

# Residential Lending Policy

Strictly for Intermediary use only

## Lending Terms and Applicant Types

<b>First Time Buyer Definition</b>	An applicant who has not previously had a mortgage with any UK lender. In the case of joint applicants, at least one applicant must be a first-time buyer to allow the case to be treated as a first-time buyer application.
<b>Loan Amounts</b>	There is a minimum loan amount of £50,000 for new mortgages. Lending above £1,000,000 can be considered on a case-by-case basis. The maximum loan amounts are: <ul style="list-style-type: none"><li>• Up to 75% LTV - £1,000,000;</li><li>• Up to 80% LTV - £800,000;</li><li>• Up to 85% LTV - £600,000;</li><li>• Up to 90% LTV - £500,000; and</li><li>• Up to 95% LTV - £400,000.</li></ul> Lending above £1,000,000 can be considered on a case-by-case basis.
<b>Minimum &amp; Maximum Age</b>	All applicants must be aged 18 years or over of age. Earned income can be used to aged 70 as standard, and to age 75 on a case-by-case basis. All lending into retirement mortgages must end before the eldest applicants 95 <sup>th</sup> birthday.
<b>Mortgage Term</b>	There is a minimum term of 5 years and a maximum term of 40 years. Where mortgage term extends into retirement, there is a maximum term of 25 years.
<b>Mortgage Offer</b>	Mortgage offers are valid for 6 months from the date of issue. Where the exchange of contracts has not yet taken place, but the solicitor can confirm completion within 10 working days, offer can be extended with no further checks. Outside this time frame, full re-underwrite and re-inspection of the property is required and a new product will need to be selected.
<b>Number of applicants</b>	The maximum number of applicants per application is 4.
<b>Proof of Residency</b>	We will require proof of residency over the latest three-year period.
<b>Portability</b>	Where a customer is looking to port their existing mortgage balance with no additional borrowing, and doesn't meet affordability criteria, but has proven they can meet their monthly repayments by making consistent mortgage payments without financial difficulties, the application can be considered. Where a customer is looking to port their existing balance with additional borrowing, the amount available will be restricted to standard affordability criteria.
<b>Repayment Methods</b>	We will consider applications on the following basis: <ul style="list-style-type: none"><li>• Capital and interest repayment;</li><li>• Interest only; and</li><li>• Part and part (up to 85% LTV).</li></ul>
<b>Residency Status</b>	All applicants must be a UK resident. Applications from non-UK nationals require the following: <ul style="list-style-type: none"><li>• Each applicant must have resided in the UK for a minimum of 12 months;</li><li>• Each applicant must provide a valid passport;</li><li>• If we are unable to meet the standard identification criteria, a valid passport may be required.</li></ul> Applications from Foreign Nationals without indefinite leave to remain can be considered subject to the following: <ul style="list-style-type: none"><li>• The applicant(s) hold a Tier 1 (Entrepreneur) or Tier 2 (Skilled Worker) visa, with a minimum of 24 months remaining at point of application;</li><li>• The applicant(s) will have been a resident in the UK for a minimum of 12 months;</li><li>• Gifted deposits are acceptable subject to standard underwriting criteria; and</li><li>• Maximum LTV of 80%</li></ul>

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<b>Residency Status (continued)</b>	<p>EU Settlement Scheme:</p> <p>Applications from EU Nationals where applicants have pre-settled status can be considered subject to the following:</p> <ul style="list-style-type: none"><li>▪ Applicants have pre-settled status, settled status or a combination of both for joint applications;</li><li>▪ Up to a maximum 85% LTV; and</li><li>▪ Gifted deposits are acceptable subject to standard underwriting criteria.</li></ul> <p>Applicants will need to provide evidence of settled/pre settled status, by providing a share code (found on the Government website), which can be used by underwriters to view their immigration status online.</p> <p>If it is a joint application and one of the applicants is a UK national or has indefinite leave to remain then the above LTV and deposit restriction is not applicable.</p>
<b>Single Name Applicants</b>	<p>Applications on a single name basis will be considered where it is known that the applicant's partner will also reside in the property. However, sole income will be used to support joint expenditure for affordability. Circumstances where one partner is not party to the mortgage due to adverse, can be considered on a case by case basis.</p>
<b>Unacceptable Application Types</b>	<p>The Society will not consider the following application types: lifetime or equity release mortgages, guarantor mortgages, or impaired credit.</p>

