

Residential Criteria



Application	
Advice	We only accept applications on an advised basis.
Minimum loan	See product criteria.
Maximum loan	<ul style="list-style-type: none"> • <= 80% LTV £500,000 (if above, please refer). • 80.01%-85% LTV £375,000. • 85.01% - 90% LTV £325,000.
Term	Maximum 35 years.
Interest only	<ul style="list-style-type: none"> • Allowable up to 60% LTV. • Any borrowing above 60% LTV must be on a repayment basis (maximum 80% LTV). The maximum term for the repayment element is 25 years. • We will require full details of the repayment vehicle and it must have been in place for a minimum of 12 months prior to the application being submitted. • If an investment property is to be used, it needs to be unencumbered. • Where an investment vehicle is in place, we will check that the estimated maturity value of the repayment vehicle is at least 100% of the loan amount (using the assumed 'middle growth rate').
Acceptable repayment vehicles include	Endowment, ISA, sale of unencumbered property.
Unacceptable repayment vehicles include	Pension, inheritance, future transfer to repayment, overpayment from income, investment property or second home with outstanding mortgage.
The deposit	<ul style="list-style-type: none"> • Applicants own deposit or gift from immediate family member. • If the vendor or builder is offering a discount or incentive, details must be declared and details will be disclosed to the valuer.
Debt consolidation	<ul style="list-style-type: none"> • <£30,000 considered up to maximum of 80% LTV. • Tax, VAT, gambling debts and business purposes are not acceptable.

Home improvements	Considered up to the maximum LTV for recommended product.
Remortgage	Properties must have been owned for a minimum period of 12 months.
<u>The Applicant</u>	
Minimum Age	21 – if joint application, at least one applicant must be 21.
Maximum Age	State or planned retirement, whichever is earlier.
Residency	Non EEA Nationals – The applicants must have resided in the UK for the past 2 years and have permanent right to reside.
Employment	<p>At the time of application</p> <ul style="list-style-type: none"> • Applicants should be in permanent employment. • We can consider applicants who have recently taken up new employment, providing it is the same occupation and no gaps in employment have occurred. • Contract workers must have worked there for a minimum of 6 months and the contract must have been renewed at least once. • We will consider applicants on maternity leave and we will assess the income on the return to work salary, subject to savings covering any shortfall (if applicable) during the leave period – please contact the Society for the required supporting documentation. <p>We do not accept</p> <ul style="list-style-type: none"> • An application where applicants are in probationary period where the LTV >80%. • Temporary or agency workers are not considered.
<u>Credit History</u>	
Impaired	Applications from discharged bankrupts/IVA's not acceptable.
CCJ's & Defaults	<p>County Court Judgement and Defaults</p> <p><=80%LTV</p> <ul style="list-style-type: none"> • If an applicant has one or more CCJ/Defaults with a total less than £500 within the previous 3 years, the case can proceed subject to satisfactory explanation and the CCJ/Default has been satisfied/cleared 12 months prior to application. • Any CCJ/Defaults beyond the 3 year period are acceptable subject to a satisfactory explanation and must have been satisfied/cleared

	<p>12 months prior to application.</p> <ul style="list-style-type: none"> • If the applicant has defaults that total <£100 the application can proceed subject to a satisfactory explanation and the default is cleared prior to completion. • No other adverse entries must show on credit file. <p>>80% LTV</p> <ul style="list-style-type: none"> • Not acceptable.
Missed/Late payments	<p><=80%LTV</p> <ul style="list-style-type: none"> • Missed/late payments on loans and mortgages are not acceptable. • A maximum of 5 status 1s in the previous 24 months on a credit card/phone bill/mail order are acceptable if we are satisfied with the explanation. Within those five late payments a maximum of 3 status 2s on phone bills/mail order are acceptable if under £100. • No other adverse entries must show on the credit file within last 3 years. • Status 2 – credit card, hire purchase or mail order - Ok to proceed subject to the commitment being up to date for a minimum of 12 months prior to application. The acceptance of applications with missed payments is on the basis that applicants have isolated occurrences and the current credit file should show no missed or late payments or balances being above bank or credit card limits. • Status 3 or above (mail order/credit card/phone bill)– refer to underwriting if there is considered merit in the overall application. • Status 3 or above – any other commitment – not acceptable. <p>>80% LTV</p> <ul style="list-style-type: none"> • Missed/late payments on loans and mortgages are not acceptable. • A maximum of 5 status 1s in the previous 24 months on a credit card/phone bill/mail order are acceptable if we are satisfied with the explanation. Within those five late payments a maximum of 3 status 2s on phone bills/mail order are acceptable if under £100. • No other adverse entries must show on the credit file within last 3 years.
<u>Affordability</u>	
We will assess an applicant(s) borrowing ability using an affordability calculation based on their net income and expenditure.	
Employed income	<p>We capture gross annual income and net monthly income details.</p> <p>In addition we may also consider;</p>

