

## Mortgage Lending Criteria as at 01 August 2016

### Personal Details

Min Age	18 – for Residential; 21 for BTL.
Max Age	80 years old at the end of term, standard affordability assessment. Borrowers who are over 80 years old at the end of the term will be considered on an individual basis.
Lending into retirement	If the applicant will be retired at the end of the mortgage term, the following is required: <ul style="list-style-type: none"> <li>Detailed assessment of how the applicant will repay the mortgage in retirement e.g. from a company/private pension.</li> <li>Documentary evidence to demonstrate the retirement income.</li> </ul>
Address history	All applicants must have been in the UK for the last 3 years.
Ex-Pat	Not accepted.
First Time Buyer	Defined as an applicant who has never owned a residential property in the UK. On joint applications, this applies to all applicants.
Guarantor	Not accepted, can consider joint borrower/sole proprietor for both residential and BTL applications.
Joint Borrower/Sole Proprietor	Accepted, only where the second borrower is a close family relative.
Islamic Mortgages	Not accepted.
Number of Applicants	Maximum of two. Third and fourth applicants accepted if they are a close family relative.
Visa	All applicants must have permanent rights to reside in the UK. Tier 2 Visas considered (Maximum LTV 75%), minimum income £75,000, Capital and Interest loans only. Proof of Sponsorship required.
2nd Mortgage Agg Debt Vs Affordability	Affordability calculation needs to cover both mortgage balances.
Armed Forces Concession	Not accepted.
Client in Employer Accommodation	Not accepted.

### Employment/Income Details

Time in job/probation Period	6 months in current job required, 12 months in continuous employment. Probationary period acceptable subject to conditions, dependent on career history.
Bonus/Commission/Overtime	100% of cash bonus/commission/overtime averaged over the last 3 years can be used for affordability assessment where: <ul style="list-style-type: none"> <li>a) Cash bonus/commission/overtime does not exceed 100% of basic salary.</li> <li>b) A downward variance of 20% over the 3 year period is not evident.</li> </ul> When the above doesn't apply, then 50% of the average of last 3 years is used.
Shift Allowance	Accepted.
Car Allowance	Accepted.
Rental Allowance	Not accepted.

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## Mortgage Lending Criteria *(continued)*

### Employment/Income Details *(continued)*

Large Town Allowance	Accepted.
Second Job	Accepted – 50% if 12 month track record and sustainable.
Bursary Income	Not accepted.
Foster Income	Not accepted.
Private Pension	Accepted.
Investment Income	Accepted.
Rental Income	Accepted, if evidenced on SA302s. Lodgers income not accepted.
Maintenance Income Court Order	Accepted, if guaranteed for the life of mortgage.
Maintenance Income No Court Order	Not accepted.
Trust Income	Accepted, must be guaranteed for term of mortgage, refer for additional requirements.
Benefits Child Tax Credit	Not accepted.
Benefits Work Tax Credit	Not accepted.
Benefits Child Benefit	Not accepted.
Benefits DLA For Self	Refer.
Benefits DLA for dependant	Not accepted.
Mortgage Subsidy	Accepted.
State Pension	Accepted.
Self-Employed Requirements	Classed as self employed if own more than 25% of business. Minimum of 2 years SA302s required, supported by 2 full sets of finalised annual accounts.
Umbrella companies	Accepted - classed as contractors. Refer for assessment.
Accountant Qualifications	Main accountants' qualifications accepted.
Number of accounts required	2 full sets of finalised annual accounts. Minimum of 2 years SA302s also required.
Profit figure used	Affordability is assessed using average of the last two years operating profit before taxation. Refer to self employed for further detail.
Partnerships	Accepted. Treated as self employed.
Directors of Ltd Company	Directors remuneration plus average dividend for last 2 years is used where company accounts evidence sustainability. Profit before taxation plus directors remuneration can be considered if 100% of shareholders are on the mortgage. Where shareholding is less than 100% then refer.
Contracts	Refer specific details. However, as a guide the current contract should be a minimum 6 month contract with a history of contracts for at least 12 months. If the current contract is nearing its end, we may require evidence that it has been renewed. Income calculated as daily rate over 46 weeks.
Supply Teachers	Only if long term track record – average of last three years' earnings.
Temporary/Fixed Contracts	Not accepted.
Forces Concession	Not accepted.
Maternity Leave	If returning within 3 months – Latest payslips showing SMP, plus pre maternity payslip and letter from employer confirming return date and that salary will be the same. If going back under different terms, employment reference required. If return to work is greater than 3 months away – refer.
Foreign Currency	Income or Assets generated or held in a currency other than (£) sterling are not accepted for the purpose of Affordability or Repayment Strategy.