## Income, Employment and Affordability

<b>Accountant Qualifications</b>	<p>The following post-nominal accountancy qualifications are acceptable for preparation of certified accounts by the company accountant:</p> <ul style="list-style-type: none"><li>▪ AAPA – Association of Authorised Public Accountants;</li><li>▪ ACMA, FCMA – Chartered Institute of Management Accountants;</li><li>▪ CA, ACA, FCA – Institute of Chartered Accountants;</li><li>▪ ACCA, FCCA – Association of Chartered Certified Accountants;</li><li>▪ CIPFA – Chartered Institute of Public Finance and Accountancy; and</li><li>▪ ACAS, FCAS – Chartered Accountants of Scotland.</li></ul>
<b>Affordability</b>	<p>In the circumstance an application has not progressed to mortgage offer within 90 days, affordability must be reassessed on our current Standard Variable Rate (SVR).</p>
<b>Bank Statements</b>	<p>For standard applications the latest two month's bank statements will be required. Where variable pay is to be used three months bank statements will be required. Bank statements must show salary credits, household expenditure and committed expenditure for all applicants. Where multiple current accounts are used these must be provided.</p>
<b>Commission</b>	<p>Where income is mainly commission based, an average of the most recent 2 years earnings with the same employer will be required through either an employer's reference or the applicant's two most recent P60's.</p>
<b>Company Directors</b>	<p>Applications require the most recent accounts if their shareholding within the company exceeds 25%. 100% of salary, remuneration and dividend can be included within the income assessment. The company must have been trading for a minimum of two years and a Companies House search will be carried out on all Directors. The below criteria applies:</p> <ul style="list-style-type: none"><li>• Latest two years SA302's and tax year overview, or most recent Limited Company accounts which are no more than 12 months old and certified within 6 months of the business year end;</li><li>• A projection from an accountant may be considered to support the application; and</li><li>• A change of self-employed status within the same line of business will be accepted with a minimum of 1 years certified accounts where 2 years trading can be evidenced.</li></ul>

## Income, Employment and Affordability

### Committed Expenditure

When considering committed expenditure, we will include:

- Pension contributions (except where the applicant has already opted out/doesn't contribute);
- Secured and unsecured loans, hire purchase agreements;
- Credit cards, store cards, mail order agreements or other commitments with no defined monthly repayment, 3% of the outstanding balance will be used as a monthly payment figure;
- Maintenance, school fees, child support or similar must be included as committed expenditure;
- Insurance contributions exceeding £100;
- If the rental income is less than 125% for Basic Rate Taxpayer (BRT)/140% for Higher Rate Taxpayer (HRT) of the existing mortgage payment, the shortfall in rental cover must be included in the affordability.

However, the following can be omitted from the affordability assessment:

- When the committed expenditure is due to be repaid in full prior to completion;
- If the rental income is equal to or greater than 125% for BRT or 140% for HRT of the existing mortgage payment, the mortgage payment does not need to be included in the affordability;
- There are fewer than 3 monthly payments remaining; or
- The client declares that a credit card is paid in full each month.

### Contractors

For **CIS and Long-term Contractors**, the below criteria applies:

- Affordability is calculated against last 6 months total gross earnings;
- Must have been subcontracting via this business for a minimum of 6 months;
- Must have at least 12 months employment experience in a similar industry; and
- Have no fixed end date on their current contract.

For **Fixed-Term Contractors** who are employed and taxed at source, the below criteria applies;

- They must have a minimum of 12-months contractor history with no more than a 2 month break within the latest 12 months;
- Affordability will be calculated against the current contract daily rate multiplied by 240 working days; and
- The current contract must have a minimum of 3 months remaining at the time of application, where this is not the case, confirmation that the contract is expected to continue.

For **Self-Employed Contractors (Limited Company)**, the below will apply:

- Minimum of 2 years self-employed history;
- Affordability will be calculated against the current contract daily rate multiplied by 240 working days;
- The latest years Limited Company accounts will be required; and
- A minimum of 12 months contractor employment history; and
- The current contract must have a minimum of 3 months remaining at the time of application.

**Day Rate Contractors** the below will apply:

- Evidence of last 12 months contractor income (if applicable); and
- Copy of current contract must be provided.

**GIG Economy and zero-hour** applicants will be considered subject to a minimum 12-month history and satisfactory evidence of income for this type of employment.

