

19 August 2020



# CRITERIA GUIDE

## RESIDENTIAL & BUY TO LET

As the impact of COVID-19 continues across the UK, we understand the uncertainty it causes for many people. Please read our COVID-19 Lending Guide for some additional information we may require in the current circumstances.



## Loan

Maximum LTV	85% LTV. Interest Only 70%
Minimum Loan	£25k
Maximum loan (varies by LTV)	£500k up to 85%, £750k up to 80%, £1m up to 75%, £1.5m up to 70%
Minimum term	5 years
Maximum term	40 years (Capital Repayment only)
Remortgage	No remortgage within 6 months of purchase unless from bridging finance provided by other lenders which may include roll up of interest and lender fees
Debt Consolidation	Available up to 75% LTV
Offer validity	4 months. New Build offers are valid for 6 months

## Applicant

Minimum age	21
Maximum age	Mortgage to finish before 70th birthday
Maximum number of applicants	4 (all incomes considered)
Marital Status	Applications from those who are married, in civil partnership, co-habiting or where there is a financial dependency should be submitted in joint names
FTBs	Accepted across the full product range <i>(Please see our COVID-19 Lending Guide for more detail on our current requirements).</i>
Allowable Adverse	Have a look at our product guides to see the level of adverse we can accept
Lending in or into Retirement	We do not currently lend in or into retirement

## Income and evidence

Minimum income	One applicant must earn at least £15,000
Employment history	Whilst there is no minimum time in current employment, applicants need to provide at least 3 months employment history
Employed	Last 3 months' payslips. Latest P60 and/or bank statements may be required

Other Income	<p><b>100%</b></p> <ul style="list-style-type: none"> <li>Income from 2nd jobs (12 months' record of employment required)</li> <li>Rental profit (supported by SA302)</li> <li>Car, large town, shift, housing allowances</li> <li>Court ordered maintenance</li> <li>Investment income (supported by SA302)</li> <li>Mortgage subsidy</li> <li>Trust Fund income</li> <li>Foster Care income</li> </ul> <p><b>75%</b></p> <ul style="list-style-type: none"> <li>Annual or regular bonus, supported by the latest P60 and payslip for the month bonus was paid</li> </ul> <p><b>50%</b></p> <ul style="list-style-type: none"> <li>Overtime or commission</li> <li>Non regular bonus, profit related pay</li> <li>Child Tax Credit, Working Tax Credit, Universal Credit (not as main source of income)</li> <li>Disability/Carers allowance</li> <li>Incapacity Benefit</li> </ul>
Self-employed	One of: <ul style="list-style-type: none"> <li>Latest SA302, dated within 12 months</li> <li>accountants reference: one years accounts</li> <li>Minimum 12 months accounts with 1 years accounts or SA302</li> </ul>
Acceptable Income	<p>Sole traders and partnerships - most recent net profit if stable or increasing</p> <p>Limited Co Directors - drawings and dividends. Net profit after tax can be considered, please speak to your BDM</p>

<b>Nationality and residency</b>	All applicants must provide 3 years address history
UK and EEA nationals	2 years' residential address history in UK
Non-EEA nationals	Resident in the UK for the last 2 years and have permanent rights to reside in the UK
<b>Acceptable documents for Proof of ID</b>	Valid UK Passport Valid UK Driving Licence - Photo Card Valid non-UK passport or National ID card HM Forces/Police Warrant Card Current firearms licence or shotgun certificate
<b>Acceptable proof of Current Residential Address</b>	Utility bill not more than 3 months old (internet statements considered) Valid UK Driving Licence - Photo Card Bank/credit card statement showing full name and address (internet statements considered) Latest Council Tax bill Latest Mortgage Statement HMRC correspondence <i>Where providing proof of a previous address we will need to see originals.</i>
<b>Deposit Criteria</b>	
Gifted Deposit	100% gifted deposits considered from the following family members: parent, child, grandparent, sibling, step relatives, foster parent, or legal guardian.
Overseas Deposit	Deposits from an overseas account can be considered on a case by case basis.
Builder deposit/incentive	Acceptable up to 5% of the purchase price on new build properties
Purchase at Undervalue	Acceptable where purchasing from a close relative, or a long term tenant buying from their landlord
<b>Contractors</b>	
Contract length	Only a 1-year track record of employment within the same line of work required Minimum 6 months remaining on current contract or a rolling 3-month contract which has been renewed at least once.
Income requirements	Day rate x 46 weeks for self employed CIS Contractors, average of last 3 months pay slips Umbrella contractors considered
<b>Repayment method</b>	Capital Repayment and Interest only
Overpayment	Up to 10% per annum without incurring an ERC
Interest only repayment vehicle	Cash ISA or other regular savings Regular investments (stocks and bonds) Pensions Sale of another property Downsizing provided equity at completion of at least £200,000 for properties in London & South East and £150,000 in the rest of the UK Other than downsizing, a combination of repayment vehicles can be used.
<b>Property</b>	
Minimum valuation	£70,000 Ex LA flats (max 80% LTV) £80,000 outside Greater London, £200,000 within
Locations	Mainland England, Scotland, Wales. Postcode restrictions may apply
Flats	Where security property is on the 4th floor or above, the block needs to have a lift. High quality flats in blocks of up to 20 floors can be considered.

