

# The Loughborough for Intermediaries

Mortgage Lending Criteria for Intermediaries

To get in touch

**01509 631953**

Email

**[brokers@theloughborough.co.uk](mailto:brokers@theloughborough.co.uk)**

**The Loughborough  
Building Society**



[www.theloughborough.co.uk](http://www.theloughborough.co.uk)

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## Section I Residential Mortgages – General Information

This information should be read in conjunction with the individual mortgage product features. Where the information differs, the individual mortgage product features will take precedence over the information stated below.

### The Application

**Advice:** We only accept residential applications on an ‘advised’ basis.

### The Loan

**Term:** Maximum 35 years.

**Loan size & LTV limits:** see individual product features.

**Purchase or Remortgage:** see individual product features for restrictions.

NOTE for remortgages, properties that have been owned for less than six months will be considered on referral.

### Repayment Methods

Capital and Interest, Interest Only or a combination are permissible.\*

\*Product restrictions may apply

#### Interest Only

- Allowable up to a maximum of 75% LTV.
- We require in writing, a description of the repayment vehicle to repay the mortgage at the end of the mortgage term.
- We require the repayment vehicle to have been in place for twelve months before the mortgage application is submitted.
- Applicants will be required to complete a declaration as part of the mortgage offer documentation.

Examples of acceptable repayment strategies:

- Endowment.
- Cash lump sum from a Personal/Occupational pension plan.
- Equity ISA/PEP. ^
- Unit Trust. ^
- Sale of investment property or second home:
  - We will accept the sale of an investment property or second home in the UK, provided the equity in the property is currently sufficient enough to cover the amount being borrowed (ownership must be evidenced via land registry and value via Halifax Price Index).
  - Where a shortfall is identified, this element must be on either a capital and interest repayment basis or the shortfall made up by means of increasing the deposit.
  - It is your clients’ responsibility to ensure they have sufficient capital to repay the mortgage at the end of the term.

^ We require any such vehicle to have a monthly contractual payment and have been in place for 12 months before the application for the mortgage (evidence of such payments can be provided via bank statements or annual statements). We will require an illustration from the vehicle provider of the projected future value at the end of the mortgage term based on assumed growth rates (2%, 4% and 6%).

Examples of Interest Only repayment strategy sources we don't accept:

- Downsizing (accepted for Borrowing In Retirement).
- Conversion to repayment in the future.
- Cash ISA.
- Overpayments from income.
- Inheritance.

## Financing the Deposit

All applicants are expected to provide a minimum 5% deposit out of their own savings or proceeds of sale.

The following alternatives are acceptable sources of deposit:

- Sitting tenants purchasing under right to buy.
- Interest free loan or gift from family.
- Purchase under value (special purchase price) there must be a relationship between buyer and seller e.g. parent and child, landlord and tenant.

Sources we don't accept for deposit:

- Builders deposit unless the applicant has paid a minimum 5% from their own funds.
- Vendor cash deposits.
- Personal loan or other credit.

## Capital Raising

CAPITAL RAISING REASON*	Maximum % LTV
Property related i.e: home improvement (builders estimates required above 80%)	95%
Help to Buy Buyout	90%
Transfer of Ownership	90%
Deposit on or purchase of 2nd home, holiday home or Buy to Let	80%
Family reason e.g. university fees, wedding, lifetime gift, bank of mum and dad	85%
Capital injection into business (not permitted for borrowing in/into retirement)	80%
Debt consolidation Not available for Specialist Self-Employed or applicants currently in financial difficulty	80%

\* Note: there is a broader range of acceptable reasons for borrowers aged 80 and over, although lower LTV limits apply.

## The Applicant(s)

### Minimum age

18.

### Maximum age

80 at the end of the mortgage term for general products. Post age 80 Borrowing in/into Retirement products apply and, post age 70, borrowing in/into retirement criteria applies.

## Residency

The applicant/s must have resided in the UK for the past three years. HM Armed Forces personnel who have been temporarily stationed abroad are deemed to have been resident in the UK during their period of overseas deployment.

### a) Non-UK residents:

- We don't accept mortgage applications for non-UK residents.
- Requests from existing LBS members will be given consideration.