**Seafarer** applicants will be considered on an individual basis.

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## Income, Employment and Affordability

<b>Deposit</b>	<p>Acceptable deposit types include:</p> <ul style="list-style-type: none"><li>• Gifted Deposit – from a family member including parents, stepparents, grandparents, aunts, uncles, siblings, cousins. ‘Close associates’ can also be considered on a case-by-case basis. This must be gifted and not in the form of a loan. Those gifting part or all of the deposit can reside in the property being purchased;</li><li>• Foreign Currency Deposit – deposits and gifted deposits originating outside the UK are accepted subject the funds are deposited in the applicant(s) UK bank account prior to application. To support the underwriting assessment, an explanation of the source of funds will be required, including originating country, and how the funds have been raised (i.e. savings, or sale of assets).</li><li>• Building Incentive Schemes – up to 5% of the purchase price or valuation (whichever is the lower), accompanied by a minimum of 5% borrower deposit;</li><li>• Armed Forces Advance of Pay - acceptable where it is a taxable interest free loan repayable over 10 years;</li><li>• Tenant’s Incentive Schemes; and</li></ul> <p>Sale at Under Value – maximum of 80% LTV, with 100% of the reduced price permitted. There must be a family association in the sale.</p>
<b>Employed Applicants</b>	<p>Excluding applicants previously within full time education, all employed applicants must be in permanent full or part-time employment and continuously employed for the last 6 months, including probationary period, if appropriate.</p> <p>Where the applicant(s) have studied for a vocational qualification (i.e. a degree) they must:</p> <ul style="list-style-type: none"><li>• be in the role for one month upon completion; and</li><li>• have evidence to support this, such as a contract of employment, and condition for first payslip.</li></ul> <p>The probation period does not need to have been completed if within the same industry/sector, and the applicant has been employed for 12 months previously.</p> <p>The below documents will be required to evidence basic income (where further income is required, 3 months’ payslips will be required):</p> <ul style="list-style-type: none"><li>• Latest P60;</li><li>• Last monthly payslip; and</li><li>• Last two months bank statements (showing salary credit). The below income will be included in affordability assessments:</li><li>• 100% of all guaranteed salary and additional income;</li><li>• 50% of non-guaranteed income (up to 100% can be considered on a case-by-case basis); and</li><li>• 50% of any annual bonus.</li></ul> <p>Known future increases in income within the next three months may be considered, provided that the increase is guaranteed. Applicants employed by a family business will require independent verification of income.</p>
<b>Existing Mortgaged Properties</b>	<p>Where there is an existing mortgage on another property, which is to remain following completion, and rental income meets or exceeds 140% of the mortgage payment, the mortgage payment does not need to be included. If there is a shortfall the shortfall amount must be included. Suitable evidence includes either:</p> <ul style="list-style-type: none"><li>• Latest bank statements confirming receipt of regular rental income;</li><li>• A copy of the tenancy agreement; or</li><li>• A letter from an ARLA registered lettings agency confirming the anticipated rental income.</li></ul>
<b>Future Changes of Life Events</b>	<p>Where there are any known changes in income or expenditure, these must be considered when assessing affordability.</p>

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## Income, Employment and Affordability

