

Mortgage Lending Criteria

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Section 1 - General Information

Geographical lending area	We lend in England and Wales on residential, BTL's and Holiday Lets Please refer to our Mortgage Bulletin on our intermediary website for any restrictions on individual products.
Age-residential applications	<p>Minimum age 18. Maximum age <80% LTV age 85 based on the main earner. >80% LTV age 80yrs.</p> <p>If the term of the mortgage takes applicant(s) beyond their state retirement age then we will assess the likelihood of employment continuing until their stated intended retirement age. If lending into retirement, we will require evidence of pension income and will use this to assess the amount of borrowing.</p> <p>Please refer to interest only, BTL and Holiday Let sections below for age restrictions.</p>
Term	<p>Minimum 5 years. Maximum 35 years.</p>
Foreign Nationals	We will accept applications from citizens of EEA countries. Non EEA applicants must have indefinite leave to remain in the UK and this must be evidenced in their passports which we will require sight of.
UK Address history	All applicants must have been residing in the UK for the last 3 years. In the case of Armed Forces personnel previously stationed abroad in the last 3 years with a BFPO address please refer prior to submission.
Ex-Pats	We do not lend to ex-pats.
Credit history	<ul style="list-style-type: none"> ▪ CCJs/Defaults - we can consider applications where there are 2 or less defaults/CCJs registered in the last 3 years and satisfied more than 12 months ago and totalling less than £500. There should be no other adverse issues. ▪ Missed/Late payments - we can consider applications where there are three or fewer status 1 events or up to two status 2 events in the last 24 months. Accounts should have been brought up to date and no missed/late payments in the last 3 months. Over 80% LTV requires referral. ▪ Bankruptcy/IVA - discharged > 3 years ago-can be considered > 80% LTV must have a clear credit history for the last 5 years. ▪ Mortgage Arrears - none in the last 24 months and up to date at time of application. ▪ Previous repossession - not acceptable. ▪ Payday loans - not acceptable.
Criminal convictions	<p>Convictions must be disclosed -</p> <p><80% minor convictions (excluding fraud) may be considered. >80% not acceptable.</p>
Guarantors	Not acceptable.

Property ownership	<p><80% LTV - The property must have been owned for at least 6 months before a re-mortgage can be considered. Exceptions can be agreed prior to submission e.g. inheriting a property, buying a part-exchange property from a national builder where ownership has been registered to the builder.</p> <p>>80% LTV - The property must have been owned for at least 12 months.</p>
Offer validity	<p>Purchase 6 months from date of first offer.</p> <p>Re-mortgage 3 months from date of first offer.</p>

Section 2 - Residential Loan & LTV restrictions

Minimum Loan Residential	<p><80% LTV £30k.</p> <p>>80% LTV £40k.</p> <p>Please refer to product guide for any product specific restrictions.</p>
Maximum Loan on any single property	<ul style="list-style-type: none"> ▪ £1m up to 80% LTV - Please refer loans above £500k prior to submission. ▪ £500k up to 85% LTV. ▪ £475K up to 90% LTV. ▪ £400k up to 95% LTV. <p>Please refer to product guide for any product specific restrictions.</p>
New build houses	95% - minimum 2 beds.
New build flats	95% - minimum 2 beds, must not be above the 4th floor in a block.

Section 3 - Income

Maximum no of applicants	<p><80% LTV maximum of 4 applicants (we will use highest 2 incomes).</p> <p>>80% LTV maximum of 2 applicants.</p>
Single Income	x 4.50 - please complete online affordability calculator.
Joint Income	x 4.50 - please complete online affordability calculator.
Foreign Currency	Not acceptable - all income must be received in sterling. Foreign currency income paid into a UK bank account and subsequently transferred to sterling is still considered to be foreign currency.
Time in employment	Minimum 6 months in present job.
Probation	We will not lend if applicant is in a probationary period.
Commission, bonus or regular overtime	<p><80 % LTV = 100% (if regular).</p> <p>>80% LTV = 50% (if regular).</p> <p>Annual bonuses will not be included.</p>