### b) Non-UK nationals:

- Mortgage applications from non-UK nationals will be considered where the applicant has been resident in the UK for a minimum period of three years and can provide a residential history.

In addition, if the applicant is not from an EEA country, appropriate documentation to confirm permanent rights to reside and permission to work should be evidenced.

We do not accept applicants on working Visas.

## Credit History

Product restrictions may apply to the general criteria below:

### Arrears / Defaults / Missed or Late Payments

- Missed/late payments are acceptable providing the missed payments have not exceeded 2 months' payments within the last 2 years, any missed payments are satisfactorily explained and the account has been up to date for the last 6 months. Max 95% LTV (product dependent) and no referral required.
- Where enquiries reveal arrears equivalent to 3 months payments or more overdue on any major commitment (e.g. mortgage, secured loan, unsecured personal loan or credit card) within the last 2 years, the application must be referred with a full explanation for the arrears and will be subject to a maximum 70% LTV.

## CCJs

- CCJs registered more than 3 years ago and satisfied more than 3 years before application are disregarded.
- Up to 3 CCJs of less than £500 in total and satisfied at least 3 months before the date of application are acceptable up to 95% LTV (product dependent) and no referral required.
- Up to 3 CCJs with a total amount up to £1000 and any of the CCJs have not been satisfied more than 3 years before the date of the application may be considered on referral and are subject to a maximum 70% LTV.

## Bankruptcy

- Applicants who are currently bankrupt are unable to apply for a mortgage.
- Applications from individuals who were bankrupt but who have been formally discharged for a minimum of 3 years will be considered provided they have been in continuous employment for at least 12 months and all other criteria has been met.

### Individual Voluntary Arrangement (IVA) and Debt Management Plans (DMP)

- IVAs / DMPs registered more than 3 years ago and satisfied more than 3 years before application are disregarded.
- All cases that have an IVA or DMP which has been satisfied for less than 3 years from the date of the application are subject to a maximum 70% LTV and must be referred.
- Applications from individuals with current IVA's or DMP's will be considered provided the IVA or DMP has been conducted satisfactorily for a minimum period of 2 years from the date of the application. Maximum LTV 70% and must be referred.

## **Pay Day Loans**

- Considered by referral provided the applicant doesn't have a reliance on short term e.g. numerous repeated loans in the last 12 months, with other credit repayment issues or bank account conduct issues.

## Section 2 Employment Status

### Employed

- Employed applicants are required to provide employment history of two years.
- A minimum of one year's employment history is permissible provided that the applicant was previously in full time education/vocational training.
- Pieceworkers must have been in their current job for at least a year.
- If an applicant is in a probationary period, there are no additional requirements provided that the applicant can provide a minimum of two years employment history and/or stability of employment e.g. consistency of type of employment or no more than two other employers in the last two years
- The applicant must be on the permanent staff (i.e. not a temporary position).

### Self Employed

- Sole Trader/Partnership – must have been trading a minimum of 2 years, with completed accounts available to verify.
- Director of a Limited Company – company must have been incorporated for the last 2 years.

A qualified accountant (ACCA, CIMA, CIPFA, ICAEW or CIT) must provide details for the last two trading years. Where the business has been trading for less than three years, at least two years accounts should be provided plus a projection for year three will be required from the accountant. Three years SA302s can be accepted.

If the accountant is not a member of one of the bodies mentioned on the previous page, additional verification of taxable income should be obtained from the Inland Revenue – three years SA302s.

Where the latest information is based on draft accounts, the accountant should confirm that, to the best of his/her knowledge, no material changes are likely.

**NOTE:** consideration will be given to eligible applicants who have been self-employed for less than two years. See section 5 'for details of the Specialist Self-employed criteria.

### Fixed Term Contracts

- Employees on a fixed term contract with a minimum of six months until expiry are acceptable, provided they are professionals (i.e. excludes unskilled, manual, clerical workers) and have worked in the same profession for a minimum of one year.

### Temporary/Agency Workers

- Income from temporary employment may be taken into consideration where the applicant has a continuous work history of similar employment over a 12 month period and can evidence regular earnings for the last six months.