GIG Economy	Latest P60 and minimum 6 months' payslips will be required as evidence of income.														
Income multiples	<table border="1" data-bbox="474 288 1608 507"> <thead> <tr> <th data-bbox="474 288 1234 320">Product Type</th> <th data-bbox="1234 288 1608 320">Max income multiple</th> </tr> </thead> <tbody> <tr> <td data-bbox="474 320 1234 352">Standard fixed rate products</td> <td data-bbox="1234 320 1608 352">4.49x</td> </tr> <tr> <td data-bbox="474 352 1234 384">Standard discount products up to 85% LTV</td> <td data-bbox="1234 352 1608 384">5.50x</td> </tr> <tr> <td data-bbox="474 384 1234 416">Fixed rate lending into retirement products</td> <td data-bbox="1234 384 1608 416">4.49x</td> </tr> <tr> <td data-bbox="474 416 1234 448">Discount lending into retirement products</td> <td data-bbox="1234 416 1608 448">5.50x</td> </tr> <tr> <td data-bbox="474 448 1234 480">Self-Build discount products (available through Build Loan)</td> <td data-bbox="1234 448 1608 480">5.50x</td> </tr> <tr> <td data-bbox="474 480 1234 507">Family Assist (discount and fixed)</td> <td data-bbox="1234 480 1608 507">4.49x</td> </tr> </tbody> </table>	Product Type	Max income multiple	Standard fixed rate products	4.49x	Standard discount products up to 85% LTV	5.50x	Fixed rate lending into retirement products	4.49x	Discount lending into retirement products	5.50x	Self-Build discount products (available through Build Loan)	5.50x	Family Assist (discount and fixed)	4.49x
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Maternity, Paternity & Adoption Leave	Statutory Maternity/Paternity/Adoption pay will be used as assessable income unless the applicant has less than 3 months to go before returning to work or the employer confirms in writing the amount above statutory pay that the applicant will receive and for what period.														
Other Income	<p>Income from <b>secondary employment</b> can be considered where the income is permanent and a minimum of 12-month history can be verified. Any <b>pension income</b> can be considered. To use projected pension income, a copy of the latest annual pension statement will be required, using the mid-range figure on the latest annual pension statement for affordability.</p> <p>50% of <b>benefits or maintenance payments</b> will be taken as assessable in supporting income multiples, and any child-based benefits will only be considered where children are aged 12 and under. The amount of maintenance being taken cannot exceed 50% of the award and 25% of the total assessable income. 6 months bank statements are required as evidence to support non court ordered maintenance. (Where maintenance payments are applicable for children aged over 12, cases can be referred for consideration on an individual basis.)</p> <p>Any <b>maintenance payments</b> will be considered where they are made under a formal agreement.</p> <p><b>Foster Carers allowance</b> will be accepted subject to satisfactory evidence of ongoing entitlement and a minimum 12-month income evidenced.</p> <p>100% of a <b>bursary/stipend</b> can be considered where there is a minimum of 12 months evidence and can be evidenced year to date and on latest P60. Where there is a minimum 12-month evidence year to date and the latest P60, 100% of <b>bank nursing income</b> can be considered.</p> <p><b>Rental income</b> can be considered where there are 2 years SA302s and a tax year overview as evidence. For basic rate tax payers (BRT) a maximum of 80% income, reducing to 70% for a higher rate taxpayers (HRT) will be used to support the affordability assessment.</p> <p>The following formula applies for rental properties with a mortgage:</p> <ul style="list-style-type: none"> <li>Existing mortgage payment x 125/140% X 12 = This figure will be deducted from the income declared on the SA302. The surplus income can then be applied to the income multiple and affordability assessment.</li> </ul> <p>Where the rental income is derived from a portfolio of properties, payments should be combined to calculate level of income which can be applied to the income multiple and affordability assessment: Combined Existing Mortgage payments x 125/140% X 12 = deduction from SA302.</p> <p><b>Investment income</b> can be considered where the latest annual statement is available.</p> <p>100% of <b>dividend income</b> for employed applicants can be considered where they own less than 25% shareholding and the latest two years SA302s are available as evidence. The amount of any dividend payment used to support the application is restricted to 50% of the applicant's guaranteed salary.</p>														
Partnerships	<p>For partners, income equates to the share of the profit allocated to them (confirmed by the partnership's accountants). The below criteria applies:</p> <ul style="list-style-type: none"> <li>Minimum of 2 years trading;</li> <li>Where shareholding is equal to or exceeds 25%, the latest 2 years SA302's and tax year overview will be required; and</li> <li>Where shareholding is less than 25%, an employer's reference from the company accountant will be accepted.</li> </ul>														
Professional Partnerships	Partners in professional partnerships do not need to provide full accounts, an income reference from the partnership's accountant or similar authorised party will be accepted.														

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## Income, Employment and Affordability

Self-Employed Applicants	The Society will require their most recent 2-year certified accounts, prepared by a suitably qualified accountant. The latest set of accounts must be less than 12 months old and should have a certification date within 6 months of the business year end. Latest years self-employed income may be used, restricted to a maximum of a two-year average, or the latest year (subject to a 20% annual increase cap being applied). If a reduction in earning is noted, affordability will be assessed on the latest years earnings. Consideration will be given for reduced earnings during the pandemic, where there is evidence that the business is recovering, subject to individual case assessment.
Self-Employed Dentists	Applications from self-employed dentists are accepted subject to: <ul style="list-style-type: none"><li>• A professional partner's reference confirming NHS and private income used to support affordability; and</li></ul> There is a minimum of six months employment within the practice.
Sole Traders	For sole traders and short-term subcontractors, income equates to the net profit of the business. The below criteria applies: <ul style="list-style-type: none"><li>• Minimum of 2 years trading;</li><li>• Latest 2 years SA302 documentation with tax year overviews will be required;</li></ul> A two-year average will be applied, except in cases where the current income exceeds 100% of the previous year.
Stress Testing	The Society applies the below stressed rate: <ul style="list-style-type: none"><li>• The Society's SVR plus 1.25%; or</li></ul> Where the product applied for is a fixed rate for 5 years or longer, the stress calculation can be based on the product rate.

