

Our Residential criteria guide

With effect from April 2022.



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Adverse credit

CCJs/defaults

Applicants with County Court Judgments (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.

Applicants will be declined automatically when the following is applicable:

- Outstanding CCJ greater than £100 registered in the last 6 years.
- Satisfied CCJ greater than £500 registered in the last 6 years.
- Default greater than £100 registered in the last 12 months.
- Default greater than £500 registered in the last 3 years.
- Two or more defaults, with the latest registered in the last 3 years.

Arrears

Applicants 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.

Applicants will be automatically declined when the following is applicable:

- Two months or more late with payments on other individual debts identified via the credit search in the last 6 months.
- One month or more late with mortgage payment greater than £100 in the last 12 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](#).

We have a maximum loan to income (LTI) calculation of:

Income	LTV	Income multiple
More than £40,000	≤85%	4.75 times income
	>85%	4.49 times income
Less than or equal to £40,000	≤90%	4.49 times income
	>90%	4.25 times income

PLEASE NOTE:

Maximum loan to income multiple of 4.49 times income for applications where any customer is self employed.

The amount of income used in the affordability calculation is defined as a percentage for all income types. You'll find more information here '[Treatment of Income](#)'.

A stress rate of 7.00% interest is used for residential lending, except for First Time Buyer applications which are stressed at 6.00% due to a lower reversionary rate, and, like for like remortgages (excluding cases where the applicant is remortgaging a BTL property to residential) where a stress rate of 5.00% is applied.

Application type	Interest (Stress rate)
Residential (excluding First Time Buyers)	7.00%
First Time Buyer	6.00%
Like for like remortgage (excluding Buy To Let to residential)	5.00%

Debt to income

When determining affordability, applications will be declined when the credit score confirms the applicant has opened three or more accounts e.g. credit card or personal loan in the last six months, or their unsecured commitment balances have increased by more than 20% in the last three months **and**:

- The total monthly payments for unsecured commitments are more than 20% of gross monthly income – based on combined unsecured commitments and the amount of income used in affordability for joint applications.
- The balance of total unsecured commitments is more than 100% of gross annual income – based on combined unsecured commitments and the amount of income used in affordability for joint applications.

Commitments and outgoings

As well as considering 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:

Background Buy-to-Let properties

In Residential affordability calculations, 60% of any surplus rental income from self funding background BTL properties will be included. To be considered as self-funding, 69% of the total rental income must be greater than the total monthly payments of all background BTL mortgaged properties. This is based on interest only at a stressed rate of interest of 5.5%.

Credit commitments

- Outstanding mortgage balances
- Outstanding credit card balances including mail order, charge cards and store cards
- Hire purchase/Car lease agreements
- Loans including student loans
- Overdrafts
- Buy now pay later loans including short term agreements with online credit providers such as Klarna, Clearpay, Laybuy and Paypal Credit.

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
- Associated running costs (as a minimum council tax and utility bills) from background properties that are not rented out, regardless of whether the property is mortgaged or mortgage free.
- 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.

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.

Significant commuting costs and accommodation away from the home should be captured and considered for affordability. Our affordability model factors in average costs based on ONS data.

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.
- Customer type must be "borrower with other lender" to enable the new mortgage to be keyed
- 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.
- We will also accept a valuation dated in the last 6 months.

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, statement or invoice from the letting agent confirming the rental income.
- Latest 3 months' consecutive bank statements showing rental income.
- Tenancy agreement (current agreement required, not to be out of date/expired).
- 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 based on interest only at a stressed rate of interest of 5.5%. For example: If a customer has three background BTL mortgage properties, with combined mortgage balances of £235,000 (all remaining outstanding at completion) total rental income must be greater than £1560.99 per month. i.e. $(£235,000 \times 5.5\%/12)/69\%$.

- Any deficit will be deducted as a commitment within the affordability calculation.
- 60% of any surplus will be included in the affordability calculation.

Mortgage Free Properties

Where a customer has BTL properties with no mortgage commitment outstanding, the rental income can be used in affordability calculations if:

- The customer is declaring the income to the Inland Revenue and can evidence the rental income received by way of their Tax Calculations with corresponding Tax Year Overviews or an Accountants reference.
- Self employed criteria being met i.e. two years' rental income figures being obtained and verified.

If this applies the rental income should be treated as self employed income.

Where an applicant is self employed and their income is solely derived from property letting, please contact TSB for guidance before submitting the application.

Concessionary purchase

Concessionary purchases can only be agreed for subsequent sales (not new build) up to 100% of the purchase price (subject to normal lending limits) in the following circumstances:

The property purchase 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 (minimum of 10% discount is required). Excludes Right to Buy, refer to **Right to buy | TSB Intermediaries** for further details.
- 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 or great 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, clawback 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 12 months contract history (with exception of Junior Doctors where 6 months contract history required), evidencing no gaps exceeding 6 weeks with at least 3 months remaining (if less than 3 months remaining a future contract showing a minimum of 3 months future employment will be required)
- Applicant should be treated as self employed if they pay their own tax or subcontract to more than one company

Construction Industry Scheme (CIS) Contractors

- Treat as a fixed term contractor where employer deducts full PAYE tax and National Insurance contributions. The applicant must have 12 months contract history, evidencing no gaps exceeding 6 weeks with at least 3 months remaining (if less than 3 months remaining a future contract showing a minimum of 3 months future employment will be required).
- Treat as self employed where employer does not deduct full PAYE tax and National Insurance contributions.

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 month contract history, evidencing no gaps exceeding 6 weeks. Income should be verified by way of the latest P60, the last 3 months payslips (6 if fortnightly, 12 if weekly) and 12 months contract history to show a consistent and sustainable level of income.