### Secondary Employment

- Income is acceptable where earnings can be shown from this source for the last six months. Due regard will be given to the nature of the work, the total number of working hours and the feasibility of this being sustained.

### Maternity / Paternity Leave

Where it is known that an applicant is, or will be, on maternity / paternity leave, the following information is needed:

- Anticipated return to work date and whether returning on a full time/part time basis.
- Maternity / paternity income whilst off work (weeks at full pay/90% pay/SMP) and any savings provisions in place whilst on reduced pay.
- Payslip prior to maternity leave showing normal income.

We will assess the 'anticipated' return to work salary.



## Section 3 Affordability

We will assess an applicant/s borrowing ability using an affordability calculation based on their income, commitments and expenditure. This will confirm the maximum amount we will be prepared to lend.

For applications with more than two applicants, the first two incomes ONLY will be assessed.

Employed Income: the affordability calculator will automatically apply deductions to gross income, based on tax bands and NI contributions to calculate the net income.

Income multiples will be used to cap the maximum borrowing potential of an applicant even if the financial statement assessment indicates a high lending potential.

The maximum income multiples is 4.5 times (Joint or Single), subject to product maximums. Income multiples of 3.5 times (Joint or Single) apply for Borrowing in/into Retirement where the applicant is aged 80 years or older; see section 6 for more information.

### Assessable Income Types

Primary income is defined as basic salary, net profit from a sole trading business or partnership, or salary and dividends from a Company Director with a 25% shareholding.

#### Employed

INCOME TYPE	AMOUNT	CONDITIONS
Overtime/bonus/ shift allowances	100%	Must be the same amount on at least the last three payslips in order to guarantee
	50%	If regular as opposed to guaranteed (see above)
Commission	50%	
Car Allowance	100%	
Maintenance	50%	If NOT by court order
Maintenance	100%	Subject to CSA/court order
Large town (London) allowance	100%	
Mortgage/housing subsidy	100%	
Secondary employment	50% – if not related to primary occupation 100% – if nature of work is similar or identical to primary occupation	Subject to a minimum six months in this employment.

## Self Employed

STATUS	
Sole Trader	100% of the last year net profit unless showing a reduction, then average at least two years net profit*
Partnership	100% of their share of the net profit unless showing a reduction, then average at least two years net profit*
Director of a Limited Company	100% of applicant's salary & any Dividends taken (provided there is a net profit). Consideration can be given to assessing 100% of the applicants share of the net profit (after dividends have been paid) plus salary and Dividends for those businesses with minimal/no stock or cash dependencies e.g. service business, providing the net profit is sustainable*.

\* If there is a reduction of more than 15% then an explanation is required and the case will be referred.

## Specialist Self Employed (trading less than 2 years)

STATUS	
Sole Trader	100% of the first year's net profit*.
Partnership	100% of their share of the net profit.*
Director of a Limited Company	100% of applicant's salary & any Dividends taken (provided there is a net profit)*. Consideration can be given to assessing 100% of the applicant's share of the net profit (after dividends have been paid) plus salary and Dividends for those businesses with minimal/no stock or cash dependencies e.g. service business, providing the net profit is sustainable.

\* Year 2 projection may be considered on referral where the business has been trading for a minimum of 18 months and the projection has been prepared by a qualified accountant – see Section 2.

## Miscellaneous

INCOME TYPE	% taken for assessment
Pensions (state, Personal, Occupational) – evidence required	100%
Investment/Trust Income – evidence required: if guaranteed if NOT guaranteed	100% 50%
Maintenance (must not exceed 50% of total assessable income): if by Court Order if NOT by Court Order	100% (two years minimum) 50% (two years minimum)
Bursary – evidence required	100%
Foster Carers	We do not assess Foster Carers income
BTL rental income*: if 2 or less properties if 3 or more properties *Income from BTL(s) will be profit declared for tax evidenced from last two years SA302s or accounts submitted by suitably qualified accountant	50% of evidenced income 100% of evidenced income
Other household income – evidence required	50%
Where it can be evidenced this income is verified and sustainable, examples of this type of income may be: • a partner not named on the mortgage but living in the property and contributing to the household income • a lodger or tenant under the rent a room scheme	

## Contractor

Treated as self-employed for affordability purposes, see page 10 for further information.