## Mortgage Type

Capital Raising	Capital raising is permitted for any non-commercial reason, up to the following maximum LTVs: <table border="1"><thead><tr><th>80% LTV</th><th>90% LTV</th></tr></thead><tbody><tr><td>Purchase additional land or property</td><td>Home improvements</td></tr><tr><td rowspan="2">Release of equity for any other non-commercial purpose (e.g family gift, holidays, wedding etc.)</td><td>Repay part/all of an equity loan</td></tr><tr><td>Transfer of equity</td></tr></tbody></table>	80% LTV	90% LTV	Purchase additional land or property	Home improvements	Release of equity for any other non-commercial purpose (e.g family gift, holidays, wedding etc.)	Repay part/all of an equity loan	Transfer of equity
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Debt Consolidation	Applications for debt consolidation are permitted, subject to the below: <ul style="list-style-type: none"><li>• Up to 75% LTV;</li><li>• Cannot exceed 50% of the applicants' total gross salaries and is capped at £50,000;</li><li>• Available on a capital and repayment basis only; and</li><li>• Not available for the repayment of adverse debt, debts accrued through gambling, or business purposes.</li></ul> Where a customer is looking to consolidate home improvement loans, this will not be treated as debt consolidation as long as the works are less than 24 months old and supported by documentary evidence and valuer confirmation.							
Family Assist Mortgages	Family Assist mortgages allow a family member to provide savings or their residential property as additional security to support an application. Property as security: <ul style="list-style-type: none"><li>• Confirmed through a formal valuation of the property;</li><li>• There must be a minimum of 40% equity in the security property;</li><li>• The charge and any borrower deposit must total 20% of the total mortgage being applied for;</li><li>• Only a first or second charge will be acceptable;</li><li>• Family Assist Mortgages are on a repayment basis only; and</li><li>• All collateral property owners must receive independent legal advice and written confirmation from the solicitor.</li></ul>							

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## Mortgage Type

Family Assist Mortgages (continued)	<p>Savings as security:</p> <ul style="list-style-type: none"><li>• The savings must be held in the dedicated Family Assist Savings Account with the Society;</li><li>• No withdrawals will be permitted until the borrower reaches 80% LTV; and</li></ul> <p>The savings and any borrower deposit must total 20% of the total mortgage being applied for.</p>
Further Advances	<p>Further advances for existing customers will only be considered where they have held the mortgage with the Society for at least six months and are recurrently up to date with their mortgage payments.</p>
Holiday Home	<p>The Society will allow the property to be let for holiday rentals (no assured tenancy agreement in place). The following criteria applies, alongside our standard residential affordability assessments.</p> <ul style="list-style-type: none"><li>• Up to 75% LTV;</li><li>• Interest only applications permitted;</li><li>• Only single dwellings will be considered, no consent for multiple occupancy;</li><li>• Applicants must intend to use the property themselves, pure investment (holiday let) will not be accepted; and</li></ul> <p>The property must be of standard construction and free of any occupancy restrictions (properties on holiday parks or with local ownership clauses are not permitted).</p>
Home Improvements	<p>If an application for home improvements puts the loan to value over 80% LTV, the property must be revalued and further documentation may be requested to support the application.</p>
Interest Only	<p>The Society will consider applications where there is a declared repayment vehicle and definite term of repayment in place. Maximum LTV is 75% with a repayment vehicle, or 70% if using sale of mortgaged property.</p> <p>The below are acceptable repayment vehicles:</p> <ul style="list-style-type: none"><li>• Pension – maximum of 25% of the projection or SIPP value, or 50% of the cash lump sum;</li><li>• Legal charge on main residence with a minimum of 30% or £200,000 equity, whichever is the higher; or</li><li>• Investment product – which must have been in place for at least 12 months using the mid-range point stated on the projection letter.</li></ul>
Joint Borrower Sole Proprietor (JBSP)	<p>JBSP mortgages will be considered subject to the below criteria:</p> <ul style="list-style-type: none"><li>• Up to 95% LTV;</li><li>• Applications can be made on standard residential mortgage products;</li><li>• Part and part is considered where LTV is 75% or under;</li><li>• Affordability will be assessed using joint household costs for the borrower residing in the property and additional household costs for borrowers not residing in the property. Any additional committed expenditure will also be included;</li><li>• All borrowers are required to take independent legal advice and must sign the mortgage deed;</li><li>• If any borrower on the application exceeds their retirement age, the application will be limited to 80% LTV. The term will then be capped for the eldest applicant at 79 years old for a male and 83 years old for a female;</li><li>• Split term lending is permitted on Capital and Repayment terms to support affordability and reduce the impact of the eldest applicants age on the overall case;</li><li>• Applications for standard JBSP are accepted for close family members such as: parents, stepparents, adoptive parents, brothers, sisters, half-brothers, half-sisters, stepbrothers, stepsisters, children, stepchildren, adopted children, grandparents, step grandparents, grandchildren, step grandchildren, aunts and uncles. Non-owner-occupier joint borrowers accepted, with the exception of sibling supported applications whereby the sibling must be a homeowner.</li></ul>
Let to Buy	<p>Consent to let should be obtained from the applicants existing lender and must not be for student or DWP accommodation.</p>

