

With effect from March 2019

# Our Residential criteria guide.

Local banking  
for Britain



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## Adverse credit

### CCJs / defaults

Customers with CCJs and defaults can be considered, subject to credit score and possible underwriter referral. Any CCJs / defaults registered within the last 6 years (regardless of whether they are still outstanding or repaid) must be disclosed.

Customers will be automatically declined when the following is applicable:

- Outstanding CCJ greater than £100 in the last 6 years.
- Satisfied or unsatisfied default greater than £100 in the last 12 months.
- Satisfied or unsatisfied default greater than £500 in the last 3 years.
- Two or more satisfied or unsatisfied defaults in the last 3 years.

### Arrears

Customers with arrears can be considered subject to credit score and possible underwriter referral. Mortgage arrears of 1 month or more within the last 6 years must be disclosed. Arrears for any other debt of 2 months or more within the last 6 years must be disclosed.

Customers will be automatically declined when the following is applicable:

- One month or more late with mortgage payment greater than £100 in the last 6 months.
- Two months or more late with payments on other individual debts identified via the credit search in the last 6 months.

### Bankruptcy / IVA / Debt Relief Order

If any applicant has been in a state of bankruptcy, still have an outstanding bankruptcy restriction order against them, or been subject to an IVA or debt relief order within the last 6 years, applications will be declined.

## Affordability

We use affordability as a way of assessing how much we will lend. Please refer to our [affordability calculator](#).

PLEASE NOTE: The affordability calculator will give a guide to the amount we would be willing to lend however, as no credit search is carried out, please be aware that this amount is subject to change once the DIP / Full Application is keyed. We have a maximum loan to income (LTI) calculation of: - 4.75 times income, for applications where the amount of income used in the affordability calculation is greater than £40,000 and the LTV is less than or equal to 90% - 4.49 times income, for applications where the amount of income used in the affordability calculation is less than or equal to £40,000 and the LTV is less than or equal to 90% - 4.51 times income, for applications where the amount of income used in the affordability calculation is greater than £40,000 and the LTV is greater than 90% - 4.26 times income, for applications where the amount of income used in the affordability calculation is less than or equal to £40,000 and the LTV is greater than 90%

The amount of income used within the affordability calculation is defined as a percentage and can be seen for all income types in 'Treatment of Income'.

As well as taking into account the applicant(s) income for affordability, we will also need to consider any regular outgoings that they are committed to. These include but are not limited to:

### Credit commitments

- Outstanding mortgage balances.
- Outstanding credit card balances including mail order, charge cards & store cards.
- Hire purchase / car lease agreements.
- Loans including student loans.
- Overdrafts.
- Buy now pay later loans.

### Non-credit commitments

- Ground rent / service charges.
- Maintenance.
- Child care.
- Rental / Tenancy.
- School / University fees.
- Shared Ownership rent.

### Other costs

These are other commitments which have significant costs and are related to the following:

- Care of a family member not residing in the property, for example care home costs for a parent.
- Other education costs, for example the applicant themselves is studying for a degree.
- Significant hobby costs that the applicant is fully committed to and would not want to relinquish, for example stable costs for owning a horse.
- Associated running costs (as a minimum council tax and utility bills) from background properties that are not rented out, regardless of whether or not the property is mortgaged or mortgage free.

These other commitments must be ones that the applicant would be unable or unwilling to give up without a detrimental impact to their family, lifestyle or income.

Non-credit commitments which can be cancelled without a significant impact and have relatively low costs would not need to be keyed. Pension contributions do not need to be keyed as a commitment.

Affordability must also include future changes to income and expenditure.

## Background properties owned by the applicant

### Properties that are not rented out

The existing mortgage payment must be keyed as a credit commitment and will be included in the affordability calculation.

It is also essential that the associated running costs from background properties that are not rented out (e.g. second home applications with a residential property in the background or residential application with a second home in the background) are considered in the affordability calculation. To ensure this, associated running costs should be keyed as 'Second Home Running Costs' in Household Expenditure (see Affordability - other costs)

### Existing property to be rented out

The mortgage property must be keyed into the 'Existing mortgages' screen. If you select 'Yes' to 'Is the property let?', this will allow you to enter monthly rental income. If confirmation is required we would request a letter from the letting agent confirming the expected rental income.

### Other Buy-to-Let mortgaged properties owned

Other let properties must be keyed individually in the 'Existing mortgages' section. If you select 'Yes' to 'Is the property let?', this will allow you to enter monthly rental income for each individual property. If confirmation is required we would request one of the following:

- A letter from the letting agent confirming the rental income.
- Latest 3 months' consecutive bank statements showing rental income.
- Copy of the current Tenancy Agreement.
- Letter from accountant or solicitor.

In order for background BTL properties to be considered as self funding, 69% of the total rental income will be calculated and must be greater than the total monthly payments of all background BTL mortgaged properties. No surplus will be considered as additional income, and any deficit will be deducted as a commitment within the affordability calculation.

## Concessionary purchase

Concessionary purchases can only be agreed for subsequent sales (not new build) in the following circumstances:

- The property purchased is solely for the applicant(s) to live in as their main residence and the applicant is:
  - Purchasing from an immediate family member\* at a discounted price (minimum of 10% discount is required) and the vendor must move out on completion.

**OR**

- A sitting tenant purchasing from their landlord (private or council) at a discounted price (excluding Right to Buy).
  - To qualify, the tenant must have been subject to a tenancy agreement on the property for a minimum of 1 year.

\*The **only** relationships permitted for a concessionary purchase are (including vice versa): Parent / child, siblings / sibling, grandparent / grandchild. These relationships can include adopted, half and step family members.

All family purchase transactions must provide vacant possession on completion. The discount on the purchase price must be a minimum of 10% of the market value and must be a genuine discount (must not be subject to any future repayment, claw back or retained interest terms).

A valuation must be instructed in all cases including properties in Scotland (retypes are not permitted).

As the application results can differ on these cases once the correct purchase price has been keyed, you must contact the TSB Intermediary Processing Team for all applications for concessionary purchase. This will ensure correct underwriting of the case has been carried out at the time of application.

## Contractors

### Employment contracts

#### Subcontractors, fixed / short term contracts and agency workers.

Applications will be considered from the above employment types, providing that:

- The applicant has a current continuous contracting employment of 12 months or more, with 6 months of the contract remaining;

**OR**

- The applicant has 2 years' continuous service in the same type of contracting employment.
- Evidence of employment track record may be required
- Applicant should be treated as self employed if they pay their own tax or subcontract to more than one company

#### IT and Construction Industry Scheme (CIS) Contractors

- IT and CIS contractors must be treated as self employed.

#### Probationary contracts

- If the applicant has started employment within 3 months and is on a probationary contract, select yes to the radio button that populates asking if the customer is in a probation period.

Applicants who have an initial probationary period at the start of their permanent contract are not included in the above and can be treated as permanent.

#### Zero hours contracts

Subject to underwriter referral. Each case must be considered on an individual basis and the customer must have a minimum of 12 months continuous employment with the same employer on a zero hour contract basis. Income should be verified by way of latest P60 and the last 3 months payslips (or 6 weeks if paid weekly or fortnightly) to show a consistent and sustainable level of income.

## Credit scoring

We will undertake a credit check on all mortgage applicants through Experian as well as additional checks to verify the identity of the applicants.

We only leave a soft footprint at Decision in Principle stage (no record of the search is left until you proceed to full application).

## Decision in Principle

Our mortgage promise provides a full mortgage credit score facility using minimal information.

It states how much we can lend, is valid for 3 months and is subject to a valuation and the information supplied being correct.

We only leave a soft footprint at Decision in Principle stage (no record of the search is left until you proceed to full application).

This is only available for mortgages in the UK (excluding Northern Ireland).

Your clients must have received a Mortgage Illustration before the application is submitted.

## Deposits

All applicants must make a minimum personal deposit for the property relevant to their individual credit score, product or scheme.

No element of this deposit should be represented by a personal loan.

