

## Mortgage Lending Criteria as at 27 April 2016

### Personal Details

Min Age:	18 – for Residential; 21 for BTL.
Max Age:	There is no maximum age limit for a residential borrower, subject to plausibility and affordability checks on a case by case basis. For Buy to Let - Maximum Age at end of term is 80 years. Refer cases where applicant has already retired.
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 applications.
Islamic Mortgages:	Not accepted.
Number of Applicants:	Maximum of two.
Visa:	All applicants must have permanent rights to reside in the UK. Tier 2 Visas considered (Maximum LTV 75%), minimum income £100,000, 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> If neither of the above applies, 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. 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.
Consent To Let:	Refer – considered on an individual basis.
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:	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 balances (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 Non Standard PRC:	Not accepted.
Construction Single Skin:	Not accepted.
Construction Japanese Knotweed:	Not accepted.
Construction Non Habitable	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.
Flat - Lift needed ?:	Accepted, if block 4 floors or over.
Holiday/2nd Home:	Affordability calculation needs to cover both mortgage balances.
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.
Leasehold:	Minimum 50 years unexpired term on lease at end of mortgage term.
New Build definition:	Property built/converted in last 12 months (based on completion certificate).
New build house:	LTV as standard for residential, 75% max for BTL.
New build flat:	LTV as standard 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).
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 member. 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. Gifted deposits are not accepted for BTL purchases.
Part & Part	Accepted, subject to interest only policy.
Interest Only:	<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 SPPS.</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>• Speculative investment is not supported.</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:	No more than one CCJ or default for no more than £500 within the last three years; no arrears on any lending in the last two years.
Previously Repossessed:	Not accepted.
Bankruptcy/IVA:	Not accepted within last 3 years; must be discharged.
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).
Non property owner:	Not acceptable – must be an owner-occupier. First Time Landlords accepted.
Income:	At least one applicant must be earning an income (other than rental).
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 for a minimum of 6 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.

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