Day rate contractors

- Customers must have a minimum income of £50,000 from their average day rate, no other income will count towards the minimum requirement. Bonus, overtime, commission and location/car allowance will not be considered for affordability.
- Customers must have 12 months contract history, evidencing no gaps exceeding 6 weeks with at least 3 months remaining (if less than 3 months remaining a future contract showing a minimum of 3 months future employment will be required). If on a rolling contract the current employer or agency must provide evidence that the contract is still valid.
- To calculate day rate income, multiply average day rate for the last 12 months by 5 (days) and then by 46 (weeks) (including any future contracts if applicable). If applicant has had 2 contracts in the last 12 months, 1 at £400 per day and 1 at £300 per day then the average day rate would be £350 ($£400 + £300/2 = £350$). Annual income based on average day rate with this example would be $£350 \times 5 \times 46$ which is £80,500.
- You will also need to capture a basic salary which should match the day rate $\times 5 \times 46$ unless the customer works anything other than 5 days per week. The lower of the basic salary or day rate captured will be used for affordability.
- If a contract specifies a basic salary/income this should be captured, and if it specifies a set number of days this should be used to calculate the basic salary. If for example the contract states the customer works 4 days per week and the average day rate is £350 you would multiply $£350 \times 4 \times 46$ which is £64,400 per annum.
- Where the customer works a shift pattern the basic salary will need to be calculated manually. This can be done by dividing the days worked by the sum of days worked minus rest days, then multiplying by 7, multiplying by day rate and then by 46. Example 12 days on 12 days off would be: $12/(12+12) = 0.5$, then $0.5 \times 7 \times £350$ (as per previous example) $\times 46 = £56,350$. If you need help working out a basic salary please contact your BDM or our office based BDM team.

Any additional living costs and travel costs incurred by the customer should be captured as a commitment and keyed as 'other' in household expenditure.

Where day rate contractor income has been captured the maximum loan to value will be 95%.

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

For property purchases applicants must make a minimum personal deposit determined by their individual credit score, product or scheme. The source of deposit must be accurately declared on the application.

Current LTV & Lending Limits

We may request proof of deposit.

Non Acceptable Deposits

Deposit raised through personal loans or funds that originate from sanctioned countries are not acceptable.

Acceptable Deposits

The following means of deposit are **acceptable** providing they are not repayable:

- Personal Savings.
- Genuine gifts from family (see Family Gift section below) – (However if the deposit is from equity, for example, a reduced purchase price, the application will be treated as a **concessionary purchase**).
- **New Build Cash Incentives**, Move In and Save Schemes (offered by a major national/regional builder for brand new properties). Not a loan or be repayable or protected by way of a second charge.
- Local Authority/Housing Association Discount Purchase (Right to Buy).
- Local Authority/Housing Association Tenancy Incentive Scheme (not private sales).
- Where the deposit is being obtained under the Tenants Incentive Scheme (sometimes known as the Voluntary Purchase Grant).
- The applicant is using a loan from the Ministry of Defence (MOD).

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.

Family Gift

Genuine gifts from family are acceptable where the gift is non repayable and the giftor will have no interest nor reside in the property.

Where the source of the applicant'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).
- Children (including **step children** and step children of spouse).
- Grandparents/Great Grandparents (Including Step Grandparents).
- Children.
- Aunts/Uncles (must be a family relation).
- Cousins (first cousins only).
- Nieces/Nephews.

Gifted Deposit Letter

The family member gifting the deposit must complete the gifted deposit letter which can be downloaded from our the **guides and forms** section.

- Gifted Deposit Letter must be addressed to the Bank.
- Amount of gift (in sterling) must cover the amount keyed in Mortgage Pro.
- Details of the family member(s) gifting the deposit including first name and surname, address and their relationship with the applicant.
- Minimum first name and surname 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 nor reside in the property.
- Date (must be dated within the last 3 months).
- Letter must be signed by giftor(s).

Employed applicants

No minimum term of employment is required.

New job, promotion or payrise

If the applicant has confirmed they will be starting a new job, receiving a pay rise or undertaking a new role with their current employer, the start date of the new job/promotion must be within 3 months of the date of the full mortgage application.

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

In these instances, it is acceptable to provide the employment contract. This must be accompanied by the covering letter from the employer or the covering email, if the employment contract has been emailed. Where the employment contract cannot be provided, we will seek an employer's reference.

Income from second job

In cases where the applicant has more than one job, income can be used towards affordability if it is evidenced as sustainable.

Please see **Main Income** and **Other Income** for more information.

Employed income can be used for affordability up until the max age of 70 or the anticipated retirement age (whichever is lower). Please see **Lending into retirement** if the applicant is applying for a mortgage term which extends past their anticipated retirement age.

UK residents not paid in sterling

The use of foreign currency income is not acceptable. Any applicants requiring 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

Non UK and Irish Nationals

Applicants who are not from the UK or Ireland will need to provide evidence of their permanent rights to reside in the UK (or pre-settled status for EEA and Swiss Nationals) by one of the following:

- A Biometric Residence Permit showing 'indefinite' rights to remain (also known as permanent residence).
- Indefinite/Right of Abode UK Residency stamp in the passport.
- For more information on 'share codes', please see <https://www.gov.uk/view-prove-immigration-status>.
- A letter from the Home Office confirming the applicant's 'indefinite' right to remain in the UK.

Underwriters may consider cases where applicants do not have indefinite rights to remain on a case by case basis, with the exception of EEA and Swiss nationals with pre-settled status which can proceed without underwriter referral. Please call your BDM to discuss individual cases prior to submission.

Brokers are required to advise the customer that any funds paid into the mortgage account from sanctioned countries are not accepted.

Source of funds

Brokers are required to advise the customer that any funds paid into the mortgage account from sanctioned countries are not accepted.

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 and verification

- When we are 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. Only used once for either address verification or for identification.

All customers who are Non UK or Irish Nationals will be required to provide evidence of right to remain/reside in the UK. These customers must provide evidence of a 'share code' or permanent rights to reside.

In order to proceed, the applicant's permanent right to reside in the UK must be confirmed and the customer must be living in the UK.

The following documents can be accepted:

- A share code detailing 'settled' or 'pre-settled' status.
- Passport with valid stamp for Indefinite/Right of Abode UK Residency.
- A Biometric Residency Permit showing 'indefinite' rights to remain.
- A letter from the Home Office confirming the customer's 'indefinite' right to remain in the UK.

For more information on Share Codes, please see gov.uk/view-prove-immigration-status.

VISA applicants:

Any applicants applying for a residential mortgage, who is residing in the UK on a Visa, will be referred to Underwriters for their consideration (note: max 80% LTV for visa applicants).

Please note: Any customer applying for a BTL mortgage, who is residing in the UK on a Visa, will not be eligible.