Family Gift – gifts from family are acceptable. Where the source of the customer's deposit is a gift from a family member, a letter from the family member must always be obtained as evidence. Gifts are only acceptable from the following family members:

- Parents (including step-parents and parents of a spouse).
- Siblings (including step-siblings and siblings of a spouse).
- Grandparents.
- Aunts / Uncles (must be a family relation).
- Cousins.
- Nieces / Nephews.

The family member gifting the deposit must complete the gifted deposits letter found within the literature section of the website:

- Letter must be addressed to the Bank.
- Amount of gift.
- Details of the family member(s) gifting the deposit including full name, address and their relationship with the customer.
- Full name of the applicants their current address and details of the property being purchased.
- Confirmation the gift is non repayable (no claw back).
- Confirmation that they will have no interest in the property.
- Date (must be dated within the last 3 months).

Concessionary – if the deposit is from equity (e.g. a reduced purchase price) the application should be treated as a concessionary purchase.

Vendor Deposits and Cashbacks (non new build properties) – vendor gifted deposits are an unacceptable source of deposit for any non new build property. This does not impact buyers who are receiving gifted deposits to purchase new build properties or concessionary purchases.

For property purchases we may on occasion request proof of deposit.

## Employed applicants

No minimum term of employment is required.

If the applicant has confirmed that they will be starting a new job, receiving a pay rise or undertaking a new role with their current employer, the new job/promotion must have commenced before the time of offer expiry.

For new jobs, the start date of employment should be the date that the application is keyed.

In these instances we will seek an employer's reference and we may also ask for a copy of the contract or pay review letter.

### UK residents not paid in sterling

The use of foreign currency income is not acceptable. Any customers who require foreign currency income to be included in the affordability assessment should be declined.

## Ex Pats

We do not currently accept new business applications from Ex Pat residents.

## Finder's fees

Applications involving finder's fees are not acceptable.

## First time buyers

A First Time Buyer (FTB) is somebody who has not previously owned a property either in the UK or abroad. If an applicant has inherited a property then they can still be classed as a First Time Buyer for mortgage purposes.

To qualify for a FTB product, one applicant must not have previously bought or owned a property.

## Foreign nationals

Citizens of the European Economic Area (EEA) with Full Working Rights.

The citizens of the following countries fall into this category:

Austria	Estonia	Ireland	Netherlands	Spain
Belgium	Finland	Italy	Norway*	Sweden
Bulgaria	France	Latvia	Poland	Switzerland*
Croatia	Germany	Liechtenstein*	Portugal	United Kingdom
Cyprus	Greece	Lithuania	Romania	
Czech Republic	Hungary	Luxembourg	Slovakia	
Denmark	Iceland*	Malta	Slovenia	

\* These countries are not members of the European Union (EU). However the European Economic Area Agreement granted nationals of these countries the same rights to enter, live and work in the United Kingdom as EU citizens.

You don't need to confirm the applicant's right to work in the UK or a 12 month employment history, and can rely solely on the result of the credit score.

### Non EU States

We can proceed if the applicant has permanent rights to reside in the UK which must be evidenced by one of the following documents:

- A Biometric Residence Permit showing 'indefinite' rights to remain (also known as permanent residence).
- A letter from the Home Office confirming the applicant's 'indefinite' right to remain in the UK.
- Indefinite / Right of Abode UK Residency stamp in the passport.

### Enhanced Due Diligence

Where a applicant's nationality is of a sanctioned country we will complete Enhanced Due Diligence checks as part of the application process. This will include verification of evidence to confirm the source of deposit for the mortgage.

### Unacceptable categories

Applications are not acceptable from:

- Students.
- Persons with a working holiday visa.
- Applicants with diplomatic immunity.

### Refugees

Refugees / asylum seekers must have indefinite leave to remain (also known as permanent residence). Documentation required to verify this consists of a Biometric Residence Permit or a letter from the Immigration and Nationality Directorate (IND) advising the customer that this permission has been granted.

## Further advances

We do not currently offer this facility through Intermediaries.

## Guarantors

Guarantor applications are no longer available on new applications.

## Identification & verification

When unable to complete electronic verification, we must identify the applicant from documents which confirm their identity and where they live.

FCA registered firms must ensure that documentation relied upon to verify aspects of an applicant's identity is copied and retained. We reserve the right to request copies of identity documents seen for testing purposes.

### Acceptable documentation

Two separate documents must be provided to verify the applicant's name, residential address and date of birth. Documents must be originals and can only be used once throughout the whole process; i.e. used once for either address verification or for identification.

For Non UK/EEA nationals the only acceptable identification documents are passport with valid visa or biometric residence permit.

## Identification documentation

Document	Identification	Address verification
EU / EEA Driving Licence	Yes	No
EU / EEA Identity Card	Yes	No
Firearms / Shotgun Certificate	Yes	No
Northern Ireland Voters Card	Yes	No
UK and Non UK Passport	Yes	No
UK Driving Licence	Yes	Yes
Biometric Residence Permit	Yes	No
Bank, Building Society or Credit Union Statement	No	Yes
Benefits / State Pension Notification Letter	Yes	Yes
Blue Disabled Driver's Pass	Yes	No
HM Revenue & Customs Correspondence	No	Yes
HM Revenue & Customs Tax Notification	Yes	Yes
Allocation of National Insurance Number from Job Centre Plus Letter	No	Yes
Local Authority Tax Bill	No	Yes
Local Council Rent Card / Statement	No	Yes
Mortgage Statement	No	Yes
Solicitors Correspondence	No	Yes
Utility Bill / Utility Statement (excluding water bills)	No	Yes
Young Scot Card	Yes	No

### How to certify a document

All ID documents must have the following present to satisfy certification requirements. This must be recorded by the FCA Registered Mortgage Intermediary:

- Name of the certifier.
- Signature of the certifier.
- Date of certification, which must not be older than 3 months at the time of the application and
  - Written confirmation from the certifier stating "I hereby certify that this is a true and correct copy of the original document as sighted by me" (suggested text / variations are acceptable).

## Treatment of income – Main Income

Basic Income / Contract Type	Acceptable Income Y/N	Amount to be Keyed
Basic Salary	Y	100%
Overtime	Y	100% (only 60% used for affordability)
Bonus	Y	100% (only 60% used for affordability)
Commission/tips/gratuities/tronc	Y	100% (only 60% used for affordability)
Holiday Pay	Y	100%
Fixed / Short / Temporary Contracts – If Company Paying Tax	Y	100%
Fixed / Short / Temporary Contracts – If Client Paying Tax	Y	100%
Employed in a Family Business If Less than 25% Invested interest (Treat as employed)	Y	100%
Employed in a Family Business Equal to or greater than 25% Invested interest (Treat as Self Employed)	Y	100%
Ltd Company – Director / Shareholder receiving Basic PAYE salary ONLY less than 25% shareholding (Treat as employed)	Y	100%
Ltd Company – Director / Shareholder – Wanting to use – Basic PAYE salary ONLY Equal to or greater than 25% shareholding (Treat as self employed)	Y	100%
Ltd Company – Director / Shareholder – Wanting to use Basic PAYE salary + dividends ONLY Irrespective of share holding (Treat as Self Employed)	Y	100%
Ltd Company – Director / Shareholder – Wanting to use – Basic PAYE salary + Net Profits ONLY irrespective of share holding (Treat as Self Employed)	Y	Net profits cannot be used without referral to Underwriters
Self employed – Sole Trader	Y	100%
Self employed / Share holding of a Non Ltd Company (i.e. Partnership) Taxable Income	Y	Key Applicants proportion of shareholding
Employed by / Partner of PLC or LLP – Irrespective of share holding Basic PAYE salary or drawings (Treat as Self Employed)	Y	100%
Maternity/Paternity/Adoption Pay	Y	100%
Probationary Contract	Y	100%
Temporary	N	0%
Town, Area or Car Allowance (excluding mileage). Including Large town, area allowance e.g. London weighting / cost of living supplement	Y	100%