## Sub-contractor

If the applicant sub-contracts to one sole company and has done so for the last six months or more, we can treat them as employed by the company i.e. we will assess 100% of gross annualised income.

## Zero Hours Contracts

Provided the employee has worked for a minimum of 6 consecutive months with the same employer on a zero hours contract with no more than two weeks void of work, the average income per week over the previous six months can be assessed.

## **Commitments & Expenditure**

The affordability calculator will ask for all monthly commitments and household expenditure. The household expenditure should be based on the property to be mortgaged.

### **Loans and Credit Cards**

We will deduct as a monthly commitment any loan or credit card payments (including student loans) where there is an outstanding term of 6 months or more. We will use 3% of the outstanding balances on any/all credit card and mail order accounts as the monthly commitment figure.

### **Payday Loans**

Provided the applicant(s) do not have a reliance on short term credit the case should be acceptable; an explanation as to why the payday loan was taken out must be provided. If there is evidence of a reliance on short term credit e.g. numerous repeated loans in the last 12 months, with other credit repayment issues or bank account conduct issues, we will not accept an application.

### **Ground rent/Services charges – Leasehold properties**

Where the proposed security is leasehold and there will be service and/or maintenance charges such a charge is to be treated as a commitment when assessing affordability.

The applicant will need to provide details of any such charges.

### **Gambling**

Consideration should be given to expenditure to gambling e.g. amount being placed each week/month, and any impact on the customer's management of finances e.g. missed payments or exceeding overdraft etc.

## Section 4 Property

### Tenure

Both freehold and leasehold are acceptable. If leasehold, the minimum required unexpired term on a lease must be at least 85 years from commencement of the mortgage.

### Acceptable properties

Properties must be in England & Wales and of traditional construction (e.g. brick and tile).

- Timber framed construction may be considered if brick clad.
- Wimpey 'no fines' and Easy Form can be considered subject to a satisfactory valuation.
- New build:
  - New build houses are acceptable up to 95% LTV (we do not accept builders' deposits unless the applicant has paid a minimum of 5% from their own funds).
  - New build flats /apartments/maisonettes for owner occupiers (not for BTL applications) considered on referral.
  - New build warranties – we accept NHBC, Premier Guarantee, BLP, Buildzone, LABC, Protek, Checkmate Castle 10 and Zurich. Other warranty policies are not acceptable.
- Properties with flying freeholds up to a maximum 25% of floor area.
- Self-build.
- Flats / Apartments / Maisonettes for owner occupation:
  - In blocks with more than 4 floors, if our security is above the 2nd floor, the apartment must be serviced by a lift.
  - In blocks with more than 6 floors will be considered subject to the valuer confirming the security is 'readily resaleable'.
  - Above commercial premises will be considered via referral.

### Unacceptable properties

- Pre-fabricated properties.
- Steel framed properties.
- Timber framed/timber clad properties.
- Flat roofed houses.
- Any construction covered by Housing Defect legislation, such as high alumina cement; prefabricated reinforced concrete; large panel system.
- Ex-local authority & housing association (ex-public sector) flats are not acceptable.
- Second homes / holiday homes are not accepted.
- Shared equity is not acceptable.

### Solar panels

- Houses fitted with solar panels are acceptable, provided that adequate insurance is in place to cover any damage caused to the property by the solar panels, solicitors to confirm.
- For re-mortgage applications on houses with solar panels fitted these must have been fitted under a lease agreement, solicitors to confirm.

### Valuations

All properties are subject to a physical valuation. These are instructed via a panel management company and encompass a variety of national surveying firms.