Identification documentation		
Document	Identification	Address verification
UK/Irish/EU/EEA/Switzerland Passport (Non UK/Irish/EU/EEA Passports must include a valid UK Visa)	Yes	No
UK Driving Licence	Yes	Yes
EU/EEA/Switzerland Identity Card (must show photograph and signature)	Yes	No
EU/EEA Driving Licence	Yes	No
Northern Ireland Voters Card	Yes	No
Biometric Residence Permit (must be valid for a minimum of 12 months)	Yes	No
EU or UK Bank, Building Society, or Credit Union Statement*	No	Yes
UK Credit Card Statement*	No	Yes
Mortgage Statement*	No	Yes
Firearms/Shotgun Certificate	Yes	No
UK Benefits/State Pension Notification Letter	Yes	Yes
Blue Disabled Driver's Pass (UK only)	Yes	No
HM Revenue & Customs Correspondence e.g. statement of account or correspondence relating to self-assessment	No	Yes
HM Revenue & Customs Tax Notification – Notice of Coding or Annual Statement – these cannot be used for ID if another HMRC correspondence has been used for address verification	Yes	No
Allocation of National Insurance Number from Job Centre Plus/Department of Work & Pensions Letter	No	Yes
Local Authority Tax Bill	No	Yes
Local Council Rent Card/Statement	No	Yes
Solicitors Correspondence	No	Yes
Utility Bill or a Certificate/Letter from a Supplier of Utilities* Excluding the following: Mobile telephone bills Broadband/Internet bills Reminders/Arrears letters Final/Closing bills	No	Yes
Young Scot Card – age restrictions apply – can only be used for applications for customers aged 18-26 years old	Yes	No

*A printed copy of an online statement can only be used as address verification with one of the following:

- UK/Irish/EU/EEA Passport
- UK Full Driving Licence
- HMRC Tax Notification (notice of coding or annual statement only and must be original document sent by post).

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 (intermediaries admin included):

- Name of the certifier;
- Title of the certifier – title is defined as describing someone's position or job;
- 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).

IF NOT able to certify by an FCA Registered mortgage intermediary or intermediaries admin, the customer can take their document to one of the below to get the document certified:

TSB Branch Staff Member, UK/EU Lawyer, Notary, UK/EU Barrister or an UK/EU Accountant who is a member of a recognised professional body AND must include all the points stated above.

Income, Treatment – Main Income		
Basic Income/Contract Type	Acceptable Income Y/N	Amount to be Keyed
Basic Salary	Y	100%
Overtime	Y	100% (60% used for affordability)
Bonus	Y	100% (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% minus SEISS grants 1 to 3 if claimed
Self employed/Share holding of a Non Ltd Company (i.e. Partnership) Taxable Income	Y	Key applicant's proportion of shareholding minus SEISS grants 1 to 3, if claimed
Employed by/Partner of PLC or LLP – Irrespective of share holding Basic PAYE salary or drawings (Treat as Self Employed)	Y	100% minus SEISS grants 1 to 3 if claimed
Maternity/Paternity/Adoption Pay	Y	100%
Probationary Contract	Y	100%
Temporary work (Includes seasonal and piecework)	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) *See note	Y	100%	60% non-guaranteed 100% guaranteed
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 *See note	Y	100%	60% non guaranteed 100% guaranteed
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. https://www.gov.uk/foster-carers/help-with-the-cost-of-fostering	Y	100%	60%
Guardian Allowance	Y	100%	60%
Industrial Injuries Disablement Benefit	Y	100%	60%
Maintenance (as other income)	Y	100%	60%
Mortgage Subsidy	Y	100%	60%
Nursing Bank *See note	Y	100%	60% non guaranteed 100% guaranteed*
Other (includes Seasonal and Piecework)	N	0%	0%
Personal Independence Payment	Y	100%	60%
Pension – Credit	Y	100%	100%
Pension – Private (including Company/Occupation – Drawdown Pensions not Acceptable)	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 *See note	Y	100%	60% non guaranteed 100% guaranteed*
Stipend	Y	100%	60%
Widowed Parent Allowance (including Widow's Pension)	Y	100%	60%
Working Tax Credits	Y	100%	100%

*Please note: For additional duty hours, flight allowance, nursing bank or shift allowance we will average the last 3 months payslips (last 6 where paid fortnightly or last 12 where paid weekly). Provided that each payment is within 10% of the average we will allow 100% of the income, otherwise we will allow 60%. For example – Month 1 £95, Month 2 £100, Month 3 £105. Total income £300, average £100pm. As each payment is between £90 (10% below average) and £110 (10% above average) we can treat as guaranteed. If one of the payments was below £90 or above £110 we would treat as non guaranteed even if the total income across the 3 months was the same.

Income, Verification – Main Income		
Basic Income/Contract Type	Preferred Verification Document	Alternative Verification Document
Basic Salary	Latest payslip. For applicants paid monthly or 4 weekly, the latest payslip must be dated within 6 weeks of the date of the full mortgage application. For customers paid weekly or fortnightly the payslip must be the latest or previous payslip, at the date of the full mortgage application.	Employers Reference
Overtime Commission/tips/gratuities/ tronc payments	Latest 3 payslips if paid monthly, latest 6 payslips if paid weekly or fortnightly. Latest 4 payslips showing the quarterly overtime or commission are required if paid quarterly. Calculate total income received. Latest 2 payslips showing the half yearly overtime or commission are required if paid half yearly. Calculate total income received.	Employers Reference
Bonus	Latest 3 payslips if paid monthly, latest 6 payslips if paid weekly or fortnightly. Latest 4 payslips showing the quarterly bonuses are required if paid quarterly. Calculate total income received. Latest 2 payslips showing the half yearly bonuses are required if paid half yearly. Calculate total income received. Latest payslip showing the annual bonus is required where paid annually. Where bonus income has been entered, the latest bonus payment must have been paid on or after 1 January 2021 to be used for affordability.	Employers Reference
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 (including CIS Contractors where employer deducts full PAYE tax and National Insurance contributions)	Latest payslip, (this applies whether the applicant is paid weekly or monthly) and evidence of at least 12 months contract history evidencing no gaps exceeding 6 weeks with at least 3 months remaining. Where the contract shows less than 3 months remaining a future contract must be provided showing a minimum of 3 months future employment.	Employers Reference
Employed in a Family Business – If Less than 25% Invested interest (Treat as employed)	Latest payslip and corresponding bank statement.	
Employed in a Family Business – Equal to or greater than 25% Invested interest (Treat as Self Employed)	Latest 2 years Tax Calculations and Latest 2 years Tax Year Overviews.	Last 2 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. For applicants paid monthly or 4 weekly, the latest payslip must be dated within 6 weeks of the date of the full mortgage application. For customers paid weekly or fortnightly the payslip must be the latest or previous payslip, at the date of the full mortgage application.	Employers Reference