## Treatment of income – Other Income

Basic Income / Contract Type	Acceptable Income Y/N	Amount to be Keyed	Amount used for affordability
Attendance Allowance	Y	100%	60%
Additional Duty Hours (ADH) (only acceptable for Teachers TLR and Doctors banding payments only.)	Y	100%	100%
Adoption Allowance	Y	100%	60%
Bursary	Y	100%	60%
Carers Allowance	Y	100%	60%
Constant Attendance Allowance	Y	100%	60%
Child Benefit (0% if individual client earns more than £50,000)	Y	100%	60%
Child Tax Credit	Y	100%	60%
Disability living Allowance	Y	100%	60%
Employment & Support Allowance	Y	100%	60%
Flexible Benefit	Y	100%	100%
Flight Pay / Allowance	Y	100%	60%
Foster Care Allowance (We will only use the amount used for tax purposes as income, therefore if the customer does not pay tax this income cannot be used.) For more information follow this link. <a href="https://www.gov.uk/foster-carers/help-with-the-cost-of-fostering">https://www.gov.uk/foster-carers/help-with-the-cost-of-fostering</a>	Y	100%	60%
Guardian Allowance	Y	100%	60%



## Treatment of income – Other Income (continued)

Basic Income / Contract Type	Acceptable Income Y/N	Amount to be Keyed	Amount used for affordability
Industrial Injuries Disablement Benefit	Y	100%	60%
Maintenance (as other income)	Y	100%	60%
Mortgage Subsidy	Y	100%	60%
Nursing Bank	Y	100%	60%
Other	N	0%	0%
Personal Independence Payment	Y	100%	60%
Pension – Credit	Y	100%	100%
Pension – Private (including company / occupation)	Y	100%	100%
Pension – State	Y	100%	100%
Pension – War Disablement	Y	100%	100%
Pension – War Widower	Y	100%	100%
Savings / Investments / Trust Income	N	0%	0%
Shift Allowance	Y	100%	60%
Stipend	Y	100%	60%
Widowed Parent Allowance (including Widow's Pension)	Y	100%	60%
Working Tax Credits	Y	100%	100%

## Verification of income – Main Income

Basic Income / Contract Type	Preferred Verification Document	Alternative Verification Document
Basic Salary	Latest payslip, (this applies whether the applicant is paid weekly or monthly).	Employers Reference
Overtime	If received monthly or quarterly, then three months' payslips supported by YTD figure (6 weeks if paid weekly). If received annually, payslip showing bonus.	Employers Reference
Bonus		
Commission/tips/gratuities/tronc		
Holiday Pay	Latest payslip, (this applies whether the applicant is paid weekly or monthly), unless you are unable to determine the level of holiday pay due to other benefits i.e. overtime / shift allowance. In this case 3 months payslips would be required.	Employers Reference
Fixed / Short / Temporary Contracts – If Company Paying Tax (Excluding CIS contractors)	Latest payslip, (this applies whether the applicant is paid weekly or monthly).	Employers Reference
Employed in a Family Business If Less than 25% Invested interest (Treat as employed)	Latest 3 months payslips (6 if paid weekly or fortnightly), and corresponding bank statements.	
Employed in a Family Business Equal to or greater than 25% Invested interest (Treat as Self Employed)	Latest 3 years Tax Calculations and Latest 3 years Tax Year Overviews	Last 3 years finalised accounts signed off by accountant*
Ltd Company – Director / Shareholder – receiving – Basic PAYE salary ONLY less than 25% shareholding (Treat as employed)	Latest payslip, (this applies whether the applicant is paid weekly or monthly).	Employers Reference
Ltd Company – Director / Shareholder – Wanting to use – Basic PAYE salary ONLY Equal to or greater than 25% shareholding (Treat as Self employed)	Latest 3 years Tax Calculations and Latest 3 years Tax Year Overviews	Last 3 years finalised accounts signed off by accountant*
Ltd Company – Director / Shareholder – Wanting to use – Basic PAYE salary + dividends ONLY Irrespective of share holding (Treat as Self Employed)	Accountants Reference	Last 3 years finalised accounts signed off by accountant
Self employed – Sole Trader	Latest 3 years Tax Calculations and Latest 3 years Tax Year Overviews	Accountants Reference or last 3 years finalised accounts signed off by accountant
Self employed / Share holding of a Non Ltd Company (i.e. Partnership) Taxable Income	Latest 3 years Tax Calculations and Latest 3 years Tax Year Overviews	Accountants Reference or last 3 years finalised accounts signed off by accountant

## Verification of income – Main Income (continued)

Basic Income / Contract Type	Preferred Verification Document	Alternative Verification Document
<b>Ltd Company – Director / Shareholder</b> – Wanting to use – <b>Basic PAYE salary + Net Profits ONLY</b> irrespective of share holding (Treat as Self Employed) <b>Note:</b> Net Profits cannot be used without referral to Underwriters	Last 3 years finalised accounts signed off by accountant	Accountants Reference
<b>Employed by / Partner of PLC or LLP</b> – Irrespective of share holding <b>Basic PAYE salary or drawings</b> (Treat as Self Employed)	Latest 3 years Tax Calculations and Latest 3 years Tax Year Overviews	Accountants Reference or last 3 years finalised accounts signed off by accountant
<b>Maternity/Paternity/Adoption Leave</b>	Latest payslip received when working	Employers Reference
<b>Probationary Contract</b>	Latest payslip, (this applies whether the applicant is paid weekly or monthly).	Employers Reference
<b>Additional Responsibility Allowance</b>	Latest payslip, (this applies whether the applicant is paid weekly or monthly).	Employers Reference
<b>Fixed / Short / Temporary Contracts – If Client Paying Tax</b>	Treat as self employed	
<b>IT Contractor</b>	Treat as self employed	
<b>CIS Contractors</b>	Treat as self employed	
<b>Town, Area or car allowance</b> (excluding mileage). Including Large town, area allowance e.g. London weighting / cost of living supplement	Latest Payslip	Employers Reference

## Verification of income – Other Income

Basic Income / Contract Type	Preferred Verification Document	Alternative Verification Document
<b>Attendance Allowance</b>	Latest Bank Statement	Latest Benefit Award Letter
<b>Additional Duty Hours (ADH)</b>	If received monthly or quarterly, then three months' payslips supported by YTD figure (6 weeks if paid weekly)	Employers Reference
<b>Adoption Allowance</b>	Latest Bank Statement	Latest Benefit Award Letter
<b>Bursary</b>	Letter of Confirmation from Payer	
<b>Carers Allowance</b>	Latest Bank Statement	Latest Award Letter
<b>Constant Attendance Allowance</b>	Latest Bank Statement	Latest Award Letter
<b>Child Benefit</b>	Latest Bank Statement	
<b>Child Tax Credit</b>	Latest bank statement	Latest Award Letter
<b>Disability Living Allowance</b>	Latest Bank Statement	Latest Award Letter
<b>Employment and Support Allowance</b>	Latest Bank Statement	Latest Award Letter
<b>Flexible Benefits</b>	Latest payslip, (this applies whether the applicant is paid weekly or monthly).	Employers Reference
<b>Flight Pay / Allowance</b>	Latest 3 month's Payslips or if paid weekly latest 6 weeks payslips	
<b>Foster Care Allowance</b>	Latest 3 years Tax Calculations and Latest 3 years Tax Year Overviews	
<b>Guardian Allowance</b>	Latest Bank Statement	Latest Benefit Award Letter
<b>Industrial Injuries Disablement Allowance</b>	Latest Bank Statement	Latest Award Letter
<b>Maintenance</b>	Latest 3 months bank statements	Court Order or Maintenance Assessment or letter from Child Support Agency (CSA)
<b>Mortgage Subsidy</b>	Latest Payslip	Employers Reference
<b>Nursing Bank</b>	Latest 3 months Payslips Or 6 weeks payslips if paid weekly	Employers Reference
<b>Pension – Credit</b>	Latest Bank Statement	Latest Pension Statement
<b>Pension – Private</b> (including Company / Occupation)	Latest Bank Statement	Latest Pension Statement
<b>Pension – State</b>	Latest Bank Statement	Latest Pension Statement
<b>Pension – War Disablement</b>	Latest Bank Statement	Latest Pension Statement
<b>Pension – War Widow(er)</b>	Latest Bank Statement	Latest Pension Statement

## Verification of income – Other Income (continued)

Basic Income / Contract Type	Preferred Verification Document	Alternative Verification Document
<b>Rental Income</b>	<p><b>Property currently let</b> Either 3 months bank statements or Tenancy agreement or Letter from letting agent / accountant or solicitor</p> <p><b>Intending to let existing property</b> Letter from letting agent confirming expected rental payment.</p>	
<b>Shift Allowance</b>	Latest 3 months Payslips	Employers Reference
<b>Stipend</b>	Letter of Confirmation from Payer	
<b>Widowed Parents Allowance</b> (including Widow's Pension)	Latest Bank Statement	Latest Pension Statement
<b>Working Tax Credits</b>	Latest Bank Statement	Latest Benefit Award Letter

## Interest-only mortgages

The maximum LTV we will currently consider lending on interest-only mortgages is 75%.

