



## Lending Criteria Guidelines

Welcome to Harpenden, where our open-minded approach to lending makes a big difference.

From mortgage questions to mortgage answers, these guidelines explain our lending criteria to help you with your enquiries.

We're 100% mortgage intermediated.

- Our mortgage products are available for purchase, re-mortgage and capital raising
- There is no upper age limit placed on applicants that are looking to borrow into later life
- Products are available with no Early Repayment Charges (ERCs)
- We will consider requests to raise finance against unencumbered property
- We lend in England and Wales only



**Apply**



**Qualify**



**Buy**

 **HARPENDEN**  
BUILDING SOCIETY  
*local reputation, national recognition*

This document is for use by authorised intermediaries only.

## Harpenden Building Society Mortgages

The following lending criteria applies to our Family and Specialist Mortgages:

MORTGAGE TYPE	DESCRIPTION	MINIMUM PURCHASE PRICE/VALUE OF THE PROPERTY	MINIMUM LOAN AMOUNT	MAXIMUM LOAN AMOUNT	MAXIMUM LOAN TO VALUE	MAXIMUM LOAN TERM		
Family Mortgages	<b>Residential Owner Occupied</b>	<ul style="list-style-type: none"> <li>Loans for house purchase, re-mortgage or release of equity, where the property will be occupied by the borrower as their primary residence</li> <li>Up to four applicants considered and not all applicants have to reside in the property</li> </ul>	£150,000	£75,000	£2,000,000	Repayment 80% Interest Only 75% Part & Part 75%	Repayment 35 years Interest Only 35 years	
	<b>Lending into Retirement</b>	<ul style="list-style-type: none"> <li>Loans for house purchase, re-mortgage or release of equity, where the property will be occupied by the borrower as their primary residence</li> <li>Up to four applicants considered and not all applicants have to reside in the property</li> </ul>	£150,000	£75,000	£3,500,000	Repayment 75% Interest Only 70% Part & Part 70%	Repayment 35 years Interest Only 35 years	
	<b>Lending in Retirement</b>	<ul style="list-style-type: none"> <li>Loans for house purchase, re-mortgage or release of equity, where the property will be occupied by the borrower as their primary residence</li> <li>Up to four applicants considered and not all applicants have to reside in the property</li> <li>Applicable where any applicant is already retired or is above age 75 at the start of the mortgage</li> </ul>	£150,000	£75,000	£3,500,000	Repayment 70% Interest Only 70% Part & Part 70%	Repayment 35 years Interest Only 35 years	
	<b>Guarantor</b>	<ul style="list-style-type: none"> <li>Accepted. Please contact your BDM to discuss (see reverse for contact details)</li> </ul>	£150,000	£75,000	£2,000,000	Repayment 80% Interest Only 75% Part & Part 75%	Repayment 35 years Interest Only 35 years	
	<b>Holiday Home/ Second home</b>	<ul style="list-style-type: none"> <li>Property held as an investment, where the rental income from the property services the loan</li> <li>No Portfolio Landlords</li> </ul>	<ul style="list-style-type: none"> <li>AirBnB or similar considered</li> <li>Holistic approach to affordability</li> </ul>	£150,000	£75,000	£2,000,000	Repayment 80% Interest only/ Part & Part 75%	Repayment 25 years Interest only/ Part & Part 25 years
	<b>Joint Borrower Sole Proprietor</b>	<ul style="list-style-type: none"> <li>Up to 4 borrowers (direct family members only)</li> <li>Full affordability assessments (no LTI cap)</li> </ul>	<ul style="list-style-type: none"> <li>Interest-only considered</li> <li>Max term 35 years</li> </ul>	£150,000	£75,000	£1,000,000	Repayment 80% Interest only/ Part & Part 75%	Repayment 35 years Interest only/ Part & Part 35 years
Specialist Mortgages	<b>Self Employed/ Contractors/ Professionals</b>	<ul style="list-style-type: none"> <li>Loans for house purchase, re-mortgage or release of equity, where the property will be occupied by the borrower as their primary residence</li> <li>Up to four applicants considered and not all applicants have to reside in the property</li> </ul>	£150,000	£75,000	£2,000,000	Repayment 80% Interest Only 75% Part & Part 75%	Repayment 35 years Interest Only	
	<b>Buy To Let/ Consumer Buy To Let</b>	<ul style="list-style-type: none"> <li>Loans for purchase, re-mortgage or release of equity from property held as an investment, where the rental income from the property services the loan</li> <li>Assured shorthold tenancies (minimum six months, maximum three years)</li> <li>Houses in multiple occupation are not accepted</li> <li>Minimum income £30k or net assets of £500k</li> <li>No Portfolio Landlords</li> </ul>	<ul style="list-style-type: none"> <li>Schedule of BTL properties to be submitted showing outstanding loans</li> <li>Limited appetite for new build flats outside local area (South East of England), particularly in city centres</li> <li>Max exposure £2m, or five properties (of which a maximum of three Mortgaged)</li> <li>Corporate Lets considered</li> <li>Holistic approach to affordability</li> </ul>	£150,000	£75,000	£2,000,000	Repayment 75% Interest Only 70% Part & Part 70%	Repayment 25 years Interest Only 25 years
	<b>Holiday Let</b>	<ul style="list-style-type: none"> <li>Property held as an investment, where the rental income from the property services the loan</li> <li>No Portfolio Landlords</li> </ul>	<ul style="list-style-type: none"> <li>AirBnB or similar considered</li> <li>Holistic approach to affordability</li> <li>Personal usage allowance introduced up to 90 days</li> </ul>	£150,000	£75,000	£2,000,000	Repayment 80% Interest only Part & Part 75%	Repayment 25 years Interest only/ Part & Part 25 years
	<b>Residential Development/ Standard Self Build</b>	<ul style="list-style-type: none"> <li>Local area preferred (South East of England). England and Wales, please contact our BDMS to discuss</li> <li>Small residential developments only considered. Maximum of three properties</li> <li>Conversion/refurbishment projects considered (houses converted into flats or vice-versa)</li> <li>Drawdowns against revaluations by the Society's Valuer</li> <li>Agreed reductions from plot sales, subject to re-valuations</li> </ul>	<ul style="list-style-type: none"> <li>Detailed specification to be provided</li> <li>Detailed residential planning consent to be granted for new builds</li> <li>Residential development appraisal to be obtained</li> <li>Society to appoint own solicitor</li> <li>Lump sum in a HBS savings account to fund monthly interest payments where appropriate</li> </ul>	£225,000	£75,000	£2,000,000	65%	Interest Only 3 years
	<b>Premium Self-Build</b>	<ul style="list-style-type: none"> <li>As above, plus;</li> <li>Property must be in London, Greater London, South East, South, South West and East Anglia</li> <li>Small developments only maximum of three properties one of which to be subsequent main residence</li> </ul>	<ul style="list-style-type: none"> <li>Build to be professionally overseen by either an Architect, Quantity Surveyor, experienced Project Manager or experienced Contractor.</li> <li>Where any applicant is already retired, or is above the age of 75 at the start of the mortgage, the maximum LTV is 70% (in line with Lending Into Retirement)</li> </ul>	£225,000	£75,000	£2,000,000	75%	Interest Only 3 years