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<b>Right to Buy</b>	<p>For Right to Buy applications mortgage advances will be limited to the lower of:</p> <ul style="list-style-type: none"><li>• 100% of the discounted purchase price; or</li><li>• 75% of the open market valuation.</li></ul> <p>The below criteria will apply:</p> <ul style="list-style-type: none"><li>• Flats and maisonettes will be considered on an individual basis;</li><li>• Applicants must mirror the applicants named on the Right to Buy documentation;</li><li>• Applications are not accepted when the applicant is in receipt of Housing Benefit to support their monthly rent;</li><li>• Additional borrowing applications will only be considered for home improvements; and</li></ul> <p>The Society must be registered as first charge.</p>
<b>Later Life Lending</b>	<p>Later Life applications are restricted to 80% LTV.</p> <p>The later life product range is available to those already in retirement and those in employment, wishing to take their mortgage into retirement. Earned income will be considered up to retirement age. Following retirement, affordability will be assessed using verifiable income from a pension or other sustainable source.</p> <p>Permitted criteria includes:</p> <ul style="list-style-type: none"><li>• Satisfactory evidence of pension income;</li><li>• The term cannot extend past the oldest borrowers 95th birthday; and</li><li>• Independent legal advice must be taken by any non-borrower in cases where the mortgage is in single name, but the property is jointly occupied.</li></ul> <p>Applications can be considered where there is a life policy in place which is sufficient to pay the shortfall in the event of death of the highest earning borrower or, where there is sufficient equity for the surviving borrower to downsize to a two-bedroom flat or house within a 25-mile radius of the mortgaged property.</p> <p>Where borrowers at the end of the mortgage term do not exceed the below thresholds, the second affordability calculation is not required:</p> <ul style="list-style-type: none"><li>• Males: 79 years; and</li><li>• Females: 83 years.</li></ul>
<b>Retirement Interest Only (RIO)</b>	<p>The minimum age at application is 55, and the maximum is 85.</p> <p>Applications will be considered up to 60% LTV.</p> <p>A secondary affordability assessment is required to demonstrate the loan is affordable in the event of death on the event of either borrower.</p> <p>The mortgage balance must be repaid in the event of:</p> <ul style="list-style-type: none"><li>• Death of the sole borrower;</li><li>• The requirement for long-term residential care of the sole borrower; or</li><li>• Sale of the mortgaged property.</li></ul>
<b>Remortgage</b>	<p>Remortgage applications are acceptable subject to a minimum six-month ownership of the security property. Where the property has been inherited, remortgages within 6 months of ownership are acceptable. No previously registered second charges will be accepted.</p>



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## Mortgage Type

### Shared Ownership

We will consider applications where the below criteria is satisfied:

- The arrangements must be through a registered Housing Association or Social Landlord;
- The client must satisfy affordability checks with rent, maintenance and service charges all taken into consideration;
- Staircasing must be available up to 100% LTV – meaning the client can increase their share up to full ownership of the property;
- There is a minimum share of 25% and a maximum share of 75% at application stage;
- We will lend up to 95% (minimum 5% deposit) of the share being purchased;
- Only leasehold properties will be considered;
- There is a minimum property valuation of £100,000;
- The client must opt for a capital and interest repayment method;
- New build flats are accepted up to 95%
- The completing solicitor will be required to ensure the lease meets our requirements;
- We will only consider applications in England and require the lease on the property to have a minimum of 85 years remaining at the point of application; and
- Please remember the Society's minimum loan amount is £50,000.