As a responsible lender, it is important for us to see evidence of the repayment plan for interest-only mortgages so documents relating to the repayment plan must be received before a new mortgage offer can be considered.

## Repayment plans

The following repayment vehicles are unacceptable:

- Customer's main residence
- The property being taken as security (excluding Buy to Let applications only).

The table below shows the repayment plans we accept and the evidence required in each case. It also shows the methods we use to assess whether a repayment plan meets our lending criteria. **This information is only a guide.** A mortgage offer will only be issued once we have confirmed that the evidence supplied meets our criteria.

Repayment Vehicle	Evidence Required	Validation	Assessment Method
<b>Endowments</b>	Copy of latest projection statement dated within last 12 months	We will compare the projected values on the statement to the amount of Interest Only lending required. If more than one value is given we will take the middle value.	Endowment companies will present three growth rates to a client with the middle one being the most likely projected outcome. We allow up to <b>100%</b> of projected amount using the middle % or the lower projection if there are 2 growth rates.
<b>Sale of Second Home / Buy to Let (UK)</b>	Property details, confirmation of ownership, amount of any mortgage debt (Property valuation and land registry search carried out by us if needed).	We will verify the ownership of the second property and its value. We will compare the equity available in the property with the amount of Interest Only lending required.	We will check the ownership of the other residential property and assess its value. We will compare the equity available in the property with the amount of Interest Only lending required. Current equity within the property must be over £50,000. We will use 80% of the current equity value of the property to support Interest Only lending. Please note that there is a minimum greater than £50,000 equity requirement for each individual property being used to support Interest Only lending.
<b>Sale of second home / Buy to Let not yet purchased (UK)</b>	Property details, Acting Solicitor to confirm intended ownership of the second property, details of any loans to be secured against this property (Property valuation and land registry search carried out by us if needed).	We will verify the intended ownership of the second property and its value. We will consider any loans to be secured against the property and the equity that will be available in the property with the amount of Interest Only lending required. See Second Home / Buy to Let Details.	We will confirm the intended ownership of the second property prior to offer on the new mortgage / further advance. Current equity within the property must be over £50,000. We will use 80% of the current equity value of the property to support Interest Only lending. Please note that there is a minimum greater than £50,000 equity requirement for each individual property being used to support Interest Only lending.
<b>Stocks &amp; shares</b> (Only UK – based investments quoted within the FTSE index held in sterling will be permitted.)	Share valuation / and or number of shares on date of assessment. Share statement or share certificate dated within the last 12 months.	We will compare the value of the shares with the amount of Interest Only lending required, taking into account the remaining term of the mortgage and future market volatility.	See – Stocks & Shares ISA.

Table continued

Repayment Vehicle	Evidence Required	Validation	Assessment Method
<b>Stocks &amp; Shares ISA</b> (Only UK – based investments quoted within the FTSE index held in sterling will be permitted.)	Copy of latest investment statement dated within last 12 months.	We will compare the value of the ISA with the amount of Interest Only lending required, taking into account the remaining term of the mortgage and future market volatility.	We will compare the value of the ISA / Investment Bond / Unit Trust / OEIC with the amount of interest only lending required, taking into account the remaining term of the mortgage and future market volatility.  We will only take 80% of the current value of the investment into account and the current value must be greater than £50,000.
<b>Unit Trust or OEIC</b>	Copy of latest investment statement dated within last 12 months.	The current value will be compared to the amount of Interest Only lending requested, taking into account the remaining term of the mortgage and future market volatility.	
<b>Pensions</b>	Copy of latest statement dated within last 12 months.	Copy of latest projection statement dated within last 12 months	For the purposes of backing an interest only mortgage, a maximum of 25% of the current fund value with the current value to be greater than £1 million*. Where customers are on a final salary pension scheme 100% the current lump sum can be used, only if it is greater than £250,000*. Pensions can be combined to reach the £250,000 and there is no need for confirmation of the full fund value.
<b>Investment bonds</b>	Copy of investment statement dated within the last 12 months.	We will compare the value of the bonds with the amount of Interest Only lending required, taking into account the remaining term of the mortgage and future market volatility.	We will compare the value of the Investment Bond with the amount of interest only lending required, taking into account the remaining term of the mortgage and future market volatility.  We will only take 80% of the current value of the investment into account and the current value must be greater than £50,000.

- All repayment vehicles must be based in the UK and paid in sterling and must be in the name(s) of the mortgage applicant(s).
- Only repayment vehicles for those customers named on the mortgage may be used to support the loan.
- The applicant will be able to use a combination of the acceptable repayment vehicles. The following repayment vehicles can be combined together or can be mixed and matched to reach the minimum £50,000 acceptance criteria:
  - Stocks and shares ISA.
  - Unit Trust or OEIC.
  - Investment bonds.
  - Stocks and shares.

#### Important points on the assessment:

- The repayment plan(s) must be sufficient to support the existing lending and cover the full amount to be conducted on an Interest Only basis.
- We are not providing advice on the applicant's repayment plan(s) or making any guarantee that their plan(s) will be sufficient to repay the outstanding balance (capital) at the end of the mortgage term.
- The applicant should review their plan(s) regularly during the term of their mortgage to make sure it is on track to repay the outstanding balance.
- Periodically, we will ask the applicant to provide evidence of their repayment plan(s). If the applicant is unable to satisfy us that their repayment plan(s) remains on track to repay the outstanding balance on their mortgage, we may ask the applicant to transfer some or their entire mortgage onto a capital and interest repayment basis.
- Please remember it is the applicant's responsibility to ensure they have sufficient funds to repay their outstanding balance at the end of the mortgage term. If they are unable to do so, their home may be repossessed to repay the outstanding balance.
- Maturity dates will be requested for each applicable repayment plan.

#### The following are NOT acceptable repayment plans:

- Sale of main residence.
- Sale of other commercial property.
- Sale of non property assets.
- Inheritance.
- Bonuses.

## Islamic mortgages

Islamic mortgages are no longer available on new applications.

## Large Loans

### Lending Limits

The lending limits stated below are subject to the availability of a suitable available product at any given time.

#### Lending limits

Loan Amount	Max LTV
Up to £500K	95%
>£500 - £750k	90%
>£750k - £1m	85%
>£1m - £2m *	80%
>£2m - £5m *	70%
>£5m *	50%

\*Subject product availability

### Large Loan Referrals

The table below defines TSB approach to large loans. Applications meeting the criteria documented below will be referred into our Underwriting team for a full manual review of the application and the customer details.

As you can see we assess a number of variables to determine what we refer for manual assessment. These include the region the property is located, if the customer has an existing relationship with the TSB Bank, the loan to value of the application and the individual or aggregate mortgage exposure with TSB.

Property Location	Relationship with TSB	Loan to Value	Individual or Aggregate Loan exposure to TSB
London	Yes	N/A	> £1 Million
	None	<75% LTV	> £1 Million
		> 75% LTV	> £750,000
South East	Yes	N/A	> £1 Million
	None	<75% LTV	> £1 Million
		> 75% LTV	> £750,000
Rest of the UK	Yes	N/A	> £1 Million
	None	<75% LTV	> £750,000
		> 75% LTV	> £500,000

## Underwriting approach

Applications meeting the above criteria will receive a full review on all aspects of the mortgage applications. This will include, but is not restricted to, an assessment of the customer's:

- Credit worthiness – an assessment of customer personal details and all commitments.
- Affordability – a detailed review of income and expenditure together with the customer's underlying asset base. A standard Expenditure and Assets form will need to be completed as part of the application together with submission of bank statements on the customer's main current account. This review may also require the underwriter to request additional information to support our documented income verification requirements.
- Property – we may review the property type and composition as part of our full underwrite. This will include a discussion directly with the valuer if there is information required to fully underwrite the application.