### Deposits

- Savings from different sources
- Equity from residential or other properties
- Gifted deposit from parents
  - Up to date savings statements
  - Immediate Family
  - Letter from the solicitor confirming the amount
  - Written confirmation of the gift

## Interest Only Repayment Strategy

The following Interest Only strategies can be considered:

<b>Sale of Owner-Occupied Property</b>	<ul style="list-style-type: none"> <li>• Minimum Property Value - £250k</li> <li>• Minimum Equity - £150k</li> <li>• Maximum LTV - 75%</li> </ul>
<b>Sale of HBS Security Property (Let/2nd Home)</b>	<ul style="list-style-type: none"> <li>• Minimum Equity - £75k</li> <li>• Maximum LTV - 75%</li> <li>• Only acceptable where security property is BTL or Second/Holiday Home</li> </ul>
<b>Sale of Additional Property (Non-HBS Security)</b>	<ul style="list-style-type: none"> <li>• Maximum LTV - 75%</li> <li>• Minimum Equity on HBS Security - £150k</li> <li>• Current equity in additional property sufficient to repay HBS mortgage</li> <li>• LTV on additional property is under 50% and equity exceeds £150k</li> <li>• Property is in an area with a track record of strong demand/property values</li> </ul>
<b>Development/ Upgrade and Sell</b>	<ul style="list-style-type: none"> <li>• Maximum LTV - 65% (75% for qualifying Self-Builds)</li> <li>• Minimum Equity - £150k</li> </ul>
<b>Overpayments from Income &amp; Bonuses</b>	<ul style="list-style-type: none"> <li>• Maximum LTV - 75%</li> <li>• Minimum Equity - £150k</li> </ul>
<b>Investment</b>	<ul style="list-style-type: none"> <li>• Maximum of 70% of current value if a lump sum invested in equities</li> <li>• 100% of current value if savings in cash ISA or bank/building society savings account</li> <li>• Maximum 70% of projected end value if regular investments/savings for at least the last 12 months</li> </ul>
<b>Inheritance</b>	<ul style="list-style-type: none"> <li>• Probate already granted</li> <li>• Maximum LTV - 75%</li> <li>• Minimum Equity - £150k</li> </ul>
<b>Re-Mortgage to Another Lender</b>	<ul style="list-style-type: none"> <li>• Minimum Property Value - £250k</li> <li>• Minimum Equity - £150k</li> <li>• Maximum LTV - 75%</li> <li>• Maximum term three years following development, upgrade or conversion</li> </ul>
<b>Convert to Repayment</b>	<ul style="list-style-type: none"> <li>• Minimum Property Value - £250k</li> <li>• Minimum Equity - £150k</li> <li>• Maximum LTV - 75%</li> <li>• Maximum term three years following development, upgrade or conversion</li> </ul>
<b>Endowment</b>	<ul style="list-style-type: none"> <li>• With profits policy - up to 75% of the current surrender value</li> <li>• Unit linked policy - up to 50% of the current surrender value</li> <li>• Endowment policy within 10 years of maturity</li> <li>• Assignment of policy</li> </ul>
<b>Pension Lump Sum</b>	<ul style="list-style-type: none"> <li>• Minimum age 55 years</li> <li>• Pension fund minimum value - £500k</li> <li>• Maximum loan 75% of the allowable lump sum</li> </ul>