Shift allowance	All LTV's - 100% if evidenced that shift allowance is integral to the role.
Car allowance	All LTV's - 100% if evidenced as established part of employment.
Additional Duties Allowance	<80% LTV - 100%. >80% LTV - 50%. Allowances given to employees for designated additional duties on a permanent basis.
Income paid in cash	Not acceptable.
Fixed Term or Rotational	<80% LTV - 12 month or more continuous employment with at least 6 months remaining on contract. OR 2 years continuous service in the same type of employment at date of application. >80% LTV - NO.
Location/Cost of Living Allowance (e.g. London Weighting)	All LTV's - 100%.
Zero Hours Contract	<80% LTV - Minimum 2 years with same employer - please refer. >80% LTV - NO.
Maintenance - by Court Order only	<80% LTV - maximum 50% at underwriter's discretion subject to evidence of permanency of payments. >80% NO.
Maternity/Paternity pay	Please refer.
Pension Income	We will require the latest pension statement dated within the last 12 months or the latest 3 months bank statements showing pension credits.
Bursary/Scholarship Benefits/Educational Grants	No.
Rental Income	Please refer.
Benefits	<80% LTV - at underwriter's discretion and can only be used in conjunction with earned income. Amount of benefits cannot exceed the amount of employed income and can only be used to supplement the overall income for each applicant. If benefits relate to children then their ages will be taken into consideration. >80% LTV - NO.
Additional or secondary income	Please refer.

Self employed/Limited company directors	Please refer to section 4.
Section 4 - Self Employed	
Min trading period/accounts required	2 years.
Sole Trader	Average of the net profit from the last 2 years SA302's and corresponding tax overviews - please note the latest documents must not be more than 18 months old.
Partnership	Average of the partner's stated share of the net profit from the last 2 years accounts or SA302's and corresponding tax overviews - please note the latest documents must not be more than 18 months old.
Limited Company Director (> 20% shareholding in the company)	<p>All LTV's - Average of the last 2 years salary and dividends. Please note that we do not accept retained profit. We will require the last 2 years accounts which must be prepared by a qualified accountant.</p> <p>If >80% we will not accept change of status in last 2 years i.e. sole trader to Limited Company.</p> <p>Please note the latest documents must not be more than 18 months old.</p> <p>The following qualifications are acceptable:</p> <ul style="list-style-type: none"> ▪ Institute of Chartered Accountants (FCA/ACA). ▪ Institute of Chartered Accountants Scotland (FCAS/ACAS). ▪ Association of Chartered Certified Accountants (ACCA/FCCA). ▪ Chartered Institute of Public Finance Accountants (CIPFA). ▪ Institute of Company Accountants (ASCA/FSCA). ▪ Association of Authorised Public Accountants (FAPA/AAPA). ▪ Association of International Accountants (FIA/AIA). ▪ Chartered Institute of Management Accountants (ACMA/FCMA).

Section 5 - Affordability	
Personal loans/HP/Secured loans/Child Maintenance/CSA	These will be deducted unless they have less than 3 months remaining at time of completion.
Credit Card balances/bank Overdraft/Shared Equity Loan (Help to Buy Wales only)	3%.
Pension contributions	<p>If it is a company pension and contributions are deducted from salary it does not need to be declared as a commitment as this will be reflected in their net income.</p> <p>If it is a personal pension, then it is treated as a commitment.</p>
Share save scheme contribution	Not deducted.

Private school fees	Treated as a commitment.
Childcare/nursery fees	Treated as a commitment.
Existing property not yet sold	Where an existing mortgage commitment is not being redeemed at completion of the new mortgage, the monthly mortgage payment and associated costs of retaining the property must be included in the expenditure for affordability purposes.

Section 6 - Deposits

Personal	We will always require proof of deposit where it is not coming from the simultaneous sale of the borrower's existing property.
Builder/vendor gifted	No.
Country of origin	Funds must have originated from within the EEA and must not be borrowed from another source.
Gifted-donor living in property	We will not accept deposits if the donor will be living in the property but is not named on the mortgage.
Family gifted	Acceptable. We require a letter from the family member confirming amount and that it is a gift and not a loan and they will have no interest in the property.
Capital raised from another property	It is acceptable to raise funds on another property.

Section 7 - Interest Only

Maximum LTV	50% (balance on repayment to max 80% overall).
Minimum equity (only required if using sale and downsizing as repayment vehicle)	£150k but may be higher in certain postcode areas - Please refer to Broker Support Helpdesk prior to submission.
Minimum income	At least one of the applicants must earn a minimum £50k.
Maximum age	If sale and downsize is the repayment vehicle the loan must be repaid by 75th birthday. If other repayment vehicle then the loan must be repaid by 85th birthday. If the term of the mortgage takes applicant(s) beyond their state retirement age then the Society will make an assessment of the likelihood of employment continuing. If lending into retirement we will require evidence of pension income and will use this to assess the amount of borrowing.