Table continued

Basic Income/Contract Type	Preferred Verification Document	Alternative Verification Document
Ltd Company – Director/Shareholder – Wanting to use – Basic PAYE salary ONLY equal to or greater than 25% shareholding (treat as self employed)	Accountants Reference	N/A
Ltd Company – Director/Shareholder – Wanting to use – Basic PAYE salary + dividends ONLY Irrespective of share holding (Treat as Self Employed)	Accountants Reference	N/A
Self employed – Sole Trader	Latest 2 years Tax Calculations and Latest 2 years Tax Year Overviews AND screenshot of SEISS grant history (whether claimed or not where eligible to claim), together with PDF of each grant claimed which can be obtained via the following link: https://www.gov.uk/guidance/return-to-your-claim-for-the-self-employment-income-support-scheme	Accountants Reference
Self employed/Share holding of a Non Ltd Company (i.e. Partnership) Taxable Income	Latest 2 years Tax Calculations and Latest 2 years Tax Year Overviews AND screenshot of SEISS grant history (whether claimed or not where eligible to claim), together with PDF of each grant claimed which can be obtained via the following link: https://www.gov.uk/guidance/return-to-your-claim-for-the-self-employment-income-support-scheme	Accountants Reference
Employed by/Partner of PLC or LLP – Irrespective of share holding Basic PAYE salary or drawings (Treat as Self Employed)	Latest 2 years Tax Calculations and Latest 2 years Tax Year Overviews AND screenshot of SEISS grant history (whether claimed or not where eligible to claim), together with PDF of each grant claimed which can be obtained via the following link: https://www.gov.uk/guidance/return-to-your-claim-for-the-self-employment-income-support-scheme	Accountants Reference
Maternity/Paternity/Adoption Leave	Latest payslip received when working.	Employers Reference
Probationary Contract	Latest payslip, (this applies whether the applicant is paid weekly or monthly).	Employers Reference
Fixed/Short/Temporary Contracts – If Client Paying Tax	Treat as Self employed.	
Fixed/Short/Temporary Contracts inc. Subcontractors and Agency Workers	12 months contract history (future contract if less than 3 months remaining).	
CIS Contractors	Treat as self employed (unless employer deducts full PAYE tax and National Insurance contributions in which case treat as fixed term contractor).	
Town, Area or car allowance (excluding mileage). Including Large town, area allowance e.g. London weighting/cost of living supplement.	Latest payslip	Employers Reference
Day Rate Contractors	12 months contract history (future contract if less than 3 months remaining). If on a rolling contract we require a letter from employer/agency confirming contract is still valid.	
Zero hours contracts	Latest P60, the last 3 months payslips (6 if fortnightly, 12 if weekly) and 12 months contract history.	Employers Reference and Latest P60

Verification of income – Other Income		
Other Income type	Preferred Verification Document	Alternative Verification Document
Additional Duty Hours (ADH) *See note	Latest 3 months payslips (last 6 where paid fortnightly or last 12 where paid weekly)	Employers Reference
Adoption Allowance	Latest Bank Statement	Latest Benefit Award Letter
Bursary	Letter of Confirmation from Payer	
Carers Allowance	Latest Bank Statement	Latest Award Letter
Constant Attendance Allowance	Latest Bank Statement	Latest Award Letter
Child Benefit	Latest Bank Statement/Benefit award letter dated in the last 12 months.	
Child Tax Credit	Latest bank statement	Latest Award Letter
Disability Living Allowance	Latest Bank Statement	Latest Award Letter
Employment and Support Allowance	Latest Bank Statement	Latest Award Letter
Flexible Benefits	Latest payslip, (this applies whether the applicant is paid weekly or monthly).*See note	Employers Reference
Flight Pay/Allowance *See note	Latest 3 months payslips (last 6 where paid fortnightly or last 12 where paid weekly)	
Foster Care Allowance	Latest 2 years Tax Calculations and Latest 2 years Tax Year Overviews	
Guardian Allowance	Latest Bank Statement	Latest Benefit Award Letter
Industrial Injuries Disablement Allowance	Latest Bank Statement	Latest Award Letter
Maintenance	Latest 3 months bank statements	Court Order or Maintenance Assessment or letter to Child Maintenance Services (CMS)
Mortgage Subsidy	Latest Payslip*See note	Employers Reference
Nursing Bank *See note	Latest 3 months payslips (last 6 where paid fortnightly or last 12 where paid weekly)	Employers Reference
Pension – Credit	Latest Bank Statement	Latest Pension Statement
Pension – Private (including Company/Occupation – Drawdown Pensions not Acceptable)	Latest Bank Statement	Latest Pension Statement
Pension – State	Latest Bank Statement	Latest Pension Statement
Pension – War Disablement	Latest Bank Statement	Latest Pension Statement
Pension – War Widow(er)	Latest Bank Statement/Pension P60	Latest Pension Statement
Personal Independence Payment (PIP)	Latest Bank Statement	Latest Benefit Award Letter
Rental Income	Property currently let – Either 3 months bank statements, letter/invoice/statement from letting agent or letter from accountant or solicitor – An Assured Shorthold Tenancy Agreement (AST) is acceptable for properties currently let in England and Wales only. Private Residency Tenancy (PRT) is not acceptable in Scotland. Intending to let existing property – Letter from letting agent confirming expected rental payment.	
Shift Allowance *See note	Latest 3 months payslips (last 6 where paid fortnightly or last 12 where paid weekly)	Employers Reference
Stipend	Letter of Confirmation from Payer	
Widowed Parents Allowance (including Widow's Pension)	Latest Bank Statement	Latest Pension Statement
Working Tax Credits	Latest Bank Statement	Latest Benefit Award Letter

*Please note: For additional duty hours, flight allowance, nursing bank or shift allowance we will average the last 3 months payslips (last 6 where paid fortnightly or last 12 where paid weekly). Provided that each payment is within 10% of the average we will allow 100% of the income, otherwise we will allow 60%.

*Example – Month 1 £95, Month 2 £100, Month 3 £105. Total income £300, average £100pm. As each payment is between £90 (10% below average) and £110 (10% above average) we can treat as guaranteed. If one of the payments was below £90 or above £110 we would treat as non guaranteed even if the total income across the 3 months was the same.