## Section 5 Second Mortgages

### Let to Buy

New residential mortgages can be considered where the customer is, for example, upsizing or relocating with their job. We need to be satisfied that the existing mortgages will be converted to a permanent letting agreement and we require:

- Consent to let confirmation, in writing, from the existing lender or a copy of the LTB re-mortgage offer from the new lender.
- Rental coverage of 130% (Basic Rate Tax Payers) or 165% (Higher Rate Tax Payers) of the mortgage commitment (based on a notional 5.5% interest rate). This calculation must include any additional capital raising for deposit funds. If the rental coverage is less than 130% (Basic Rate Tax Payers) or 165% (Higher Rate Tax Payers), any shortfall will be annualised and deducted from income before applying our income multiples to new residential mortgages. No surplus rental income will be assessed.
- A professional letting agents letter confirming the potential rental income.
- Where the existing property has little equity or is in negative equity, we may not be able to assist and the case should be referred to us before submission.

### Residential applicants who own other properties

Applicants must be current owner-occupiers for us to consider proceeding where there are any other mortgages in the background. We may consider an application where the customer is temporarily living with family or renting, due to work commitments and they still own their ex-residential property. We must be totally satisfied that our security will be the customer's main permanent residence. We may require proof of deposit for the new purchase.

### Existing residential property up for sale

Where the customer/s have, for example, their existing residential property up for sale, but may not have sold by the time they complete on the new purchase. We will treat the existing mortgage payment as a monthly commitment.

Where the existing matrimonial or dependent relative(s) mortgage is to remain, we must be satisfied that the new residential property to be purchased is for the customer/s own use. We will assess the existing mortgage as a monthly commitment.

### Existing Buy-to-Let properties in the background

- Applicants must be current owner-occupiers.
- Professional landlords will be considered and treated as self-employed and we require 2 years' accounts and/or tax assessments. They will be required to complete an Assets and liabilities statement.
- For Non-Professional landlords, we will consider treating the BTL mortgages as self-financing, subject to:
  - Rental coverage of 130% (Basic Rate Tax Payers) or 165% (Higher Rate Tax Payers) of the mortgage commitment (based on a notional 5.5% interest rate). This calculation must include any additional capital raising for deposit funds. If the rental coverage is less than 130% (Basic Rate Tax Payers) or 165% (Higher Rate Tax Payers), any shortfall will be taken into account in the affordability calculation.
  - Proof of rental income and mortgage payment/s on the most recent bank statement/s.
  - Consent to let will be required or proof the mortgage is on a BTL basis (BTL mortgage statement).

## Section 6 Solutions

### Borrowing in and into Retirement

#### The applicant

Applications for Borrowing into/in Retirement products will only be accepted from applicants who are already over the age of 80, or whose required mortgage term will take them beyond age 80.

For joint applications if the definition applies to only one of the applicants, then eligibility for a mainstream product will need to be considered taking into account whether affordability relies on the income of the older applicant.

Joint applicants are eligible for the entire product range (subject to criteria) in cases where:

- There is no reliance on the income of the older borrower and the term does not take the younger borrower beyond age 80.
- Reduced maximum LTV limits apply to older borrowers:

Up to age 70	Max 95% LTV
70 – 79 years	Max 70% LTV
80 years and over	Max 60% LTV

Maximum two borrowers per application.

We will NOT accept applications where a Power of Attorney is already active i.e. where the PoA wants to arrange a mortgage on behalf of the donor, we would decline.

Capital raising accepted for some purposes, maximum % LTV limits apply depending on the specified reason – please refer to lender.

#### Borrowing ability

- Where the proposed mortgage term is likely to exceed our assumed applicant retirement age of 70, the ability to continue to pay the mortgage on the applicant(s) pension income must be assessed. We will use state pension plus any personal/occupational pension income, to cover the remaining mortgage balance at retirement age.
- Applicants must be in receipt of employed, self-employed, personal or occupation pension income.
- Applicants who will be wholly reliant on state pension and benefits only will not be accepted.
- If working after the age of 70, the type of employment will need to reflect their ability to work beyond that age.
- Absolute maximum income multiples of 3.5 times for applicants already in retirement, or beyond age 80 (joint or single, income multiples will be used to cap the maximum borrowing potential of the applicant(s) even if the financial statement assessment indicates a higher lending potential).