### Documents which must be submitted to support the application

- Latest 3 months main current account bank statements
- Fully completed Large Loan Expenditure and Assets Form

## Documents which may be needed to support the application

- Additional Bank statements
- Payslips / P60 / compensation statements to confirm track record of bonus received (typically 3 years)
- Evidence of declared Assets
- Proof of deposit (awareness of potential double counting of bonus for affordability / funds for deposit)
- If capital raising, evidence required (i.e. estimates for home improvements / sight of any documents to evidence what funds are required such as divorce settlement / separation order)

If sole application, background details on spouse / partner and if they are financially dependent or not

## Lending into retirement

For Residential applications we will only use employed and self employed income where the term of the mortgage does not exceed the customers anticipated retirement age, or 70th birthday.

The maximum age at the end of the mortgage term is 75 years for pension income only cases or BTL.

Future retirement income will need to be verified where the applicant is taking a mortgage term which extends beyond their anticipated retirement age or 70th birthday, whichever is the earliest.

Affordability will be assessed on the future retirement income. On occasions, a further review will be required to confirm we feel it is appropriate for the applicant to borrow into retirement.

### Verifying anticipated retirement income

The following evidence can be used to verify anticipated retirement income:

- Private / Company Pension Forecast Statement dated within the last 12 months.
- State Pension Statement (obtained from [www.gov.uk](http://www.gov.uk)).
- Annuity Statement dated within the last 12 months.

### Other Income

- If the applicant is in receipt of 'Other Income' this must be captured under the appropriate section of the 'Current income' screen. If the current 'Other Income' is to continue into retirement this must be included along with any future pension income the applicant anticipates they will receive and captured in the 'Income into retirement' screen.
- The 'Income into retirement' screen must only be populated with the future income the applicant anticipates they will receive once retired, including any pension they are currently in receipt of.

### Client is already retired

- Lending into retirement policy treatment rules do not apply where an applicant is already retired.
- It is important to remember that only pension income that the client is in receipt of at the point of application can be used and captured as 'Other income' within the 'Current income' section.

The affordability assessment will be carried out by the system on the income figure that has been entered into the 'Current income' screen.

## Let to buy

- Where the applicant is to rent out their existing property and purchase a new residential property with TSB, we can lend up to the maximum LTV for house purchases as set out in the LTV section.
- The existing property must be keyed into the 'Existing mortgages' screen. Selecting 'Yes' to 'Is the property let?', this will allow you to enter monthly rental income. If confirmation is required we would request a letter from the letting agent confirming the expected rental income.

## Location

Mortgage applications may be accepted (subject to valuation) on properties in:

England.

English Islands:

- Isle of Wight.
- Scilly Isles.
- Lindisfarne.
- Lundy.

Wales – including:

- Anglesey (inc. Holy Island formerly known as Holyhead Island).
- Caldey.

Scotland – including:

- Shetland Islands.
- Orkney Islands.
- Outer Hebrides.
- Inner Hebrides.
- Clyde Islands.

Mortgage applications CANNOT be considered in the following locations:

Northern Ireland.

Isle of Man.

Channel Islands.

- Jersey.
- Guernsey.
- Herm.
- Sark.
- Alderney.

## LTV & lending limits

The table below provides the Loan to Value (LTV) limits for mortgage applications.

LTVs	
95%	to £500k
90%	to £750k
85%	to £1m
80%	to £2m

Adding the product fee will not affect the LTV limit.

### Lending limits

The lending limits stated below are subject to the availability of a suitable available product at any given time.

Loan Type	Max LTV
House Purchase	95%
Remortgages without Additional Borrowing (Clients must have owned property for at least 6 months)	90%
Unencumbered (Mortgage Free)	85%
Transfer of Equity with Additional Borrowing	85%
Transfer of Mortgaged Property (TOMP)	n/a
Interest Only	75%
Buy to Let	75%
Second Homes / Holiday Homes	75%
New Build – Buy to Lets / Second Homes / Holiday Homes	65%
Shared Ownership – LTV restriction is based on the value of the share of the property the applicant is buying / will own (not the full market value of the whole property).	90%
Shared Equity – LTV restriction is based on the full market value of the property but the maximum loan within these parameters will be 95% of the value of their equity share	90%
Remortgages with additional borrowing/capital raising (Clients must have owned property for at least 6 months. Maximum LTV subject to credit score)	85%
New Builds – Houses and Bungalows	85%
New Builds – Flats and Maisonettes (Purpose Built & Converted)	80%
Non EEA Nationals	95%

## Maternity/Paternity/Adoption leave

We can use the applicant's salary prior to going on maternity/paternity/adoption leave subject to confirmation that they will return to work on the same terms. If terms will be different, the new level of income they expect to receive must be established. Other income that is affected must also be considered.



## Maximum term

40 years.

## Minimum / maximum age

Minimum 18 years.

The maximum age at the end of the mortgage term is 75 years for all lending.

For joint applicants, it is based on the age of the oldest customer.

## Mortgage-free property (unencumbered properties are treated as remortgages)

The maximum we will currently consider lending on mortgage free properties is 85% with the following exceptions:

Maximum of 75% for the following purposes:

- Holidays.
- Purchase of stocks & shares.
- Currency speculation.

We do not lend for the following purposes (at any LTV):

- Timeshares.
- Injection into a business.

Loans on mortgage-free properties are treated as remortgages. The applicant is only eligible for the Remortgage range of products and incentives. Free legal fees are available for these applications, a free valuation option is available.

The property must have been registered in the applicant's name (or at least one of the applicants' names) for a minimum of 6 months unless the property has been inherited and the applicant is a beneficiary.

Applications where the applicant is not a beneficiary of the inherited property, and the beneficiary has owned the property for less than 6 months, are not acceptable.

## New build properties

The maximum we will currently consider lending on new build properties is:

- Houses and Bungalows – 85%
- Flats and Maisonettes – 80%

An initial occupancy / new build property is classed as any property being occupied and / or sold for the first time on the open market in its current state and includes converted and refurbished properties. These will fall into one of the following categories:

- Newly built property.
- Refurbished property i.e. refurbishment of an existing residential property. Typically a refurbished property will be considered as initial occupancy where the vendor is a builder / developer and the property has been vacated to allow for the refurbishment to be undertaken.
- Newly converted property i.e. conversion of an existing non residential property, e.g. an existing mill converted into flats.
- A property, either new or converted (as above), that has been tenanted and is now offered for sale by the builder / developer.

Property must be subject to one of the following building control and monitoring requirements:

- Building Standards Indemnity Scheme from a warranty provider accepted by TSB.
- Professional consultant where small, solely residential development of no more than 15 units – consultant must meet qualifying criteria.
- An acceptable guarantee from a development corporation or local authority where they are the vendor.
- Retrospective new build warranties are not acceptable.

A final inspection is required to confirm completion of the new property unless covered by an acceptable new build warranty provider.

### New build cash incentives

- Builder cash incentives include but are not limited to deposit contributions, cashbacks, contribution to legal fees / stamp duty, mortgage subsidies.
- Cash Incentives up to 5% of the property value are acceptable.
- Cash incentives or any other incentives > 5% are not acceptable.
- Cash incentives for shared equity applications are acceptable provided the total value of the loan plus incentive together does not exceed 95% of the value of the equity share being purchased.

All lending decisions are based on valuation or purchase price (whichever is lower).



## Non simultaneous sale (outstanding mortgage)

Where the existing property is for sale but will not be sold before the new mortgage completes, the existing mortgage payment must be keyed as a credit commitment and will be included in the affordability calculation.

## Number of applicants

We allow a maximum of 4 applicants and will take into account the income of the first 2 applicants only.