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
Endowments	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 100% of projected amount using the middle % or the lower projection if there are 2 growth rates.
Sale of Second Home/Buy to Let (UK)	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. (See Second Home/Buy to Let Details).	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*.
Sale of second home/Buy to Let not yet purchased (UK)	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*.
Stocks & Shares (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, considering the remaining term of the mortgage and future market volatility.	See – Stock & Shares ISA.

Repayment Vehicle	Evidence Required	Validation	Assessment Method
Stocks & Shares ISA (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.
Unit trust or OEIC	Copy of latest investment statement dated within last 12 months.	The current value will be compared to the amount of Interest Only lending requested, considering 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*.
Pensions	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 clients are on a final salary pension scheme 100% of 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.
Investment bonds	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, considering 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, considering 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 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 your 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.
- Your 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 your applicant to provide evidence of their repayment plan(s). If your 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 your applicant to transfer some or their entire mortgage onto a capital and interest repayment basis.
- Please remember it is your 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

Overview

- Our dedicated Large loans underwriting team are here to support you and your customers.
- We assess a number of variables to determine what we refer for manual assessment. These include the loan to value of the application and loan amount.
- This page provides you with all you need to know when submitting an application for a large loan, but if you want to find out more, talk to your Business Developments Manager, or call and speak to one of our office based Business Development Manager on 0345 307 3355 option 3.

Large loan referrals

Applications meeting the following criteria will be referred to our Underwriting team for a full manual review.

- Individual or aggregate loan exposure to TSB > £900,000.
- Individual or aggregate loan exposure to TSB > £750,000, where the customer is borrowing more than 80% of the maximum loan available.
- Individual or aggregate loan exposure to TSB > £500,000, where the customer is borrowing more than 80% of the maximum loan available – subject to credit score and excluding like for like remortgage applications.
- All remortgages with additional borrowing applications (including unencumbered and transfer of equity applications) where amount of equity being released is > £300,000 and exceeds 50% of the equity available.

Applications outside these criteria will follow our standard process.

Underwriting approach

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

- Credit worthiness – an assessment of applicant's personal details and all commitments.
- Affordability – a detailed review of income and expenditure together with the applicant's underlying asset base. A standard **Expenditure and Assets form** must be completed as part of the application together with submission of bank statements on the applicant'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 includes a discussion directly with the valuer if there is information required to fully underwrite the application.

Submitting an application

If your customer meets our large loan criteria, simply follow this process:

Lending limits	Evidence required to support application
Step 1 – Submit application	
Step 2 – Underwriter Review	Please provide the following documentation to support your application: <ul style="list-style-type: none"> • 3 months' main current account bank statements for each applicant • Completed Expenditure and Asset form
Step 3 – Underwriter Decision	Your underwriter may ask you to provide any of the following: <ul style="list-style-type: none"> • 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 double counting of bonus for affordability/funds for deposit) • If capital raising, evidence required (i.e. estimates for home improvements/sight if 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.

This page provides you with all you need to know when submitting an application for a large loan, but if you want to find out more, talk to your Business Development Manager, or call and speak to one of our office based Business Development Managers on **0345 307 3355** option 3.

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 both the customer's current income and 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 (all must be dated within the last 12 months):

- Private/Company Pension Forecast Statement.
- State Pension Statement (obtained from www.gov.uk).
- Annuity Statement.

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.

- 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.

The table below provides the Loan to Value (LTV) Limits for mortgage applications on Mortgage Pro.

90-95% LTV only available for houses and bungalows (see below for separate LTV limits on new builds).

LTV and lending limits

Loan to Value

The table below provides the Loan to Value (LTV) Limits for mortgage applications on Mortgage Pro. 90-95% LTV only available for houses and bungalows (see below for separate LTV limits on new builds).

Loan Type	Credit Score – A	Credit Score – B	Credit Score – C
House Purchase (up to £570,000, refer to lending limits for higher loan amounts)	95%	85%	65%
Remortgages without Additional Borrowing	90%	85%	65%
Remortgages with additional borrowing/capital raising	85%	80%	65%
Unencumbered (Mortgage Free)	85%	85%	65%
Transfer of Equity with Additional Borrowing	85%	85%	65%
Flats and maisonettes (Not including New Builds) – Where the LTV is >85% the maximum loan amount is £500,000	90%	85%	65%
Interest Only	75%	75%	65%
Buy to Let (including Business Buy to Let and Consumer Buy to Let) – LTV restrictions apply to all application types on a Buy to Let with the exception of New Builds, Flats and Maisonettes which will be restricted to 75% LTV.	80%	80%	75%
Second Homes/Holiday Homes	75%	75%	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%	85%	65%
Shared Equity – LTV restriction is based on the full market value of the property. The customer must provide a minimum personal deposit of 5% of the full purchase price.	85%	85%	65%
New Build – Houses and Bungalows	85%	85%	65%
New Build – Flats and Maisonettes (purpose built and converted)	85%	85%	65%
New Build – Second Homes/Holiday Homes	75%	75%	65%
New Build – Buy to Let Houses and Bungalows	80%*	80%*	75%
New Build – Buy To Let Flats and Maisonettes (purpose built and converted)	75%	75%	65%
Additional Borrowing	85%	85%	65%
Self Employed and Day Rate Contractors	95%	85%	65%
Non UK and Irish Nationals (with permanent rights to reside in the UK)	95%	85%	65%

*80% LTV is a hard stop, so loan plus fees can't exceed 80%.

For affordability, when determining the minimum and maximum loan amount, the product fee will be added to the loan for every application.

Fees cannot be added to the mortgage, if this will result in the LTV exceeding 95% for residential mortgages or 80% for Buy To Let mortgages.

A Mortgage Review with no additional borrowing is available up to 120% LTV.

Loan to Value (LTV) limits do not apply where a TOMP is undertaken in isolation of any additional lending.

For product LTVs please see the latest Product Guide.

Where two or more parameters apply then the lower Loan to Value ratio (LTV) must be used. An exception to this is Buy to Let/New Build/Buy to Let applications where only one parameter applies. See examples below.

Example 1: Applicant has a credit score which would allow them an LTV of 90% on a main loan. The applicant is however applying for Additional Borrowing, therefore the maximum LTV they can have is 85%

Example 2: Applicant has a credit score which would allow them an LTV of 85% on a main loan. However they are applying for a Buy To Let on a newly built property, therefore the maximum LTV is 75%.