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## Mortgage Lending Criteria (*continued*)

### Existing Mortgage/Debts Details

BTLs in Background	Need to demonstrate that any BTLs are self-financing.
Childcare and School Fees	Taken as commitment.
Let To Buy (BTL Mortgage)	Accepted if applicant owns at least 1 other BTL property.
Let To Buy (Resi Mortgage)	Where a client applies for a residential purchase mortgage but will be letting their old residence out (rather than selling), the old main residence mortgage will be ignored if an ARLA letter shows rent will cover the mortgage repayments once the client moves out.
Proof of rental income	Required to evidence BTLs are self-funding. Proof via bank statements showing rental income and/or ASTs (rental received in cash is not accepted).
Porting	Accepted, refer for details.
Non Simultaneous Sale & Completion	Treated as running 2 houses and affordability calculation will take into account both mortgage (if applicable).
Other Debts	Any debts remaining on completion are deducted as a commitment, including credit card balances at 3% Any debts with less than 3 months to run can be ignored.

### Property Details/Purpose

Location of Lending	England and Wales only.
Minimum property value/ purchase price	£100,000 for both residential and BTL properties.
Agricultural Ties	Not accepted.
Annexe/Granny Flat	Accepted, if used by own family/dependant relative.
Bed & Breakfast	Not accepted.
Commercial property close by	Above or adjacent to restaurants, food outlets, public houses, launderettes, hairdressers or other premises which might represent a fire risk or adversely affect saleability, or where the surveyor's comments are derogatory are not acceptable.
Construction Timber Framed	Accepted, with durable outer leaf.
Construction All Timber	Not accepted.
Construction Thatched	Not accepted.
Construction Steel Framed	Accepted, subject to a satisfactory structural engineer's report.
Construction PRC	Not accepted.
Construction Single Skin	Not accepted.
Japanese Knotweed	Not accepted.
Non Habitable Condition	Not accepted - property has to be secure; structurally sound; insurable; have a working kitchen with running water, storage and ability to heat food; have a working bathroom with working lavatory, sink and ability to shower or bath.
Ex Local Authority	Houses accepted, flats not accepted.
Flat	Accepted as standard LTV.
Flat Max Floors	No Maximum.

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## Mortgage Lending Criteria (*continued*)

### Property Details/Purpose (*continued*)

Flat over shops	Above or adjacent to restaurants, food outlets, public houses, launderettes, hairdressers or other premises which might represent a fire risk or adversely affect saleability, or where the surveyor's comments are derogatory are not acceptable.
Holiday/2nd Home	Affordability calculation needs to cover both mortgage balances, max LTV 85% (sale of property accepted as repayment strategy up to 70% LTV).
Holiday Lets	Not accepted.
2 kitchens	Accepted, if in Granny annex (see above), otherwise not accepted.
Home For Dependent Relative	Accepted, affordability calculation needs to cover both mortgage balances (max LTV 85%).
Leasehold	Minimum 50 years unexpired term on lease at end of mortgage term, subject to valuers comments.
New Build definition	Property built/converted in last 12 months (based on completion certificate).
New Build warranties/ guarantees	Properties that have been built or converted in the last 10 years require suitable warranties/guarantees to be in place. A list of which is available on the CML website.
New Build house	85% LTV for residential, 75% max for BTL.
New Build flat	85% LTV for residential, 75% max for BTL.
New Build Incentives	Builder Incentives accepted up to 5% of the purchase price (deposit must be from applicants own resources).
Recently purchased property	Remortgages of recently purchased properties will only be accepted if 6 months has elapsed since completion of purchase.
Restrictive Covenants	Not accepted.
Scottish Property	Not accepted.
Self Build	Not accepted.
Solar Panels	Accepted, providing no lease agreement exists.
Studio	Accepted for residential, not accepted for BTL.
Valuation fee scale	See product guide.
Right To Buy	Not accepted.
HomeBuy Direct/ Shared Equity	Not accepted.
Shared Ownership	Not accepted.
Key Worker scheme	Not accepted.
Property owned in Trust	Not accepted.
2nd Property	Accepted if for own or dependant relatives use. LTVs as standard.