#### Buy to Let (as per residential with the following exceptions)

- The applicant(s) must be current owner occupiers of their own mortgaged residential property, or have previously had mortgages for which evidence can be obtained (consideration will be given to applicants who are co-habiting with their partner in a mortgaged property).
- Regulated Buy to Let are accepted. We will lend to landlords who have close family members as a tenant i.e. the applicants current or Ex spouse or civil partner, parent, sibling, child, grandparent, grandchild, step relative or in law.
- We will **NOT** lend where the application is in the name of a non-individual i.e. a Company, Trust or Partnership.
- We will **NOT** lend for Sale and Rent back scenarios or distressed sales.
- Maximum four borrowers per application.
- Minimum age 25.

- Maximum age 80 (at the end of the mortgage term).
- Minimum income for the applicant £25,000p.a.
- Capital and Interest, Interest only or a combination are permissible (The Society considers that the sale of the property at the end of the mortgage term is an acceptable repayment strategy).
- The interest coverage ratio must meet 130% (Basic Rate Tax Payers) or 165% (Higher Rate Tax Payers) of the monthly mortgage payment based on interest only. This is based on the gross rent receivable, and is stressed at the product rate plus 2% or 5.5% whichever is higher.

### Shared Ownership

- Only from Housing Associations where the Lease is based on the government April 2015 Model Lease.
- Minimum purchase 25% of the property.
- We will only accept Capital and Interest. We do not accept Interest Only or a combination.
- Available on houses only. Flats / apartments & maisonettes are not permitted.
- Applications will not be accepted on properties with re-sale restrictions or clauses.
- Re-mortgages are only accepted if the lease includes the mortgage protection clause.
- Applications may be considered on referral for re-mortgage purposes for straight swaps, stair-casing, and additional borrowing for home improvements/essential repairs and transfers of equity where written consent has been obtained from the Housing Association.

### Right to Buy

- Maximum loan 100% of discounted purchase price.
- Additional borrowing for home improvements is not available.
- The RTB is usually restricted to the official tenants who must also be party to the mortgage.
- A copy of the RTB letter should be obtained.
- Remortgage of a RTB property within the 5 year pre-emption period can be considered if there is no additional monies being raised.
- The second charge will be subject to a Deed of Postponement at extra cost to the applicant/s (unless there is only 12 months of the discount period remaining in which case no Deed of Postponement will apply).

### Specialist Self-employed

- Applications will only be accepted where the applicant can show a clear credit conduct for the last 5 years and their bank account has been operated within any agreed overdraft limit.
- We will only accept Capital and Interest. We do not accept Interest Only or a combination.
- Purchase or re-mortgage applications are accepted, however, capital raising for business purposes or debt consolidation are not acceptable.
- Applications from first time buyers are acceptable.
- Applications are not acceptable for; shared ownership, self-build, family assist (requiring payment or deposit guarantee), Buy to Let or Borrowing in Retirement.
- Applicants must be able to demonstrate a history of work in a similar industry or have recently qualified in the profession or skilled trade on which their business is based.
- Sole traders and Partnerships – must have been trading a minimum of 12 months with completed accounts available.
- Director of Limited Company – must have been incorporated for the last 12 months with completed accounts available.
- Affordability based on Year 1 100% net profit. Year 2 projection may be considered on referral where the



business has been trading for a minimum of 18 months and the projection has been prepared by a qualified accountant.

### **First Time Buyer Family Deposit**

- The applicant must be a first time buyer.
- The applicant must satisfy standard affordability requirements and be able to make the mortgage payments in their own right.
- We will only accept Capital and Interest. We do not accept Interest Only or a combination.
- We accept applications for purchase only. We do not accept buy to let, shared ownership or self-build.
- The Society will lend up to 100% of the purchase price (or valuation whichever is lower) subject to a minimum deposit of 20% financed via a cash security (held on deposit with the Society), a collateral security (a legal charge on the Guarantor's property) or a combination of both.
- The Guarantor must be a parent, step-parent or grandparent. Other close family members such as Aunt, Uncle or sibling may be considered on referral.
- If collateral security is used, then the current balance of any existing mortgage secured on the Guarantors property PLUS the Society's own charge for the deposit must not exceed 75% of the current valuation of the Guarantors property.
- If a collateral charge is to be used, then the Society will only accept the Guarantors main residential home. We will not accept a collateral charge on a Buy to Let, second home or holiday home owned by the Guarantor.