Lending Limits

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

Loan Amount	Max LTV
£570k	95%
>£570k to £750k	90%
>£750k to £1m	85%
>£1m to £2m	80%
>£2m to £5m	70%
>£5m	50%

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)

We currently lend up to 85% LTV on mortgage free properties.

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

- Timeshares.
- Business capital raising (excluding Business Buy To Let purposes).
- Speculative purposes (includes stocks and shares, currency speculation and cryptocurrency).

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 – 85%
- Second Home/Holiday Homes – 75%

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.
- Properties built within the last 10 years 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 – consultant must meet qualifying criteria.

Retrospective new build warranties are not acceptable.

Leasehold new build properties must have 123 years unexpired lease at the time of mortgage commencement.

New build mortgage offer

- New build mortgage offers are valid for 180 days and are eligible for an extension of up to 28 days if the property doesn't complete in time.
- Applications are eligible for a further 180-day extension subject to successful re-valuation, credit search and affordability checks.
- To request an extension, please contact **0345 307 3355** – Option 2. The latest we can process the mortgage offer extension is
 - 14 days after the initial mortgage offer expiry if this is your customer's first extension, or
 - 14 days after the expiry of the 28-day extension.

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).

Acceptable warranty providers

Our acceptable warranty providers are:

- NHBC;
- Premier Guarantee;
- LABC Warranty;
- Building Life Plans (BLP);
- Castle 10 Building Standards Indemnity Scheme from Checkmate;
- Global Home Warranties (GHW);
- International Construction Warranties (ICW);
- Protek;
- Buildzone;
- The Q policy (Q Assure);
- Advantage HCI;
- Build Assure;
- One Guarantee;
- ABC+;
- ARK

TSB Unacceptable New Build Site Search.

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

Any additional occupants aged 17 and over, (including applicant's children) living in the address post completion must sign a Consent to Mortgage form.

The Consent to Mortgage form is included in the offer pack.

Full time students living away from home do not need to complete a Consent to Mortgage form.

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.

Please note: Consent to Mortgage forms do not apply to properties in Scotland. Therefore, when keying an application and it asks you to confirm if there are any persons aged 17 or older that are not on the mortgage, living in the property, key as 'NO'.

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

Up to two lodgers are acceptable provided they are treated as a family member, i.e. sharing living accommodation. Any income received from lodgers will not be used for affordability and should not be keyed.

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 situations, the lodger(s) may acquire legal rights.

Applicant not resident in property

Not all applicants need to reside at the mortgaged property, provided it is affordable with additional commitments factored in.

If 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 or applications involving an ex-spouse or ex-partner where they are remaining in the property or named on the mortgage application must be referred to underwriters.

Second Home applications will not be approved where there is an intention to let the property under a shorthold tenancy, even if only temporarily.

Dependant relatives

Please refer to **Second Home Loan** 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/Resale Price Covenant Schemes:

- Resale/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

For cases already offered prior to 11 November, we will continue to offer extensions of 3 months where the applicants have already exchanged and 6 months where not exchanged and experiencing delays due to Covid-19.

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.

New build mortgage offers only

- New build mortgage offers are valid for 180 days and are eligible for an extension of up to 28 days if the property doesn't complete in time.
- Applications are eligible for a further 180-day extension subject to successful re-valuation, credit search and affordability checks.
- To request an extension, please contact **0345 307 3355** – Option 2. The latest we can process the mortgage offer extension is.
- 14 days after the initial mortgage offer expiry if this is your customer's first extension, or
- 14 days after the expiry of the 28-day extension.

If the extension deadline is not met, a new application must be processed and submitted as new business.

Portability

Keying porting applications

When keying the case to TSB Mortgage Pro, add an applicant and select "Existing TSB Borrower". Our TBDM Team will provide guidance on keying, next steps and how the process works.

Please contact our Telephone Business Development Team on **0345 307 3355** (option 3) for more information.

Early Repayment Charges (ERCs)

Simultaneous porting

If the redemption and completion of the existing and new mortgage are not simultaneous the following applies:

- If the porting is simultaneous, i.e. the new loan starts on the same day the existing one is redeemed, our processing team will add a note to the case to ensure that ERCs are waived – please ensure you let us know that the transactions are planned to be simultaneous.
- Where a customer is porting a reduced amount because this is the amount they require for the new purchase or is the maximum they can borrow, the full ERC will be waived.
- If the customer is porting <90% but wants to take other borrowing on a new rate a partial ERC would be charged. If porting > 90% the whole ERC will be waived.

Non-simultaneous porting

If the redemption and completion of the existing and new mortgage are not simultaneous:

- The applicant(s) will be required to pay any ERCs at the point of redemption. Once the new mortgage completes, eligible applicant(s) can request a refund of the ERC.
- Where a customer is porting a reduced amount because this is the amount they require for the new purchase or is the maximum they can borrow, the full ERC will be waived.
- If the customer is porting <90% but wants to take other borrowing on a new rate a partial ERC would be charged.
- A new mortgage application to port the original rate must have been started within a maximum of three months from the date of the redemption of the existing mortgage to qualify for refund of the ERCs (for account numbers starting with 20 or 40)
- Loans with account numbers beginning 50, 30, 77 and 87 may have different rules. Please check with us.

More porting information

- You can usually obtain an ESIS for ported products from the TSB Mortgage Pro system – if your scenario isn't supported please call us on the above number and we will help.
- Proc fees apply to the total amount of the new loan, not just top-up borrowing.
- Portable products are available up to our maximum loan to value limits at the time of applying.
- Mortgage Pro allows you to port a scheme product to a non-schemed mortgage and a non-schemed product to a schemed mortgage.
- Buy-to-Let products cannot be ported onto a residential property and residential products cannot be ported onto Buy-to-Let properties.
- If there are less than 3 months left to run on the existing product you can ask us for an ERC Waiver as long as applying for a new TSB Mortgage and select a new product on the whole loan.

Product transfers

We offer a product transfer service through Rate Switch.

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

Professional Sports People

Residential applications for new customers, where any applicant's occupation is a professional sports person, will be declined. A professional sports person is defined as the athlete themselves and not coaches, pundits etc whose income can be considered where deemed sustainable for the requested term.

