

## Diverse, complex or irregular income streams

<b>The clients' requirements</b>	A married couple purchasing a new family home after renting for the last 2 years required a residential mortgage.
<b>Their financial situation</b>	The clients had a range of income sources including: <ul style="list-style-type: none"><li>▪ shareholdings in various companies and a small property portfolio</li><li>▪ contracts and income for TV and online work from a recently set up company. This was negatively impacted partly by the COVID-19 pandemic</li></ul>
<b>Our assessment and solution</b>	Using our individual underwriting approach and specialist Credit Risk team we assessed affordability based on: <ul style="list-style-type: none"><li>▪ evidence of contracts and payments</li><li>▪ while no accounts were available for the new company, we used bank statements to demonstrate income</li><li>▪ working with the clients' accountant, we took an average of the last 3 years' actual and a years' projected income to evidence payment affordability based on stressed interest costs.</li></ul>
<b>The outcome</b>	A residential mortgage of £1,200,000 was arranged on a Capital & Interest basis @ 65% LTV. The mortgage was repayable over 25 years on an initial 2-year fixed rate followed by a lifetime tracker rate with no Early Repayment Charge.



**Matthew Dobson**  
Banking Director

*"Often, clients with complex finances and diverse or irregular income streams find they are overlooked by mainstream lenders. While these lenders rely on an algorithm driven, tick-box approach, we assess each client's requirements individually and based on their complete financial situation."*

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<b>The client's requirements</b>	<p>A couple were aiming to purchase a new family home after relocating from London to Norfolk. They required to borrow £1,100,000 against a purchase price of £2,200,000 but did not wish to immediately sell their London home in potentially adverse market conditions.</p>
<b>Their financial situation</b>	<p>Both applicants were self-employed with income from multiple sources.</p> <p>Repayment of borrowing was to come from the sale of their existing London property. This was to be let out in the short term with a mortgage against it.</p>
<b>Our assessment and solution</b>	<p>In complex scenarios such as this, where income is to come from various sources, we can work with a client's bank statements, tax returns, accountants and other advisers to verify affordability.</p> <p>Although income was sufficient to meet affordability on actual costs basis, our assessment demonstrated a shortfall if interest rates were stressed. The clients provided an up-front blocked deposit to cover interest payments.</p> <p>We were able to support the clients request to let the existing property for 12 months until the market stabilised, then market it for sale. The mortgage raised against the London property would be serviced from rental income as confirmed by the rental agent as a condition of the sale.</p>
<b>The outcome</b>	<p>We arranged a residential mortgage of £1,100,000 on an Interest-Only basis on fixed rate for 2 years. Borrowing then reverted to a lifetime tracker rate for the remainder of the loan with no Repayment Charge.</p>

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