	<ul style="list-style-type: none"> • 60% of regular overtime, bonus or commission (avg. of these over the last 3 months payslips). • 100% private or state pension and income generated from a trust fund. • Up to 100% of second employed income, subject to length of service meeting criteria. • 50% working tax credit, child tax credit (received for children <14 years of age). • The society may also take into account a percentage of any payments received in respect of maintenance, investment, dividend or rental income if evidenced by accounts or SA302's. • 100% of maintenance can be used if court ordered or payments can be evidenced on the most recent 6 month bank statements.
Self-Employed	<ul style="list-style-type: none"> • We assess the applicant's income based on the most recent years' income (or salary and dividends in the case of shareholding directors). • We require 3 years most recent accounts and SA302's. • If fluctuations are shown within the accounts we will work on an average of the 3 years (if there is >20% fluctuation, please refer to Underwriting). • If turnover is >£250,000 accounts must be produced by Chartered or Certified Accountants.
The affordability calculator will ask for monthly commitments and household expenses.	
Information we collect	The expenditure section within the application form captures expenditure and loan commitments which we will verify to bank statements and the applicant's credit report.
Lifestyle expenditure	The affordability calculator makes certain assumptions on lifestyle expenditure. This information is based on the Office of National Statistics Expenditure categories and household composition.
Income Multiples	The maximum income multiples the Society will consider is 4.5x gross income (joint or single).
<u>The Property</u>	
Acceptable properties	<ul style="list-style-type: none"> • Properties in England and Wales. • The property must be the main residence of the applicant(s). • Minimum property value is £100,000 (£125,000 for ex social housing). • Properties must be of traditional construction. • Timber framed properties may be considered if brick clad. • New build properties >3 years old (subject to NHBC/Local Authority Building Control Scheme/Premier/Checkmate Castle 10 or Architect Certificates).

	<ul style="list-style-type: none"> • Purpose built and converted flats and maisonettes are acceptable (new builds not acceptable) up to 75% LTV and must be leasehold. • Flats/apartments more than 4 storeys – if above 4 storeys, they must be serviced by at least 1 lift. If above 10 storeys, referral to underwriting required.
Unacceptable properties	<ul style="list-style-type: none"> • Any construction covered by Housing Defect Legislation such as High alumina cement, prefabricated reinforced concrete, large panel system, BISF. • Prefabricated properties. • Holiday homes. • New build properties <2 years old which have not yet been occupied if the LTV is >80%. • Ex social housing flats/maisonettes.
Valuations	<ul style="list-style-type: none"> • All of the above are subject to valuation. • All valuations are instructed via a panel management company. • Pre-prepared valuations will not be accepted.
<u>Tenure</u>	
Tenure	<ul style="list-style-type: none"> • Both freehold and leasehold are acceptable. • For leasehold, there must be a minimum of 85 years unexpired lease at the start of the mortgage and 55 years remaining at the end. • Freehold flats/maisonettes are not acceptable. • Flying freeholds – refer.
<u>Higher lending charge</u>	
The Society will take out an indemnity policy for loans in excess of 80% LTV.	
<80% LTV	No higher lending charge.
>80% LTV	We pay the higher lending charge for the borrower.
<u>Residential applicants who own other properties</u>	
Where applicants have other mortgages in the background the Society has to be completely satisfied that our security will be the customers' main permanent residence.	
Let to Buy	<p>A new residential mortgage can be considered where the applicant wishes to retain their current property on a BTL basis.</p> <p>We need to be satisfied that the existing mortgage will be converted to a permanent letting arrangement and we require:</p> <p>Rental coverage of 125% of the mortgage commitment based on 5%.</p>

	<p>If there rental coverage is less than 125%, any shortfall will be included in affordability on the new residential mortgage.</p> <p>Anticipated rental income must be confirmed and may be required to be evidenced by a letting agent.</p> <p>Proof of savings to pay the initial 3 months mortgage payments.</p>
<u>Special Schemes</u>	
Local authority mortgage scheme (Pendle) is acceptable.	
Shared ownership/equity/government Help to Buy are not acceptable.	
Right to Buy applications are not acceptable.	

<u>Supporting Documents</u>	
With each application	<ul style="list-style-type: none"> • 3 consecutive months bank statements. • 3 consecutive months payslips and latest P60. • 3 years trading consecutive accounts/balance sheets (self-employed) and 3 years most recent SA302s. • Purchase; - evidence of deposit. • Remortgage; - buildings insurance schedule. • Personal ID for each applicant; UK or EU passport. Full UK or EU driving licence (not provisional) Armed forces ID card/police warrant card. • Address ID for each applicant; Recent utility bill Recent postal bank statement.

Any questions please get contact our Intermediary Team on 01282 440583 or intermediaries@themarsden.co.uk