

How to... ensure accurate affordability



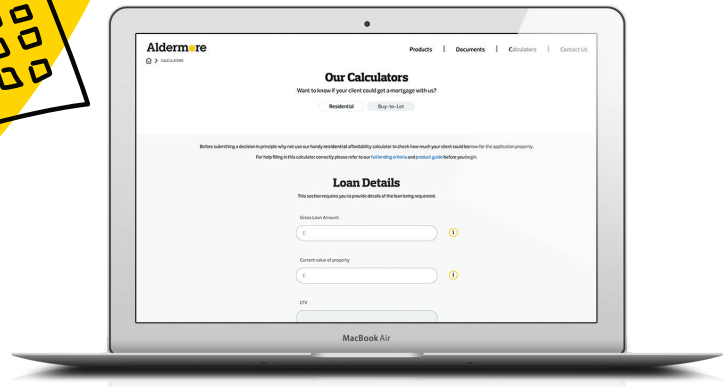
So we can correctly calculate the affordability of your decision in principle or application, we've put together these top tips to help smooth the process and help to get it right first time.



Start with our online calculator

Before you submit your client's decision in principle (DIP), use our [online calculator](#) to ensure that affordability is accurate. It's the same one our underwriters use!

Remember to enter all information accurately and never round up/down any commitments.



Top Tips

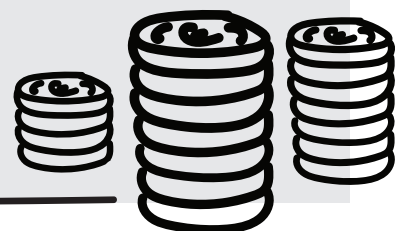
- Always key in the full amount of all income being used in both the online calculator and broker portal. Our calculator will apply deductions where appropriate to our policy.
- Make sure all commitments are keyed in exactly how they appear on the credit file – this applies to both the calculator and portal.

If the input is not exact then the calculation will not be accurate.

- Are there commitments on your customer's file that have recently been paid off yet still appear on the credit search? **Don't** include these in the online calculator. But, **do** enter these within your DIP – mark 'to be repaid' and we will deduct from the calculation.

If not keyed in when you complete the DIP, our system will automatically factor this in as an undisclosed commitment which will affect the maximum affordability.

- For a customer in a debt management plan, please enter the monthly commitment that is paid. **Please note:** this will remain factored in as a commitment even if it's being cleared upon completion.



Things to check

- Are there any commitments that are to be repaid prior to completion? If they are not entered and are not marked as to be repaid, they will be deducted within the affordability calculation.
- Has the credit been keyed in as per the credit file?



Very important

Always check if your client would be defined as credit-impaired.

The Financial Conduct Authority's (FCA) definition of credit-impaired is a customer who:

- within the last two years has owed overdue payments, in an amount equivalent to three months' payments, on a mortgage or other loan (whether secured or unsecured), except where the amount overdue reached that level because of late payment caused by errors by a bank or other third party; **or**
- has been the subject of one or more county court judgments, with a total value greater than £500, within the last three years; **or**
- has been subject to an individual voluntary arrangement or bankruptcy order which was in force at any time within the last three years.

There is also an additional layer, where the client has had 3 or more months in arrears at any time in the last 12 months where the total combined revolving credit balances are £3,000 or more in last 12 months.

If your client is defined as credit impaired, any outstanding credit will be included in the affordability result regardless of whether it is marked 'to be repaid'.

Aldermore

FOR INTERMEDIARY USE ONLY

Aldermore Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register number: 204503). Registered Office: Apex Plaza, Forbury Road, Reading, RG1 1AX. Registered in England. Company No. 947662. Invoice Finance, Commercial Mortgages, Property Development, Buy-To-Let Mortgages and Asset Finance lending to limited companies are not regulated by the Financial Conduct Authority or Prudential Regulation Authority. Asset Finance lending where an exemption within the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 applies, is exempt from regulation by the Financial Conduct Authority or Prudential Regulation Authority.

ARM658-1120-599903