We will continue to support existing customers, and all applications will be reviewed on a case by case basis.

These restrictions only apply to residential mortgage applications, and Professional Sports People can apply for BTL mortgages provided they meet the minimum income requirements.

Property

The minimum valuation amount for all lending is £50,000 (for shared ownership value of share must be at least £50,000).

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. We do not offer retentions. We will not provide a valid offer until any works considered essential by the valuer are completed and confirmed as satisfactory.

Leasehold property

Leasehold properties must have a minimum unexpired term of 70 years at mortgage commencement, and 30 years remaining at mortgage redemption.

New build leasehold properties must have a minimum unexpired lease term of 123 years at mortgage commencement.

Ground Rents

Our Ground Rent criteria, subject to valuation and insurance being available on standard terms, is as follows:

Ground rents on properties built pre-2005 are acceptable subject to being reasonable throughout the lease term:

- Increases linked to RPI or similar index are acceptable.
- Ground rents which double periodically every 20 years or more are acceptable.
- Ground rents which double periodically every 19 years or less are unacceptable.

Ground rents on properties built since January 2005 are subject to the above criteria, plus a maximum cap:

- 0.1% of Market Value per annum for new build houses
- The higher of 0.1% of market value or £250 per annum for new build flats/maisonettes and all second hand/resale properties.

Commonhold property is not accepted.

Estate Management Charges

Our Estate Management Charge criteria, subject to valuation and insurance being available on standard terms is as follows:

- Estate Management Charges on properties built pre-2005 are acceptable.
- Estate Management Charges on properties built since January 2005 are capped to a maximum of the higher of 0.2% of the Market Value or £500.

Estate Management Charges must be keyed under "Ground Rent" to be included in the affordability assessment.

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
- 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.

Freehold flats that do not meet the above criteria are unacceptable.

High rise flats

There is no maximum number of floors permitting there is a lift to the floor of the subject property.

For blocks without a lift, the subject property cannot be located higher than the 4th floor (ground plus three).

Flats with balcony/open deck access arrangements in the block are acceptable subject to:

- Maximum 6 storeys including ground floor in the block.
- Must have secure access at ground floor (i.e gates/electronic entry/security guard).
- Valuer must confirm the property is marketable and mortgageable.
- All other property policies apply e.g cladding, maximum floors with/without a lift.

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, launderette, 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 acceptable across the UK, subject to valuer's comments and a minimum habitable internal floor area of 30sqm (excluding balconies or terraces).

Ex Local Authority properties

- The maximum number of floors acceptable to TSB in an ex-local authority block is 6 storeys (ground plus 5). Blocks higher than this are unacceptable. This also applies to maisonettes and Scottish Tenements.
- 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 which must be provided to the valuer.

Where a category A infestation is identified, we will not lend.

Where a category B infestation is identified, we require further investigation by a competent specialist who is able to provide a 5-year insurance backed guarantee. We will not lend until any required eradication works have been completed.

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

- Any property over which buildings insurance cannot be arranged on standard terms
- Properties which are structurally unsound
- Properties which are not immediately and readily lettable
- Bed-sits, houseboats and mobile/park homes
- Properties split into separate units of accommodation (e.g. house converted into two flats without separate leases)
- Freehold flats that do not meet our freehold arrangement policy
- Farms/small holdings or other properties where there is land subject to current agricultural use
- 100% timber built property (i.e full timber frame with full timber cladding and no brick/blockwork at ground level)
- Grade 1 & Grade 2* listed properties in England & Wales are not accepted. Grade 2 listed properties are acceptable, subject to valuer's comments.
- Grade A listed properties in Scotland
- Thatched properties
- Unrepaired, designated defective properties under the Housing Defect Act or not
- Non-traditional PRC houses where the subject property and any adjoining property has not been repaired
- Properties of large panel system (LPS)
- Single skin construction is only acceptable for an extension at ground floor level
- Properties with more than 10 acres of land
- Properties with restricted occupancy covenants
- Properties with a cladding system that does not meet Fire Safety requirements as required by The Building (Amendment) Regulations 2018
- Properties containing Mundic block materials are unacceptable (unless the property has a valid Mundic report with a scored rating of A1-A3, A/AB only)
- Flats with less than 30 sqm internal habitable floor area
- Properties with a septic tank are acceptable subject to the tank discharging to a drainage field or soakaway system. Septic tanks that drain directly into water courses are not acceptable in accordance with Environmental Agency regulation introduced in January 2020
- Live/work units
- Steel framed construction pre 1987 without satisfactory valuation report compliant with Building Research Establishment (BRE) guidance BR113 and a structural engineers report on condition
- Steel frame construction post 1987 without a WIMLAS/BBA certificate or an acceptable structural engineers report

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 units are not acceptable to TSB.

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.

In some instances, to benefit from the lower stress rate of 5.00% on like for like remortgages, we will ask for evidence of the applicant's current mortgage balance. This will only be required when requested by TSB on a case by case basis.

Capital raising

When an applicant is looking to raise additional capital, the loan will be restricted to a maximum of 85% (subject to credit score). Any additional borrowing being raised for debt consolidation must not be more than 20% of the property value.

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

- Timeshares.
- Business capital raising (including Limited Company Buy To Lets).
- Speculative purposes (includes stocks and shares, currency speculation and cryptocurrency).

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

In some cases, TSB may ask for additional evidence of what the additional borrowing will be used for (quotes/written estimates for home improvements for example).

If your client is capital raising to purchase another property, all future costs must be included on the application and if they're using the money raised to purchase a BTL property, we require evidence of estimated rental income too.

Debt consolidation

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

- The amount being raised for debt consolidation must not be more than 20% of the property value.
- 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 to pay on their current debts or intends to pay the debt in the next 12 months, at the time of the mortgage application. This is not applicable for Credit Cards, Overdrafts or other revolving debts.

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.

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%.

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.