## Occupancy

### Remortgages

A person cannot be removed from the mortgage if they are going to continue to reside in the property.

### Additional occupants

If there will be additional occupants aged 17 and over (usually adult family members or spouse not a party to the mortgage, excluding children of the mortgagors) living in the property once the application has completed, you must select 'Yes' to the question 'Are there any persons aged 17 or older that are not on the mortgage living in the property?'

Answering 'Yes' to this ensures that the system will drive you to capture their details on the 'Other occupants screen'. Completing this also ensures the Consent to Mortgage form is included in the offer pack.

A Consent Form is not required for full time students living away from home, or a person who has turned 17 after the legal charge has been signed.

By signing the Consent to Mortgage form the additional occupants are waiving any legal rights over the property that they may have. Family may hold legal rights and therefore they are required to be recorded as additional occupants; if any lodger has acquired legal rights they too are required to be recorded as an additional occupant.

For Second Home Loans, family members living in the property must always be keyed as additional occupants and a Consent to Mortgage form is always required.

### Tenants

It is not acceptable for a sitting tenant (under a short hold tenancy) to be occupying a Residential mortgaged property on completion as there is a requirement for vacant possession.

### Lodgers

Income received from a lodger cannot be used in the affordability calculation.

Up to two lodgers are acceptable providing that they are treated as a family member, i.e. sharing living accommodation.

Care must be taken if the lodger(s) has exclusive occupation of a self-contained part of the house (e.g. an annex) or the applicant does not intend to occupy the property on a permanent basis. In those types of situation, the lodger(s) may acquire legal rights.

### Applicant not resident in property

It is acceptable for a borrower not to reside at the mortgaged property and be on the mortgage subject to affordability e.g. when parents buy for a child or one spouse is temporarily living abroad for their employment.

As long as one applicant will occupy the property as their main residence, this can be keyed as a mainstream mortgage application and normal lending limits apply.

Applicants who do not reside at the mortgaged property on Right to Buy applications and applications involving an ex-spouse or ex-partner, must be referred to underwriters.

Applicants who do not reside at the mortgaged property on Second Home loan applications will not be approved for a loan where they intend to let their property (under a shorthold tenancy) out temporarily immediately post completion.

### Dependant relatives

Please refer to Second Home Loans section for further information.

## Occupancy restricted property / Covenants

### Section 106 planning agreements / restrictive covenants

- Intended to regulate development or proposed use of property.
- Range is varied but may include:
  - Limiting occupation to a certain category of occupant – local residents, first time buyers, specified age requirement, specified employment types.
  - Restricting use of property – tied to agricultural use, restricting residential occupation to certain time limits, for example, 10 months of the year.
- The impact on acceptability depends upon the impact of the restriction. There may be a strong local demand for the property from qualifying purchasers.

- Broadly restrictions that mean a property must be used for agricultural use will be unacceptable.
- The valuer will determine the impact on the suitability of the property for lending and the conveyancer will determine whether the purchaser / owner complies with the obligation, advising the bank of any issues that may impact the lending.
- The following restrictive covenants are unacceptable in all cases:
  - Property restricted to age of occupier (over 55s).
  - Time usage of dwelling (e.g. – Can only be used 11 months out of the year).
  - Property restricted to agriculture use including Fishery, Equestrian, forestry.
  - Purchaser(s) must be living and / or working in a small geographical area (e.g. specific parish), which is not in the list of acceptable areas.
  - Property ownership restricted to specified age group.
  - Limit on mortgage payment as a proportion of income (if the valuer is aware).
  - Fixed capital values E.g. The property cannot be sold for more than the original purchase price.
  - Any BTL property with occupancy restrictions.
  - Help to buy applications subject to section 106 / 75 agreements.
  - Properties subject to overage agreements.

#### Resale Price Covenant Schemes:

- Resale Price Covenant Schemes can be supported by TSB subject to specific terms being met. Therefore, if a case relates to a Resale Price Covenant Scheme, please request a copy of the latest TSB Affordable Housing Scheme Guidance Notes and confirm with the conveyancer that the scheme meets these specific terms prior to a mortgage offer being generated.

### Offer expiry

#### Offer Expiry

The offer expiry date is 180 days from the first offer date.

If the customer cannot complete within the offer period we will allow an extension of up to 4 weeks, if the conveyancer can confirm completion will take place in this timeframe.

Only one extension can be granted per application. If the extension deadline is not met, a new application must be processed and submitted as new business.

### Portability

If a product is portable this is outlined in the original mortgage offer and supporting documentation.

Where TSB Standard Variable Rate is the reversionary rate which applies to the product being ported, it will continue to be the reversionary rate for the amount of the new mortgage which is on the ported product.

Any extra amount borrowed on the new mortgage must be on a current product and the reversionary rate which applies to that product and the amount on it will be the TSB Homeowner Variable Rate.

### Product transfers

We offer a product transfer service through Rate Switch.

Please refer to our website or product guide for more information.

### Professional Sports Persons

Residential applications for new customers, where any applicant's occupation is a professional sports person, are unacceptable and will be declined.

To support existing customer's, residential applications for; existing customers moving home, further advances, transfer of equity with additional borrowing, transfer of mortgaged properties and mortgage reviews may be considered.

The above policy requirements are not applicable to BTL applications.

### Property

The minimum valuation amount for all lending is £40,000.

All flats must have a minimum habitable internal area of 30 sqm (excluding balconies or terraces).

#### Condition

The property must meet minimum criteria. It must be habitable, readily saleable, structurally sound and be able to have buildings insurance arranged upon it. The mortgage advance may be wholly or partially retained pending completion of works required to bring the property to a suitable condition for lending.

### Leasehold property

For leasehold property there must be a minimum of 70 years remaining on the lease at completion. Shorter lease terms are only accepted on certain central London estates and subject to specific criteria.

Commonhold property is not accepted.

### Other freehold arrangements

We can proceed if the freehold of the whole building is mortgaged to us by the customer and:

- They are the freeholder of the other flats (which must be held on a long lease) and
- They occupy one of the flats or are entitled to rental under short term tenancies / AST (not ground rent payment under a long lease) and
- The maximum number of flats within the whole building is four, including the flat we are being asked to lend against.

For flats within a building of not more than 4 flats where the customer owns a leasehold flat and is also the sole freeholder of the whole building, our mortgage must be registered on both the freehold and leasehold titles.

If the flat has an element of leasehold you should check to make sure that they are purchasing the leasehold interest and a share of the freehold.

If the customer is purchasing a flat and becoming part of the Management Company (a separate legal entity) the flat should be treated as leasehold.

Freehold flats are unacceptable.

### High rise flats

A high rise block of flats is classed as a block containing more than four storeys, including the ground floor.

We will not consider an application for a mortgage where there are more than 8 storeys within the block (ground floor + 7 floors).

### Flats above business premises

These can be considered subject to valuer's comments.

Properties which are above, adjacent or near to commercial premises may be acceptable subject to the following:

Flats over commercial premises must be in separate ownership to the commercial premises.

The proximity of the commercial use must not affect the quiet enjoyment of the property.

Consideration should be given to the location of the property.

The property must be located in a desirable area with good demand, readily saleable and readily marketable. For example, properties which are adjacent to, or in very close proximity to a public house, night club, petrol station, laundrette, pet shop or hot food takeaway where the method of cooking is likely to cause smell or fumes would not be deemed as suitable security. This is not an exhaustive list.

Properties located above convenience stores / small supermarkets are acceptable.

Any residential security must have a suitable access, which must not be through a business premises. Where the intended security is a flat situated adjoining or over the premises, the business property cannot be owned by the same person as this would have legal implications in the event of repossession.

### Studio flats

Studio Flats are unacceptable (excluding central London > 30 sqm)

Central London is defined by the following postcodes;

- NW
- W
- WC
- EC
- SE
- SW
- E
- N

### Ex Local Authority properties

We will not consider a mortgage application for ex-local authority flats where there are more than four storeys in the block. This also applies to maisonettes and Scottish tenements.

Balcony / open deck access arrangements within the block are not acceptable.