Section 106 will be permitted where the scheme provider has an option to buy back the customers share at full market value for a period of no longer than three months. The Society must then be able to staircase to 100% LTV and sell the property on the open market at its full market value.

## Credit History

### Arrangement to Pay

Arrangements to pay which have been repaid over 3 months prior to application will be accepted subject to individual case assessment.  
Arrangements to pay which have been repaid within the last 3 months will be considered on an individual basis.

### Arrears & Late Payments

Arrears on any loan, mortgage, or credit agreement within 2 years of the application, may be considered where status 1's or 2's have been reported.  
Arrears on any loan, mortgage, or credit agreement over 2 years prior to application may be considered where status 1 to 6 have been reported.  
Arrears that exceed 2 monthly payments associated with Telecommunications or Public Utilities accounts, will be considered on an individual case basis.

### Bankruptcy & Individual Voluntary Arrangements (IVA)

Applicants who have been discharged bankrupt or have settled IVA over 6 years ago can be considered.

### County Court Judgement (CCJs)

One CCJ registered within three years and satisfied over three months prior to application can be considered on an individual basis and requires Lending Committee approval, where the total value does not exceed £500. Where this is in respect of parking fines, Committee approval is not required.  
Up to three CCJs per application registered and satisfied over three years prior to application can be considered on an individual basis, where the total value does not exceed £500.  
Up to three CCJs per application registered and satisfied three years prior to the application can be considered on an individual basis and requires lending committee, where the total value exceeds £500.

### Debt Management Plan (DMP)

Debt Management Plans taken out and repaid over 12 months prior to application will be considered based in the overall credit scenario of the applicant.  
Debt Management Plans taken out and repaid within 12 months prior to the application will be considered on an individual basis.

### Defaults

Defaults over £500 and satisfied over 3 years prior to application will be considered on an individual basis.  
Defaults over £500 and satisfied between 3 years and 3 months prior to application will be considered on an individual basis and require Lending Committee approval.  
Defaults less than £500 and satisfied over 3 months prior to application will be considered on an individual basis.  
Telecommunications or Public Utilities defaults (satisfied or unsatisfied) that are less than £100, will be considered on an individual case basis.

### Payday Loans

Payday loans taken out and repaid over 12 months prior to the application will be considered based in the overall credit scenario of the applicant.  
Payday loans taken out and repaid within 12 months prior to the application will be considered on an individual basis.

# Residential Lending Policy

Strictly for Intermediary use only

## Credit History

### Unacceptable Credit History

The below will not be considered:

- Insolvency;
- Logbook loans; and
- Previous repossession.

Circumstances where one partner is not party to the mortgage due to adverse will not be considered.

## Security and conveyancing

### Construction

Properties are expected to be of standard construction (walls of brick or stone and roof of tile or slate).

The below construction types may also be considered, subject to valuation:

- Timber frame with render cladding;
- Solid stone;
- SIPS (structural insulated panels);
- Oak framed;
- Metal (zinc) roof;
- Mundic Block Concrete Construction – A1, A2 or A3 classification only;
- Thatched roof;
- Grade II listing; and
- PRC repaired properties with a 30-year insurance-backed guarantee and structural warranty.

All properties must have basic amenities (hot and cold running water, sink, bath/shower, inside toilet, electrical power, drainage, and waste disposal).

### Conveyancing

Legal Marketing Services (LMS) manage the Society's panel of acceptable conveyancers. To see a full list of acceptable conveyancers, please [visit the Society's website](#).

### External Cladding

The following rules apply for applications on properties that require an EWS1 form:

- Properties certified as A1 (there are no attachments whose construction included significant quantities of combustible materials);
- Properties certified as A2 (there is an appropriate risk of the attachment confirming that no remedial works are required) are considered subject to approval; and
- Properties certified as B1 (a fire risk assessment completed by a Chartered Engineer or Member of the Institute of Fire Engineers, is sufficiently low that no material works are required), will be considered subject to approval.