Acceptable repayment vehicle	<ul style="list-style-type: none"> ▪ Sale and downsize of main residential-please note that maximum age is 75 years. ▪ Sale of another UK property (valuation will be required and equity must be at least 110% of the interest only loan). ▪ Savings (must have been in place for at least 12 months and must be equal to or greater than the interest only loan). We will not accept stocks and shares. ▪ Pension (25% of the pension fund based on a mid-growth projection must be equal to or greater than the interest only loan). ▪ Endowment (100% of the maturity value based on a mid-growth projection must be equal to or greater than the interest only loan).
Debt consolidation	We will not consider any element of debt consolidation on an interest only basis.

Section 8 - Capital Raising	
Debt consolidation	Up to 80% LTV maximum £30k. Up to 90% LTV maximum £15k Mortgage must be on a repayment basis.
Up to 80% LTV	<ul style="list-style-type: none"> ▪ Allowed for any reasonable purpose (excludes tax liabilities/gambling debts). Purpose of capital raising must be specified.
Between 80-85% LTV	<ul style="list-style-type: none"> ▪ Allowed for any reasonable purpose (excludes tax liabilities/gambling debts). ▪ Maximum loan £15k. ▪ Capital raised must not exceed 5% of existing mortgage balance. Purpose of capital raising must be specified.
Between 80-90% LTV	<ul style="list-style-type: none"> ▪ Allowed only for home improvements, purchase of freehold/extension of lease, purchase land adjoining security. ▪ Maximum £30k). Purpose of capital raising must be specified.

Section 9 - Buy-to-Let	
Maximum LTV	75% (65% on flats).
Term	Minimum 5 years. Maximum 35 years.
Loan size	Minimum £30k. Maximum £350k. Please refer to our Mortgage Bulletin for any restrictions on individual products.

Applicant(s)	<ul style="list-style-type: none"> ▪ At least one of the applicants must be an existing owner-occupier. ▪ We will lend to first time landlords.
Age	<p>Minimum Age 18. Maximum age 85 based on the main earner. Where the term of the mortgage takes the applicant(s) beyond state retirement age/intended retirement age we will not require proof of projected pension income.</p>
Maximum no applicants	4.
Minimum income	£25k main applicant.
Credit History	<ul style="list-style-type: none"> ▪ CCJs/Defaults - we can consider applications where there are 2 or less defaults/CCJs registered in the last 3 years and satisfied more than 12 months ago and totalling less than £500. There should be no other adverse issues. ▪ Missed/Late payments - we can consider applications where there are three or fewer status 1 events or up to two status 2 events in the last 24 months. Accounts should have been brought up to date and no missed/late payments in the last 3 months. ▪ Bankruptcy/IVA discharged > 3 years ago - can be considered. ▪ Mortgage Arrears - none in the last 24 months and up to date at time of application. ▪ Previous repossession - not acceptable. ▪ Payday loans - not acceptable.
Professional landlords (i.e. income only derived from rental income)	Refer.
Rental Income requirements	Rental income should be at least 45% more than the mortgage interest payment (based on the initial pay rate + 2% or 5.5% whichever is the greater).
If repayment, do you assess rental coverage on the repayment amount or do you default to interest only?	Interest only.
Portfolio Landlords	We will not lend to applicants who have more than 3 mortgaged BTL properties (excluding Holiday Lets).
Student tenants	No.
HMO's	No.
Regulated BTL	No.
Tenancy agreements	Property must be let under a Single Assured Shorthold Tenancy subject to no sub letting.

AST term	6-12 months.
Applications will not be considered in respect of:	<ul style="list-style-type: none"> ▪ Flats above shops or other commercial properties. ▪ Right to buy council homes. ▪ Properties sold at auction. ▪ Multiple Lets e.g. students. ▪ Properties let to family members.