- The property must be readily saleable and not a lone owner occupied flat within a Local Authority tenanted block.
- The property must be of standard construction.

### Japanese knotweed

We can consider properties with Japanese knotweed subject to a specialist report outlining the issues and a quote from a treatment company who offer a warranty-backed treatment regime. These are still subject to valuer's comments and if the valuer declines the property, the application will be not be progressed, with no right of appeal.

### Solar Panel Leasing Agreements

Solar Panel Leasing Agreements are acceptable within policy, subject to meeting our minimum requirements.

Please contact us for further information.

### Distressed sale and leaseback

Applications that involve a distressed sale or a sale and leaseback are not acceptable.

### Construction

Property acceptability is based on a satisfactory valuation report from the bank's appointed valuer. Non-standard construction will be assessed on individual merit. Certain types of pre-cast reinforced concrete (PRC) construction are designated defective and may not be acceptable unless repaired.

### Unacceptable Property / Construction Types

- Timber or metal-framed buildings where the cavity, between frame & cladding, has been retrospectively filled with an insulation material.
- Timber Framed property that does not have a brick or "block and render" outer skin including Swedish timber framed.
- Houseboats and mobile homes / park homes are not acceptable.
- Concrete walls as built in Cornwall or Devon before 1950 (1960 for postcodes PL12, 13, 14, 15, 17, 18, 22 & 23) where valuer has recommended a Mundic report and test of the concrete has classified the concrete in either class B or C.
- Unrepaired, designated defective properties under the Housing Defect Act or not.
- Flats or maisonettes of large panel system type.
- Load bearing panels of asbestos or gypsum plaster construction.
- Properties with more than 10 acres of land.
- Properties which are structurally unsound & properties which are uninsurable.
- Properties with restricted occupancy / covenants, including:
  - Age Restriction e.g. over 55's.
  - Time spent at property e.g. 11 / 12 Months.
  - Restricted to agriculture use.
- Non traditional houses where adjoining property hasn't been repaired.
- Single Skin construction > 1 Storey.
- Blocks of flats > 8 storeys.
- Studio Flats (excluding Central London).
- Steel frame construction pre 1987.
- Steel frame construction post 1987 with a WIMLAS or BBA certificate are acceptable, construction prior to 1987 is not acceptable.

### Use of property

- Property must be assessed as an individual residential property intended for owner occupation.
- Farms or property with land that is subject to commercial agricultural use, commercial property and timeshare are not acceptable.
- Limited incidental business use may be acceptable subject to property retaining residential status.

Live / work schemes may be acceptable on mainstream lending only, subject to compliance with planning condition and 'work' element using less than 30% of the property.

### Rate Switch

We offer a product transfer service through Rate Switch.  
Please refer to our website or product guide for more information.

### Remortgages

The property must have been registered in the applicant's name (or at least one of the applicants' names) for a minimum of 6 months unless the property has been inherited and the applicant is a beneficiary.

Applications where the applicant is not a beneficiary of the inherited property, and the beneficiary has owned the property for less than 6 months, are not acceptable.

The maximum LTV we will consider lending on remortgages with no additional borrowing is 90%.

A person cannot be removed from the mortgage if they are going to continue to reside in the property.

### Capital raising

Where the applicant is looking to raise additional capital, the loan will be restricted to a maximum of 85% (subject to credit score).

We do not lend for the following purposes (at any LTV):

- Timeshares.
- Injection into a business.

Where the property is mortgage free (unencumbered), these applications are also treated as remortgages.

#### Debt consolidation

Where an applicant wants to consolidate their secured and unsecured debts, the following policy will apply:

- The debt consolidation must be on a repayment basis only.
- Any debt consolidation should be set up on a single sub account and must be separate to other borrowing.
- Debt consolidation borrowing can be taken into retirement provided retirement income is fully evidenced.

TSB will not lend to customers who fall into one of the following categories:

- Are in financial difficulty (i.e. cannot afford their current borrowing).
- Have less than 12 months' repayments left on their current debts or intend to repay the debt in the next 12 months at the time of the mortgage application.
- Consolidation of student loans, child maintenance payments, long service advance of pay (property deposits) or pay day loans.

### Residency

All mortgage applicants will be assessed in terms of their rights to reside in the UK and must currently be resident in the UK.

Where the applicant does not have permanent rights to reside in the UK, please see the Foreign Nationals Section.

There is no minimum time the applicants must have been resident in the UK and all applications will be subject to credit score.

### Revised property details

If the purchase property address changes once a mortgage application has been made and the applicant's original mortgage product has been withdrawn, a new product from the current range must be selected.

If the property being purchased is not changing but an amendment is required to the address keyed e.g. property number or street name this must be amended by us prior to completion. You should scan and attach the revised information online to the application. This cannot be actioned on the telephone.

### Right to buy

Loans may be accepted up to 100% of the discounted purchase price, provided that they do not exceed 90% of the market value.

Where Home Improvements are required on a Remortgage application we require sight of estimates or invoices from the company carrying out the work. The figure on the estimate or invoice must be the same or greater than the additional borrowing being requested.

Additional borrowing is not permitted on House Purchase applications and the loan amount must be restricted to no greater than the discounted purchase price.

### Second home loans

The maximum LTV we will currently consider lending to purchase a second home is 75% (65% for new build properties).

This lets the applicant apply for a mortgage on a property to be used primarily as a holiday / second home or for dependent relatives.

Second Home Loans (SHL) are included in the maximum TSB BTL limit of 3 properties or £2 million (whichever is achieved first).

We will not accept Right to Buy, Guarantor applications or Builders Incentive Schemes.

Occasional letting is allowed up to a period of four months with special conditions placed on the mortgage. If the second home is let for more than 4 months, this will be treated as a Buy to Let.

If the second home is to be let from completion for more than 4 months under a short hold tenancy, Residential lending will be refused.

Income must cover all mortgage commitments and the additional expense of running second home properties.

Applications where a tenancy agreement is in place between applicant and family member cannot be accepted.

### Self employed applicants

We normally consider:

- Net profit for Sole Traders.
- Share of net profit for Partnerships.
- Salary & dividends for Directors of Limited companies.

We normally require a minimum of 2 years' income documentation for self employed applicants.

However, where they have been self employed for 3 years or more, the full 3 years' income documentation must be provided. Applicants who have been self employed for less than 2 years can be considered subject to credit score and underwriter referral. You must record all relevant years' income accurately on the mortgage application. 3 years' figures must always be provided. If the applicant has been self employed for less than 3 years, please enter '0' into the income fields.

If any of the following criteria apply, the client must be keyed as self employed:

- Where the applicant has a shareholding of 25% or more.
- If joint applicants own 25% or more between them, treat both clients as self employed (both applicants need to hold a % share).
- A subcontractor who derives income from more than one contract.
- An applicant has a partnership interest in a business, i.e. income is not PAYE, irrespective of the percentage shareholding.
- An applicant owns a franchise.
- An applicant employed by a Private Limited Company (LTD) or Limited Liability Partnership (LLP) who receives a salary (PAYE) and dividends as part of their remuneration package and / or Net Profits.

For full information on the different types of income accepted for self employed applicants please see income section.

#### Acceptable Income Verification Documents

The year end on all documentation must be the most recent and must not be dated more than 18 months before the date of application.

**Latest 3 years Tax Calculations and latest 3 years corresponding Tax Year Overviews** – TSB accept Tax Calculations in the following formats:

- SA302's
- HMRC Online Tax Calculations
- Tax Calculations produced using Commercial Software

In all instances the latest 3 years Tax Calculations (regardless of format) must be accompanied by the corresponding latest 3 years Tax Year Overviews.

All versions of Tax Calculations and Tax Year Overviews must contain:

- All pages of the documents
- Customers name (surname and initial)
- The unique tax reference number
- The tax year

In addition to the above validation requirements, the following information must also be contained in the relevant document:

- SA302's: must be on headed paper
- HMRC Online Tax Calculation: must contain Gov.UK or HMRC logo and show the status bar etc. and show the status bar confirming 100% complete
- Tax Year Overview: must contain Gov.UK or HMRC logo and show the status bar etc. the amount of tax due and the statement – "This is a copy of the information held on your official online self-assessment tax account with the HMRC" (for online versions only).