Properties certified as A3 or B2 as identified on the EWS1 form, are not acceptable.

### Green Deal Initiatives

Where an applicant is looking to complete environmentally friendly work such as loft insulation, boiler replacement etc under a specific green initiative. there may be a need to inform us or gain consent based on the proposed work. Please contact us to clarify this if you are unsure.

### Japanese Knotweed

Extreme caution will be exercised in the presence of Japanese knotweed or other invasive species.

### Location

The Society will consider lending on properties across England, Wales and the Isle of Wight.

### Mining Reports

	Within 10m		Between 10m – 20m	
	Untreated	Treated	Untreated	Treated
Under property/Touching external wall	50%	25%	-	-
Within property boundary	25%	10%	5%	5%
Within neighboring property boundary	20%	5-10%	5-10%	0%
Outside of property boundary & neighboring property boundaries	20%	5-10%	Nominal	Nominal

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## Security and Conveyancing

Property Age & Certification	All properties will be considered on its own merits irrespective of age. Properties built or converted within the last 10 years must hold an acceptable form of certification.
Property Insurance	All security properties must have a suitable buildings insurance policy.
Property Types	<p>Houses, bungalows, flats and maisonettes must have a minimum value of £100,000, or £250,000 if located within the M25 corridor. Flats and Maisonettes will be considered subject to the below criteria:</p> <ul style="list-style-type: none"><li>• Up to 95% LTV (85% LTV for new build excluding Shared Ownership);</li><li>• Must be a maximum of 10 storeys in the block including any basements (exceptions for flats exceeding 6 storeys may be considered on an individual basis);</li><li>• Blocks with 4 or more storeys must have a lift;</li><li>• Ex-local authority flats and maisonettes will be considered to a maximum of 6 storeys and require lift access. Valuers must also confirm the property is in a good area with good resale ability, and consideration given to the level of privately owned property within the block.</li><li>• Must have a minimum of 35m<sup>2</sup> internal floor space;</li><li>• Flats above commercial premises will only be considered subject to valuation;</li><li>• Flats above “Sui Generis” (pubs and drinking establishments) and A5 (hot food takeaways) will not be considered;</li><li>• Exceptions for flats exceeding 6 storeys may be considered on an individual basis;</li><li>• Freehold flats will only be considered if there is an appropriate management company in place; and</li><li>• Commonhold flats will be considered subject to valuation.</li></ul>
Property Use	<p>The whole of the mortgaged property must be used for residential use of the applicants (and their family). Properties with an annex will be considered on an individual basis and the below criteria applies:</p> <ul style="list-style-type: none"><li>• The size of the annex must indicate it is ancillary to the main building;</li><li>• The annex should share its access and services with the main building;</li><li>• If it is let commercially, this can be on an assured shorthold tenancy (AST) for maximum of 6 months or, short term let such as Airbnb, and must be within a maximum of 20 acres of land; and</li><li>• The planning status of the annex must be that it can be only occupied as an annex to the main building.</li></ul>
Security	The Society will only accept a first charge on all properties.
Tenure	<p>The following is considered as suitable tenure for security purposes:</p> <ul style="list-style-type: none"><li>• Freehold (excluding flats or maisonettes);</li><li>• Flying Freehold (maximum 15%);</li><li>• Leasehold (there must be at least 85 years remaining on the term at application and at least 60 at the end of the mortgage term); and</li><li>• Commonhold.</li></ul>

## Get in touch

Call: 0121 521 4000 Email: [newbusiness@thetipton.co.uk](mailto:newbusiness@thetipton.co.uk) Visit: [www.thetipton.co.uk/intermediaries](http://www.thetipton.co.uk/intermediaries)

Strictly for intermediary use only. Under no circumstances should this communication be given, copied, or distributed to customers or potential customers. A Decision in Principle must be submitted to secure funds. Terms and conditions apply. Applications are accepted throughout England, Wales and Isle of Wight. Properties located in Scotland, Northern Ireland or the Isle of Man will not be accepted. Criteria can be amended or withdrawn without notice. Tipton & Coseley Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Buy to let mortgages which are for business purposes are exempt from FCA Rules. The Society's firm reference number is: 159601. The Society is a member of the Building Societies Association. Head office: 70 Owen Street, Tipton, West Midlands, DY4 8HG.