Ex LA flats	No minimum private ownership percentage Deck access allowed Consideration given to blocks above 4 storeys with more than 50 units
Flats above commercial	Up to 75% LTV: Flats above or adjacent to commercial premises. Up to 60% LTV: Flats above or adjacent to restaurants, takeaways, dry cleaners, hair dressers, launderettes, tattoo, piercing or nail parlours.
Unsuitable Properties	To find out more about unacceptable properties and Modern Methods of Construction please contact us.

## Tenure

Freehold	Houses only accepted
Leasehold	The lease must have an unexpired term of 40 years remaining at the end of the mortgage term for C&I loans, 70 years remaining for IO.

## New build

	Defined as one that has never been occupied
Offer validity	6 months. Extensions of up to 6 months can be considered
Builder deposit/incentive	Acceptable up to 5% of the purchase price
Building Warranty	A warranty should be in place from a suitable provider. See online for full list

## Right to Buy and Acquire

	Purchase only applications from Local Authorities for Right to Buy and from Housing Associations for Right to Acquire. Available up to 100% of discounted purchase price and 75% of the open market value.
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## Helping Hand/Joint Borrower Sole Proprietor

Definition	Parents and children (including step or adopted) assisting each other to buy or remortgage.
Income	Up to 4 applicants with all incomes considered in affordability
How it works	Only borrowers named on the title deeds will occupy the property as their main residence. Parent(s) will live elsewhere. All will be jointly and severally liable for the mortgage All borrower names (owner-occupiers & parents) will be on and sign the Mortgage Deed

## Help to Buy

Availability	We will accept applications on the HTB England, London, Wales, and Scotland shared equity schemes for the purchase of new build properties
Max LTV	Purchase up to 75% LTV in England, London, and Wales, 80% in Scotland
Max property value	£600,000 in England, £300,000 in Wales, £200,000 in Scotland
Purchase	Gifted deposits and HTB ISA (& bonus) accepted Builder incentives considered in addition to customers' 5% deposit
Remortgage	Up to 80% LTV remortgage when staircasing

## Scotland First Home Fund

Availability	Up to £25k towards the purchase of both new build and existing stock. No upper limit on property value however, at least one applicant needs to be a FTB
Max LTV	80%

Loan	
Maximum LTV	85%
Minimum loan	£25k
Maximum loan	£250k to 85%, £750k to 80%, £1m to 75%, £1.5m to 70%
Minimum term	5 years
Maximum term	40 years
Remortgage	No remortgage within 6 months of purchase. Bridging finance can be remortgaged within 6 months with capital raising considered where clear evidence of works carried out to improve the value of the property
Offer Validity	4 months

Applicant	
Minimum age	21 years for primary applicant, 18 for other applicants if direct family members
Maximum age	Mortgage to finish before 85th birthday
Maximum number of applicants	4
First Time Buyer	Applicants who do not currently own any property are acceptable and will be assessed for affordability on both a residential and BTL basis
Allowable Adverse	Have a look at our product guides to see the level of adverse we can accept

**Affordability** Please see COVID-19 Lending Guide for more detail on our current requirements.

	Rental Cover Rates	Top Slicing	HMO/MUB (NO Top Slicing)
<b>Basic Rate</b>	125%	115%	130%
<b>Higher Rate</b>	140%	120%	140%
<b>SPV's</b>	125%	115%	130%
<b>ExPats</b>	BRT 125%, HRT 140%		BRT 130%, HRT 140%

For self-funding BTLs, income verification may be required where BRT or FTB

Rental Calculation	5 or more years fixed rate products: initial rate. All other products a nominal rate (currently 5.5%) or the product rate + 2%, whichever is higher.
Assessment rates	For 2 year fixed £ for £ remortgaging: product rate, 5% minimum