Self employed applicants

We've made changes to our self employed lending criteria to ensure our treatment of 2020/21 income is clear and straightforward. We have also outlined our position regarding receipt of Covid support such as SEISS grants, Bounce Back Loans, CBILS, and use of the Job Retention Scheme. Details below:

- Businesses must have been open for business/trading for the last 3 consecutive months (e.g. no Government Covid support such as SEISS grants or use of Job Retention Scheme during this period) for the income to be considered for affordability.*
- Self employed income must be keyed net of any SEISS grants received in 2020/21 tax year (SEISS grants 1 to 3 to be deducted where claimed).
- We require evidence of SEISS grants claimed/not claimed on every application apart from the following exceptions.**
 - Directors of a limited company
 - Where trading profit exceeded £50,000 in 2018/19 (unless average profits below £50,000 for 3-year period ending 2018/19)
 - Where trading commenced after 2018/19 tax year
 - Where non-trading income exceeds trading profits (for example employment income or pension)
 - Profit from land and property as this is not classed as trading profit.
- Latest year's income evidence must be for the 2020/21 tax year on all cases, except for Directors of a Limited Company.
- We will accept self employed income evidence with a latest trading year end date up to 15 months before application for Directors of a Limited Company.
- Where self employed income has reduced by more than 10% in the latest year (after deduction of SEISS grants, where applicable), they will be referred to underwriting for manual assessment.***

*If an applicant's self-employed business has not been open/trading normally for the last 3 months but the income is not required for affordability, the application is acceptable. Self-employment details should still be captured with income keyed as £0.

**Evidence of SEISS grant claim history can be obtained via the following link: <https://www.gov.uk/guidance/return-to-your-claim-for-the-self-employment-income-support-scheme>. We require a screenshot showing claim history for grants 1 to 3 and for each of these grants claimed a copy of each claim which can be downloaded as a PDF. This information should be uploaded alongside the income verification on the same case requirement.

***Underwriter will require the latest 3 months business bank statements. If Bounce Back Loans or CBILS are evident underwriters will consider the ongoing cost to the business as part of their assessment.

The income we will use for affordability is as follows:

- Net profit for Sole Traders (after deduction of SEISS grants)
- Share of net profit for Partnerships (after deduction of SEISS grants)
- Salary and dividends for Directors of Limited companies

We require 2 years income documentation for self employed applicants.

Where 2 years income has not been captured for affordability cases will automatically be declined.

Affordability for self employed applicants is calculated as follows:

- Average of last 2 years where income has increased in latest year (after deduction of SEISS grants where applicable).
- Latest year where income has decreased in latest year (after deduction of SEISS grants where applicable).

Where self employed income has been captured the maximum loan to income will be 4.49 times income and the maximum loan to value will be 90%.

If the applicant has been self employed for less than 2 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 application and applicants have a collective shareholding of 25% or more, then both applicants are to be treated as self employed (both applicants need to hold a % share).
- A sub-contractor 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

We require the latest year's income evidence to be for the 2020/21 tax year on all cases except for directors of a limited company with a shareholding $\geq 25\%$, or in receipt of dividends as part of their remuneration package.

For directors of a limited company where the trading year differs from the tax year, we will accept income evidence with a latest trading year end date up to 15 months before the date of the application.

Tax Calculations and Corresponding Tax Year Overviews.

For sole traders and partnerships we will always request the latest 2 years tax calculations with corresponding tax year overviews as the preferred method of income verification (latest year must be 2020/21 tax year). We will not accept them for Limited Companies as they do not show if the dividends are covered by the net profit after corporation tax and will therefore require an accountant reference instead (further details under Accountant Reference below). TSB accept Tax Calculations in the following formats:

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

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

- All pages of the documents
- Applicant's 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 the HMRC logo and show the status bar confirming 100% complete
- Tax Year Overview: must contain the HMRC logo, 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).

For sole trader and partnerships we will always request tax calculations with corresponding tax year overviews as the preferred method of income verification. We will not accept them for Directors of a Limited Companies and will always require an accountant reference instead.

Accountants Reference

This is the required method of verification for Limited Company Directors. The reference must be fully completed and must be signed and 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. If dividends exceed their share of net profit, then affordability will be based on the lower figure (director's salary and share of net profit) and will be referred to underwriting for manual assessment. If the income for the latest year has reduced or is projected to reduce in the current year, we will need the accountant to provide a projection so sustainability of income to support lending can be considered.

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% of the full market value of the property. Available against property in England, Wales and in Scotland using the Affordable New Build Scheme Scotland.

LTV Limits	
Scenario	Max LTV
Full market value of property (Non-new build)	90%
Max percentage of clients' equity share	90%
New build houses and bungalows	85%
New build flats and maisonettes	85%

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 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%.
- The customer must provide a minimum deposit of 5% of the full purchase price, by way of personal contribution (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
- For mortgage applications completing from 1 April 2021:
 - Help To Buy England and London mortgage applications are restricted to First Time Buyers
 - Maximum value/purchase price is £250,000 in Wales and vary per region in England as per table below:

Region	Maximum property price
North East	£186,100
North West	£224,400
Yorkshire and the Humber	£228,100
East Midlands	£261,900
West Midlands	£255,600
East of England	£407,400
London	£600,000
South East	£437,600
South West	£349,000

- It's important that you check your customer's personal criteria meets the new rules before you proceed with an application. TSB Mortgage Pro will not automatically decline an application until decision in principle stage (DIP).
- For more information, go to Help to Buy: Equity Loan – Own Your Home – Own Your Home
- Only available on capital repayment mortgages
- The customer must provide a minimum deposit of 5% of the 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 all new build properties and is based on the mortgage amount against the total property value.

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 properties) 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 minimum valuation for all residential lending is £50,000 (for shared ownership value of share must be at least £50,000).

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 (minimum of 70 years or 123 years on all new build properties) 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.

Shared ownership remortgage

When keying Shared Ownership remortgages, the value of the applicant's share should be entered in the "Estimated Value of the share" and the full market value in the "Full Market Value" box. This will ensure the correct product is provided for selection.

Shared Ownership remortgages should be processed using the Shared Ownership/Shared Equity product range, and follow the same policy as for standard remortgages e.g. Maximum LTV of 85% (of applicant's share) if additional borrowing is required.

Additional lending for the purpose of home improvements is permitted at the time of application. The applicant will need to provide confirmation from the Housing Association/Local Authority of their agreement to the additional borrowing and that it will be covered by the Mortgage Protection Clause/Section 442 Guarantee or NICOHA side agreement.

Sub-sales and 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 six 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; or
 - An institutional mortgagee exercising its power of sale; or
 - A receiver, trustee-in-bankruptcy or liquidator; or
 - A registered housing provider (Housing Association) exercising a power of sale; or
 - 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%.
- 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.
- 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

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TSB Intermediary line is open Monday to Friday 9am to 5pm. Calls may be monitored or recorded.

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