### **Fresh Start**

- The applicant may be a first or second time buyer.
- We will only accept Capital and Interest. We do not accept Interest Only or a combination.
- Applications are acceptable for purchase or re-mortgage of the applicants residential home and the application may be supported by a deposit guarantee, a payment guarantee or both.
- For deposit guarantees; the Society will lend up to 100% of the purchase price (or valuation whichever is lower) subject to a minimum deposit of 20% financed via a cash security (held on deposit with the Society), a collateral security (a legal charge on the Guarantor's property) or a combination of both.
- The Guarantor must be a parent, step-parent, grandparent or sibling. Other close family members such as Aunt or Uncle may be considered on referral.
- If collateral security is used, then the current balance of any existing mortgage secured on the Guarantors property PLUS the Society's own charge for the deposit must not exceed 75% of the current valuation of the Guarantors property.
- If a collateral charge is to be used, then the Society will only accept the Guarantors main residential home. We will not accept a collateral charge on a Buy to Let, second home or holiday home owned by the Guarantor.

### **Enhanced Income Multiples (product specific)**

Income multiples of 5.5 times joint or single income are available for high earners for specific products only and subject to:

- Minimum annual income level of £50,000 sole borrower, £75,000 joint borrowers.
- A minimum of 2 years accounts for self-employed applicants.
- Maximum LTV of 85%, reducing to 70% for terms that take the applicant beyond 70 years of age.
- A disposable income of more than 10% (less than 10% must be referred).

## **Second Homes/Holiday Homes (Borrowers own residential use only)**

- Maximum LTV of 80% although reduced maximum LTV limits apply to older borrowers; see Borrowing in and into Retirement in section 6 for more information.
- Maximum income multiples of 4.5 times apply although reduced maximum income multiples apply to older borrowers; see Borrowing in and into Retirement in section 6 for more information.
- Available on Capital and Interest, Interest Only or a combination.
- Properties with restrictive occupancy will not be accepted.
- Affordability assessment will be based on the ability to meet the costs of running both properties.

## Section 7 Packaging your application

For each applicant we require:

### Evidence of Income

Employed applicants

- Last three months' pay slips – main occupation.
- Last six months' pay slips – secondary occupation/income.

Self Employed applicants (directors/partners of Limited Co. with 20%+ shareholding)

- Last two years audited accounts or Inland Revenue SA302s.

Non borrowing occupants

- Confirmation is required of the relationship and the period of co-habiting, plus the last three months documentary evidence of household income contribution e.g. bank statements.

### Affordability Assessment

To be completed and submitted for all applications.

### ID

- Current signed UK or EU Passport.
- Current UK Photo card Driving License (full or provisional). ^
- Current UK Paper Driving License (full only).
- National Identity Card (non-UK nationals).
- Firearms Certificate or Shotgun License.
- Identity Card issued by the Electoral Office for Northern Ireland.

**Proof of Address** – it is assumed that proof of address will be verified by the electoral roll search we undertake. If verification doesn't occur, you'll be asked to submit one of the following documents:

- Current council tax statement or demand letter – no more than 12 months old.
- Current bank statement or credit/debit card statement issued by a regulated firm in the UK, EU or equivalent jurisdiction – no more than three months old.
- Utility bill – no more than three months old.
- Current (old style) full driving license. ^
- Recent evidence of entitlement to a state or local authority-funded benefit (including housing benefit and council tax benefit), tax credit, pension, educational or other grant for Northern Ireland.
- Instrument of a court appointment (such as liquidator, or grant of probate).

^ We can't use the same document to check the applicants ID and their address. (If you can't provide any of the above documents, please contact [brokers@theloughborough.co.uk](mailto:brokers@theloughborough.co.uk) )

We reserve the right to carry out any further checks of the applicant's identity and address if we think we need to do so in order to comply with our legal obligations.

### Additional Requirements

Maintenance by court order – a copy of the court order must be obtained and the last 3 months bank statements confirming receipt of the maintenance amount outlined in the order.

Maintenance with no court order – last six months bank statements confirming the amount of maintenance declared is paid monthly.

