a pre-approved panel valuer
- **Signature and photo identification**
Certified and for all applicants
- **Proof of deposit**
Required for all purchase transactions
- **Schedule of works (for all refurbishments)**
Full plans and detailed cost of works (must be sent to the valuer upon instruction of the valuation)

Prior to Offer – Additional Packaging Requirements (case by case basis)**

- **Mortgage payment history**
If not on the credit search, last 12 months payments required
- **Affordability**
For income proof, evidence monthly interest payments & cost of works can be met
- **Experience**
Please refer to the Criteria Guide for specific requirements
- **Unencumbered property**
Explanation & evidence of source of funds used to purchase outright
- **Portfolio Schedule**
Uploaded via Core Logic for loans/aggregate lending > £1.25m

* Exposures above £1.25m will require approval by Group Credit therefore issue of the Formal Mortgage Offer may take longer.

**Whilst the Broker Hub will provide a requirements list based on the information entered at Indicative Mortgage Offer stage, it is imperative to note that upon submission the application and supporting documents are subject to a full underwrite and there could be further requirements which may delay the issue of the Formal Mortgage Offer.

***DDM not required for Regulated Bridging

The Process – 5 simple steps to submitting a Bridging Loan Application with Shawbrook

1

Key the new loan enquiry (EAIP) through the Broker Portal (Broker Hub) and if acceptable an Indicative Mortgage Offer will be issued and with the underwriting requirements needed to progress to Formal Mortgage Offer (FMO).

Note: any additional information input in the commentary box will generate an auto-referral for further assessment by an underwriter prior to issue of the IMO. An EAIP will not be issued.

2

If the enquiry is regulated or requires manual or further assessment, an underwriter will review and aim to respond within 4 hours of receipt. If acceptable an Indicative Mortgage Offer or ESIS will be issued with the underwriting requirements needed to progress to Formal Mortgage Offer, or Conditional Mortgage Offer if the loan is regulated.

3

Valuation is instructed by you through the Broker Portal (Broker Hub). The process and type of report required detailed in the Valuation Instruction Guidelines issued with the Indicative Mortgage Offer. Please refer to 'Valuation Reports' section below for more information on the different types of reports applicable.

4

Upload the fully completed application form and supporting documents required to the Broker Portal (Broker Hub). An underwriter will aim to assess and respond within 4 hours and any further requirements will be requested.

5

The Formal Mortgage Offer or Conditional Mortgage Offer will be issued within 24 hours of receipt of the valuation report, providing the report is satisfactory and all outstanding requirements have been satisfied. If the loan is regulated, a Binding Mortgage Offer will only be issued in readiness for completion when all outstanding conditions have been met and satisfied, and we have received a satisfactory Certificate of Title from our solicitors.

- As part of the application process a credit search will be carried out automatically via the Broker Hub as you step through the case. If for any reason the credit search cannot be completed the case will refer to an underwriter for manual review.

Packaging Hints and Tips

Key areas we are looking to support each Bridging loan proposal

- Acceptable Security
- Viable and realistic exit plan that is achievable within the requested loan term
- Clear purpose and requirement for the loan
- Evidence of affordability (where applicable)
- Acceptable borrower profile
- Acceptable explanation for any historic adverse credit

Supporting documents and information – what are we looking for?

Schedule and cost of works

Required on cases for all light or heavy refurbishments. We need to see full details of the plans and breakdown of cost of works intended. A copy of the schedule **MUST** be submitted to the underwriter and a copy sent to the Bank's valuer **upon instruction** for their review. We will need to see evidence, usually via bank statements, that sufficient funds are available to cover the full cost of the works.

Please refer to the **Bridging Finance Lending Criteria Guide** for full details of light and heavy works definitions.

Proof of deposit

For every purchase transaction we need to see the client has sufficient deposit monies to complete the purchase. The evidence of deposit should be sent to the underwriter as part of the minimum packaging requirements as this will allow time for review and ensure we avoid potential delays with completion. For gifted deposit, a deposit questionnaire will need to be completed by the borrower and donor. The Bank's solicitors will confirm if there are any additional legal requirements.

Affordability

Where the client is servicing the monthly interest payment we require evidence by way of the most recent bank statement to confirm they are generating sufficient income to service the payments over the term. For Regulated Bridging Loans we need proof of outside income satisfy affordability assessment requirements. Please refer to the **Bridging Documents & Conditions Checklist** for acceptable proof of income.

Experience

For all applications involving heavy refurbishment works (HR1 & HR2) we want to see evidence the client has previous experience of completing similar scale projects within the last 5 years, and full details of the project must be provided.