TSB will always request the latest 3 years Tax Calculations with latest 3 years corresponding Tax Year Overviews as the preferred method of self-employed income verification and must be provided as evidence where applicable.

The website – [gov.uk/sa302-tax-calculation](http://gov.uk/sa302-tax-calculation) contains information on how the documents can be obtained. Alternatively customers who are registered can follow these steps:

To obtain HMRC Online Tax Calculations:

1. Log into the HMRC online account (go to [online.hmrc.gov.uk/login](http://online.hmrc.gov.uk/login))
2. Select 'Self Assessment' (registered customers will be automatically be directed to this screen)
3. Follow the link 'View Your Tax Return'
4. Follow the link 'tax return options'.
5. Choose the year from the drop down menu and select the 'Go' button
6. Select 'view return' button
7. Follow the link 'view calculation'
8. Follow the link 'view and print your calculation'
9. Follow the link at the bottom of the page to 'print your full calculation'

and

To obtain Tax Year Overviews:

1. Log into the HMRC online account (go to [online.hmrc.gov.uk](http://online.hmrc.gov.uk))
2. Select 'Self Assessment' (registered customers will automatically be directed to this screen)
3. Follow the link 'Self Assessment Overview'
4. Follow the link 'view account'
5. Follow the link 'tax years'
6. Choose the year from the drop down menu and select the 'Go' button
7. Follow the link 'print your Tax Year Overview'.

Repeat steps 5 – 6 for any earlier years.

**Accountants Reference** – The reference must be fully completed with all required information provided. It must be signed & dated by a suitably qualified Accountant and must also have either a practice stamp, or be accompanied by a sheet of the company's headed paper.

**Latest 3 Years Full Accounts** – must be finalised, signed by the accountant and clearly show the net profit (for Sole Traders), share of net profit (for Partnerships) or salary & dividends (for Directors of Limited companies). Profit & Loss statements alone are not acceptable.



## Shared equity mortgages (including Help to Buy Equity Loan)

The maximum LTV we will currently consider lending on shared equity properties is 90% based on the full market value of the property, however the maximum loan within these parameters will be 95% of the value of their equity share.

Please note that if the property is a new build then we will restrict the loan to a maximum of 85% for houses and bungalows, and 80% for flats and maisonettes of the full market value of the property. Available against property in England, Wales & in Scotland using the Affordable New Build Scheme Scotland.

The following rules apply to shared equity properties:

- Equity loan repayment must be keyed to Mortgage Pro, using a 3% interest rate as a minimum (regardless of whether or not this is lower at the outset). Where the interest is higher at point of application, the higher percentage must be used.
- TSB must have first charge. The seller secures their interest by way of a second charge.
- We will consider lending up to 95% of the value of the share that is being purchased.
- The maximum equity share a builder or private company can retain is 25%.
- Applicants must pay a 5% personal deposit towards the purchase of the share (excluding any deposit provided by a builder or housing association).
- The mortgage must be on a repayment basis.
- We do not allow any remortgage applications where there is any element of debt consolidation.
- The default term for the equity loan is 25 years however normal criteria applies for the mortgage.

### Help to Buy Equity Loan

- Equity loan repayment must be keyed to Mortgage Pro, using a 3% interest rate as a minimum (regardless of whether or not this is lower at the outset). Where the interest is higher at point of application, the higher percentage must be used.
- Available to all customers purchasing a new build property.
- UK, EEA and citizens who have a right to reside are eligible.
- Part Exchange is not acceptable.
- Property value and purchase price must be the same.
- Maximum value / purchase price of £600,000 in England, £300,000 in Wales, £200,000 in Scotland.
- Only available on capital repayment mortgages.
- The customer must provide a minimum deposit of 5% of purchase price, by way of personal contribution. The Government lend up to 20% of the property value (15% in Scotland, 40% in London) through an equity loan, which can be repaid at any time or on the sale of the home.
- The maximum LTV for product selection is 85% for houses and bungalows, and 80% for flats and maisonettes and is based on the mortgage amount against the total property value.
- The customer must provide a minimum deposit of 5% of the value of the customer's equity share.

## Shared ownership mortgages. Only available in England and Wales

The maximum LTV we will consider lending on shared ownership properties is 90% (85% for new build houses / bungalows and 80% for flats) of the value of the share of the property the applicant(s) is buying / will own (not the full market value of the whole property).

The following rules apply to shared ownership properties:

- The monthly rental payment must be keyed to the "Shared Ownership Rent" field in Mortgage Pro. If the rent varies or increases over time, the higher amount must be keyed.
- An applicant(s) minimum share must be for at least 25% and the maximum share on initial purchase cannot exceed 85%.
- The applicant(s) initial purchase is based on a long lease (e.g. 99 or 125 years) and may be for as low as a 25% share. The applicant(s) can purchase further shares in the property, reducing the rent they pay and increasing their ownership of the property. Increasing the shareholding is known as 'staircasing'.
- The mortgage must be conducted on a full repayment basis.
- The facility to transfer the mortgage to full or part interest-only is not available whilst the mortgage is conducted on a shared ownership basis.

## Sub sales & back-to-back transactions

Sub-sales and back-to-back transactions are not acceptable.

A sub-sale occurs when a property is bought and then sold on within 6 months. Date of registration at the Land Registry is how we determine the length of ownership.

This means that the current vendor must have owned the property for at least six months before we can accept an application to purchase that property, unless the property has been inherited.

A back-to-back transaction is a type of sub-sale where the intervening seller buys from the original seller and sells on to the borrower on the same day or within a few days. We also regard as sub-sales, cases where the seller acquires the freehold

(or superior leasehold) title to the property, which they then immediately sell on to the borrower by the grant to them of a lease (or sub-lease).

The following cases are exceptions where it is acceptable for the property to be sold on within six months of acquisition by the seller, where sales are by:

- A personal representative of the registered proprietor.
- An institutional mortgagee exercising its power of sale.
- A receiver, trustee-in-bankruptcy or liquidator.
- A developer or builder selling a property acquired under a part-exchange scheme.

Applications which involve assignable contracts or irrevocable powers of attorney in favour of intervening sellers are not acceptable. Any other structure to the transaction which has a similar effect should be reported to us.

### Tied accommodation

Living in tied accommodation is defined as:

Accommodation that is provided as a part of a person's job and is conditioned by the worker's continued employment with his / her employer. There are three main types of arrangement where your employer provides housing:

- The property is owned by your employer and you pay rent directly to the employer.
- The property is owned by a third party and you pay directly to your employer who passes the payment to the owner of the property.
- The property is owned by a third party and you pay the rent directly to the third party; the employer's role is only to facilitate the arrangements.

Applicants that want to buy a house, but their intention is to live in that property in the future while they continue to live in tied accommodation, are acceptable to apply using the policy criteria below. We need to establish how the property will be used, and if the intention is to let the property while the applicant remains in tied accommodation, or if the applicant is to occupy the property themselves (if the applicant will be living in the property upon completion then the criteria below does not apply).

If the applicant intends to let the property out while they remain in tied accommodation, then the following must be applied:

- Maximum LTV is 75% (or 65% for a new build property).
- Maximum LTV is 95% (or 80% for a new build property where the applicants are living in military accommodation or are diplomatic staff).
- Assured Shorthold Tenancy Agreement must be in place for any tenants.
- No more than 5 bedrooms.
- Product can be selected from our standard residential product range.
- Affordability of the loan will not be based on Buy-to-Let self-funding calculations.
- Customers must apply for Consent to Lease (Consent to Lease phone number is **0345 835 3381**) post completion but before any letting starts. CTL will be granted for the time a customer is expecting to remain in tied accommodation.

### Unacceptable schemes

We currently do not lend on the following schemes:

- NewBuy.
- MI New Home Scheme.
- Help to Buy 2.
- Self Build.
- Discount Market Sale.



To find out more...

**Contact** your Business Development Manager  
**Call** 0345 307 3355  
**Click** [intermediary.tsb.co.uk](https://intermediary.tsb.co.uk)

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