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## Mortgage Lending Criteria *(continued)*

Loan details	
Min Term	5 years.
Max Term	35 years.
Min Loan	£50,000.
Max Loan	Loans considered up to any level (max interest only 70% on residential mortgages, 75% for BTL mortgages).
Max Loan by LTV <b>Residential</b>	Maximum 85%. Up to £1,000,000 loan amount.
	Maximum 80%. Up to £1,500,000 loan amount.
	Maximum 75%. Up to £2,000,000 loan amount.
	Maximum 70%. Up to £2,500,000 loan amount.
	Maximum 65%. Up to £3,000,000 loan amount.
	Maximum 60%. Up to £10,000,000 loan amount.
	Maximum 50%. Over £10,000,000 loan amount.
Max Loan by LTV <b>Buy to Let</b>	Maximum 75%. Up to £2,000,000 loan amount.
	Maximum 70%. Up to £2,500,000 loan amount.
	Maximum 65%. Up to £3,000,000 loan amount.
	Maximum 60%. Up to £10,000,000 loan amount.
	Maximum 50%. Over £10,000,000 loan amount.
Deposit	Deposit must be from own resources unless gifted by a close family relative for both residential and BTL applications. Where deposit is gifted, the donor must provide a letter confirming the money does not need to be repaid and they will have no financial interest in the property.
Part & Part	Accepted, subject to interest only policy.
Interest Only for Residential Applications	<ul style="list-style-type: none"> <li>• There must be a clear and believable means of capital repayment.</li> <li>• We require suitable evidence of the repayment strategy.</li> <li>• Maximum LTV is 70%.</li> </ul> <p>The following will not be accepted as suitable repayment vehicles:</p> <ul style="list-style-type: none"> <li>• Sale of property (unless meets criteria below, see acceptable repayment strategies).</li> <li>• Previous record of reducing debt.</li> <li>• Future potential income.</li> <li>• New investments (including those that have been in place for less than 12 months).</li> <li>• Inheritance.</li> <li>• Bonuses.</li> <li>• Future conversion to a Capital and Interest only mortgage.</li> <li>• Any strategy that relies on increasing house prices.</li> <li>• Sale of business.</li> </ul>
Acceptable repayment vehicles	<ul style="list-style-type: none"> <li>• Sale of investment property(ies) – equity must be equal to 120% of the mortgage amount.</li> <li>• Sale of existing liquid investments (evidence of current value to be provided).</li> <li>• 25% of current pension value (evidence to be provided). Refer SIPPS.</li> <li>• Sale of property - up to 50% of property value can be used providing value is in excess of £2,000,000.</li> <li>• Sale of property - accepted, up to 70% for second homes where a dependant relative does not reside.</li> <li>• Annual lump sum repayment (where there is a track record of cash bonuses, an annual repayment strategy is acceptable. This is a bullet repayment mortgage).</li> </ul>

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## Mortgage Lending Criteria *(continued)*

### Loan details *(continued)*

Capital raising	<ul style="list-style-type: none"> <li>• Standard LTV for all purposes.</li> <li>• Purpose of capital raising required; evidence may be requested.</li> <li>• Funds will be held on retention until required or if satisfactory evidence not attainable.</li> <li>• Not available for speculative investment or business/commercial use.</li> <li>• Unencumbered properties are treated as remortgages. Refer to product guide for pricing.</li> </ul>
Offers valid for	Offers are valid for 3 months - an exception exists on new build offers which are valid for 6 months.
Extending Offers	Yes, subject to up to date documentation being provided and case still passing underwriting assessment and completion date being provided.

### Credit History

Adverse	Will accept satisfied CCJ up to £500, satisfied default £500, mortgage arrears 2 in the last 24 months. Subject to overall credit score and underwriter assessment.
Previously Repossessed	Not accepted.
Bankruptcy/IVA	Accepted if discharged, subject to overall credit score and underwriter assessment.
Credit check/score	Credit search and score obtained.
Credit Reference Agency	Equifax, <a href="http://www.equifax.co.uk">www.equifax.co.uk</a>

### Buy to Let

Rental calculation	Rental income must provide 125% cover of the mortgage interest amount calculated at Metro Bank's 5.5% stress rate. Earned income can be considered to support buy to let loans - evidenced by income and expenditure (minimum individual income on these applications £75,000, or joint income £100,000).
Non property owner	Minimum of one applicant must be an owner-occupier. First Time Landlords accepted (exceptions considered if in work related accommodation).
Income	No minimum income required, one applicant must be earning an income other than rental. An assessment of funding living expenses and rental voids will be made.
Portfolio size	Maximum of 10 properties mortgaged to Metro Bank, forming a maximum portfolio of 15 properties in total.
Properties	Max 75% LTV for both houses and flats, no ex-local authority flats or studio flats.
Tenancy	Single AST required of no more than 12 months. Family member, corporate housing associations, individuals receiving housing benefit, HMOs, student lets, holiday lets, multiple tenancies and individuals with diplomatic immunity are not accepted as tenancies.
Rental income	Proofs required via ASTs and/or bank statements.

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