Section 10 - Holiday Lets

General	<ul style="list-style-type: none"> ▪ Maximum 3 holiday lets with the Society. Unlimited holiday lets/BTLs with other lenders. ▪ Specific products for holiday let purchases and re-mortgages-please refer to our Mortgage Bulletin.
Maximum LTV	<ul style="list-style-type: none"> ▪ Maximum 75% LTV (65% on apartments and flats).
Loan size	<ul style="list-style-type: none"> ▪ Minimum loan £50,000 Maximum loan £500k.
Property	<ul style="list-style-type: none"> ▪ Minimum property value £150k. Property must not be on a holiday park or have any restrictions regarding occupancy and must be standard construction.
Term	<ul style="list-style-type: none"> ▪ Minimum term - 5 years. ▪ Maximum term - 30 years.
Applicant(s)	<ul style="list-style-type: none"> ▪ At least one of the applicants must be an existing owner-occupier. ▪ We will lend to first time landlords.
Age	<ul style="list-style-type: none"> ▪ Minimum Age 25 (21 considered on referral). ▪ Maximum age 85 based on the oldest applicant.
Income	<ul style="list-style-type: none"> ▪ Minimum income for 1 of the applicants: <ul style="list-style-type: none"> £25k for loans up to £350k. £40k for loans up to £500k. ▪ Income cannot be derived from rental income. ▪ If the term goes beyond retirement age we will not require proof of pension income.

Section 11 - Property

Acceptable construction	<p>Roof - Slate/tile/thatch. Walls - Traditional brick/block, timber framed with brick outer skin.</p>
Tenure-freehold/leasehold	<p>Freehold houses (not flats). Leasehold flats & houses - must have 80 years left on lease at time of completion.</p>

Share of freehold	Yes as long as a management company is in place.
Flats above commercial premises	<80% LTV - Please refer. >80% LTV - NO.
Ex-local authority	<80% LTV - Flats/Maisonettes subject to valuer's comments. >80% LTV - We do not lend on ex local authority.
Basement Flats	<80% LTV subject to valuer's comments. >80% LTV - NO.
Studio Flats	<80% LTV subject to valuer's comments. >80% LTV - NO.
Flying freehold	All LTV's - Flying Freehold element must be less than 10% of total floor area. If the flying freehold is above vehicular access then this is acceptable as long as the freehold title also includes the access underneath the flat.
Coach Houses	<80% LTV only - we will lend on a flat above 2 or more garages where the flat owner will use /own 1 of the garages and the others are used/owned by owners of neighbouring properties. Acceptable as long as the flat is above no more than 4 garages and, on completion, the applicant will own the freehold of the whole block (the flat and the garages). One or more of the garages will be subject to a long lease to a neighbouring property/properties.
Maximum no of kitchens	1.
Local occupancy clause/ agricultural ties	No.
Maximum no of storeys (flats)	We will not lend on flats above 4th floor.
Maximum land acreage	No restriction but valuation based on house and 1 acre only.
Second Residential/holiday home	Maximum 80% LTV - existing residential mortgage monthly payment and associated costs of running residential property must be included as a commitment for affordability purposes.
Annexe	Please refer with full details of the property including how annex is accessed.
Sub letting	No part of the property or land can be let out to lodgers.
Non Traditional Construction	<80% LTV-Subject to valuer's comments.
Prefabricated Reinforced Concrete (PRC)	Must be repaired using an approved system-please refer.
Japanese Knotweed	Subject to valuer's comments.
Single skin construction	No.

Section 12 - New build

Definition of new build	<ul style="list-style-type: none"> ▪ A newly built property that has not been occupied. ▪ A property being bought off plan. ▪ A property that has been completely renovated by a builder/developer who has had vacant possession for the complete property refurbishment. ▪ A newly converted property i.e. conversion of a property that was previously non-residential e.g. a barn.
Warranties	If the property is under 10 years old then it must be subject to a NHBC or similar warranty as detailed in the UK Finance Lenders Handbook or have the benefit of a UK Finance Lenders Professional Consultant Certificate from a qualified architect.
Property types	Flats and houses - must be a minimum 2 bedrooms.
LTV	Max 95% on flats and houses.

Section 13 - Housing Schemes

Help to Buy (equity loan)	<ul style="list-style-type: none"> ▪ Help to Buy Wales only. ▪ Maximum purchase price £300k. ▪ We calculate interest at 3% of the equity loan amount when calculating affordability.
Shared Ownership/Shared Equity	No.
Right to Buy	No.

Section 14 - Fees

Adding product fees to the loan	Please refer to individual products on our Mortgage Bulletin for confirmation if the fee can be added if it takes loan above maximum LTV. Affordability must cover the loan amount including any fees that have been added.
Mortgage application Administration fee	£150 - payable at time of submission and non-refundable. Please refer to our Mortgage Bulletin to see if a fee is applicable to the product chosen.
Valuation fee	Payable at time of submission and non-refundable. Valuer will be instructed after initial credit/income checks have been carried out. Please refer to our Tariff of Mortgage Charges on our website.



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