Nationality and residency	
UK and EEA nationals	All applicants must provide 3 years address history. 2 years residential address history in UK
Non-EEA nationals	Resident in the UK for the last 2 years and have permanent rights to reside in the UK
Acceptable documents for proof of ID	Valid UK Passport Valid UK Driving Licence - Photo Card Valid non-UK passport or National ID Card HM Forces/Police Warrant Card Current firearms licence or shotgun certificate
Acceptable proof of current Residential Address	Utility bill not more than 3 months old (internet statements considered) Valid UK driving licence - Photo Card Bank/credit card statement showing full name and address (internet statements considered) Latest Council Tax Bill Latest Mortgage Statement HMRC Correspondence <i>Where providing proof of a previous address, we will need to see originals.</i>

## Income and evidence

<i>(please see our COVID-19 Lending Guide for more detail on our current requirements)</i>	Income verification required where FTB or topslicing. Applicants will be assessed for affordability on both a residential and BTL basis. See Income and Evidence section within Residential Criteria
Consumer BTL	We do not consider consumer BTL
Let to Buy	Accepted. Applicants will need to provide a consent to let from their existing lender.

## Expat

Eligibility	British Citizens living or working in over 180 FATF member countries or Confederations, excluding high risk countries Minimum property value of £150,000 for non EEA landlords Spouses who are non British Citizens can be party to the mortgage
LTV	Up to 75% LTV except Australia where maximum is 70%
SPV	Applications can be considered where one or more director(s) or shareholder(s) of a UK registered SPV is resident overseas as an expat
Existing Landlords	Need to own a BTL property in the UK and receive rental income Maximum loan £1,000,000
First Time Landlords <i>(must own a UK property)</i>	Evidence of a UK tax liability within the last 5 years required Maximum loan £500,000

## Multi Unit Blocks

Applicant profile	At least one applicant must have 1 year's landlord experience
Min Valuation	£175,000 for the freehold block in London and SE, £125,000 in all other regions.
Number of units	Up to 5 self-contained units on a single freehold title. Flats only, no mixed units

## House of Multiple Occupancy / Student Lets

Applicant profile	At least one applicant must have 1 year's landlord experience
Min Valuation	£100,000
Number of bedrooms	Up to 8 bedrooms
Licensing requirements	HMO licence is required if deemed appropriate from the Local Authority

## Limited Companies

Directors or shareholders	Up to 4 individuals. SPV must be UK registered
Acceptable SIC codes	68100, 68209, 68320, 68201
Trading Companies	Not currently accepted
Personal Guarantees	All directors and all classes of shareholder are required to provide joint and several guarantees

## Portfolio Landlords

Definition	Having 4 or more mortgaged BTL properties
Experience	1 year's experience of owning a BTL property
Maximum value	Up to 20 properties with a maximum of £4,000,000 in a Vida portfolio No limit on overall portfolio size. Average LTV up to 80% Rental stressing will only be applied to mortgages held by Vida

## Property

Minimum valuation	£50,000 up to 70%, £70,000 above 70% Ex LA flats (max 80% LTV) £80,000 outside Greater London, £200,000 within
Locations	Mainland England, Scotland and Wales. Postcode restrictions apply
Flats	Where security property is on the 4th floor or above, the block needs to have a lift. High quality flats in blocks up to 20 floors can be considered
Ex LA Flats	No minimum private ownership percentage Deck access allowed Consideration given to blocks above 4 storeys and with more than 50 units
Flats above commercial	Up to 75% LTV: Flats above or adjacent to commercial premises. Up to 60% LTV: Flats above or adjacent to restaurants, takeaways, dry cleaners, hairdressers, launderettes, tattoo, piercing or nail parlours
Unsuitable Properties	To find out more about unacceptable properties and Modern Methods of Construction please contact us.

## Tenure

Freehold	Houses only accepted
Leasehold	The lease must have an unexpired term of 40 years remaining at the end of the mortgage term for C&I loans, 70 years remaining for IO.
Tenancies	AST, Corporate lets, shared households and student lets. DSS accepted Assured, protected, statutory or 'sitting tenants' not accepted

## New build

	Defined as one that has never been occupied
Offer validity	6 months, extendible for up to a further 6 months on the same product subject to credit search, affordability, and re-valuation
Building Warranty	A warranty should be in place from a suitable provider. See online for full list

## Deposit Criteria

Gifted Deposits	100% gifted deposits considered from the following family members: spouse/partner, parent, child, grandparent, sibling, step relatives, foster parent or legal guardian.
Overseas Deposit	Deposits from an overseas account can be considered on a case by case basis
Builder deposit/incentive	Acceptable up to 5% of the purchase price on new build properties
Purchase at Undervalue	Acceptable where purchasing from a close relative, or a long-term tenant buying from their landlord
Inter Co Loans	We are unable to consider intercompany loans as a source of deposit