For Commercial clients (STL3) we will need to see they have owned or managed 1 other investment property within the same sector in the last 5 years.

Mortgage payments

Where the client has another mortgage account and the payment history is not showing on the credit search, we will require evidence of mortgage payments to cover the last 12 months. This can be provided by way of bank statements or the latest mortgage statement and subsequent bank statements covering a 12-month period.

Unencumbered

For all properties that are owned outright we will need an explanation and evidence of the original source of funds used to purchase the property. We need to understand how the client owns the security unencumbered and be comfortable with the explanation.

Property Portfolio Schedule

We only require a Portfolio Schedule to be uploaded to Core Logic via the Broker Hub for any loan or aggregate lending above £1.25m.

Valuation Reports

Valuations are only acceptable from firms on Shawbrook's approved panel of surveyors instructed via our panel manager VAS Group and must be addressed to Shawbrook Bank, or an Automated Valuation Model (AVM) if the AVM criteria is met. Photographs must accompany every valuation report. Valuation reports are valid for 6 months from the date of inspection after which a revaluation will be required.

For refurbishment projects the valuation fee paid must be based on the expected after works value of the property, not the current value/purchase price. Please also ensure a schedule of works/costs and existing & proposed floor plans are provided to the valuer **upon instruction and prior to**

inspection to avoid any unnecessary delays. A copy must also be sent to the underwriter as part of the minimum packaging requirements.

We will also require the valuer to comment on the likely GDV and rental income on completion of the proposed works to ensure that both the project and proposed exit strategy are viable within the term requested.

If you have any queries or issues with the type of valuation report required, or with the instruction process please contact a member of the Sales Team, your RDM or the Bridging Underwriter for further assistance.

Property Type	Works intended	Valuation Report Required
<ul style="list-style-type: none"> ■ Single residential unit ■ Up to 3 individual leasehold units in the same block ■ Up to £2m value 	<ul style="list-style-type: none"> ■ No / light works ■ No change of use ■ No structural alterations or planning consent 	Residential Valuation
<ul style="list-style-type: none"> ■ Single residential unit up to £2m value 	<ul style="list-style-type: none"> ■ Change of use ■ Structural / heavy works ■ Planning required 	Refurbishment Valuation
<ul style="list-style-type: none"> ■ HMO up to 6 beds ■ Single residential unit with light refurbishment works for conversion to HMO 6 beds or less 	<ul style="list-style-type: none"> ■ No / light works 	HMO Hybrid Refurbishment Valuation
<ul style="list-style-type: none"> ■ Single residential unit over £2m value ■ Semi-Commercial or Commercial ■ Multi-unit residential > 3 units & HMO over 6 beds ■ Single residential unit being converted to flats ■ Single residential unit with light refurbishment works for conversion to HMO, 7 beds or more ■ Single residential unit with heavy refurbishment works for conversion to HMO of any size 	<ul style="list-style-type: none"> ■ Works or no works 	Commercial Valuation

Note, if "Residential" valuation type is requested on anything other than a single dwelling property, separate residential valuations will need to be instructed for each individual leasehold unit (up to a maximum of 3 units). If the security is multiple units then a quotation for fees will need to be obtained.

AVM

Shawbrook can consider an AVM for property purchases in England, Scotland and Wales (no auction purchases), up to 75% LTV, but will be subject to specific criteria together with minimum value and rental confidence levels. Please refer to the 'Automated Valuations' section of the Criteria Guide for full information on the standards and criteria that must be met. Not acceptable for regulated bridging.

Planning

Some key points to consider:

- Where the client's project requires planning / listed buildings consent, Shawbrook do not always insist that this in place at the point of completion however we would need to be satisfied that the current lawful use of the security is acceptable notwithstanding the client's plans
- If planning is required due to a proposed change of use, Shawbrook will require the valuer to comment on the viability of the proposed new use considering the property type and location
- To help with speed and avoid any delays, it is always prudent for the client to obtain any necessary planning consents / approvals needed for the project, prior to starting the works

Always here to help and support you.



Remember, Shawbrook Bank...

- ✓ Understand your clients plans
- ✓ Present clear, concise information
- ✓ Min. packaging requirements = FMO
- ✓ Pre-empt possible questions
- ✓ Upload documents to the Broker Hub

If you or your team require further training on our packaging requirements, please contact a member of our Sales Team so together we can offer your clients the best service and speed possible.

For further guidance, please refer to our **Bridging Finance Lending Criteria Guide** or call us **0330 123 4523**.