## Repayment Methods

- Capital and Interest (Repayment mortgage)
- Interest Only
- Part Repayment & Part Interest Only

## Income

The following types of income are acceptable subject to the related evidence being provided:

<b>Employed Applicants</b>	<ul style="list-style-type: none"><li>• Three months payslips and P60</li><li>• Two most recent P60s for any bonus payments, overtime or other allowances</li></ul>
<b>Self-Employed</b>	<ul style="list-style-type: none"><li>• Tax Calculations and Tax Year Overview for the three most recent years, along with three most recent years' accounts. Business Plan/detailed explanation if the business has not been established for three years, is developing or the results fluctuate</li></ul>
<b>Contractor</b>	<ul style="list-style-type: none"><li>• 12 months contracting is usually required but less can be considered if experienced in this profession.</li><li>• Minimum three months contract remaining</li><li>• Affordability based on five days/46 weeks</li></ul>
<b>Lending into Retirement</b>	<ul style="list-style-type: none"><li>• Recent pension projections</li></ul>
<b>Retired</b>	<ul style="list-style-type: none"><li>• Pension statement or P60 for each individual pension</li></ul>
<b>Maintenance</b>	<ul style="list-style-type: none"><li>• A copy of the signed Court Order or</li><li>• Six months bank statements demonstrating the income, along with a letter confirming the informal arrangement by the person paying the maintenance</li></ul>
<b>Investment and Savings Income</b>	<ul style="list-style-type: none"><li>• Three most recent Tax Calculations and Tax Overviews from HMRC</li><li>• Savings and/or investment statements over the last 12 months and bank statements for the last three months</li></ul>
<b>Rental Income</b>	<ul style="list-style-type: none"><li>• Three most recent Tax Calculations and Tax Overviews from HMRC</li><li>• Assured Shorthold Tenancy agreement</li></ul>
<b>Future Let</b>	<ul style="list-style-type: none"><li>• We require confirmation from the Society's Valuer regarding anticipated rental income (for proposed Security property)</li><li>• An appraisal letter from a local letting agent</li></ul>
<b>Trust Income</b>	<ul style="list-style-type: none"><li>• Legal document and bank statements for the last three months</li></ul>

## Affordability

Income multiples will be used as part of our initial assessment. Detailed income and expenditure analysis will be carried out once the full application is received.

When assessing affordability, the Society will take account of:

- The income of the applicant, net of income tax and national insurance
- The applicant's committed expenditure, basic essential expenditure and basic quality-of-living costs
- Affordability throughout the term at the Society's Stress Test Rate
- Future changes to income and expenditure
- Income/expenditure analysis will be based on independent information
- Up to four applicants can be considered for a mortgage. The highest three incomes will be assessed

## Financial Statements/Information

Financial information should be supported with the evidence detailed below:

<b>Current Bank Account</b>	<ul style="list-style-type: none"><li>• Three months most recent personal bank statements for all active current accounts</li></ul>
<b>Credit or Store Card</b>	<ul style="list-style-type: none"><li>• Two months detailed statements even if paid in full each month OR</li><li>• Certified full Experian/Equifax report confirming 12 months payments</li></ul>
<b>Personal Loan, Car Finance or Other Finance Agreement</b>	<ul style="list-style-type: none"><li>• Latest annual statement confirming 12 months repayment history and current balance OR</li><li>• Certified full Experian/Equifax report confirming 12 months payments</li></ul>
<b>Assets</b>	<ul style="list-style-type: none"><li>• Savings, Investments, ISAs/PEPs, Unit/Investment Trust/OEICs, Shares, Pension Funds, Business Assets - recent statement or valuation</li></ul>

## Residential Status

Residential status should be verified with the evidence detailed below:

<b>Tenants</b>	<ul style="list-style-type: none"><li>• We require a statement for the last 12 months showing all rental payments</li></ul>
<b>Existing Mortgage (Residential and Buy To Let)</b>	<ul style="list-style-type: none"><li>• Most recent annual mortgage statement confirming 12 months repayment history and current balance OR</li><li>• Certified full Experian/Equifax report confirming 12 months payments</li><li>• Where the mortgage has been redeemed in the last three years, please provide a redemption statement or detailed annual statement</li></ul>

## Impaired Credit

The Society does not usually accept applications from:

- Any applicant with County Court Judgements totalling more than £500 during the past three years
- Any applicant who has been in serious arrears (90 days or more overdue on a mortgage or loan) during the past two years
- Any applicant who has been subject to an IVA or Bankruptcy Order at any time within the last three years

## Property Type

The Society will consider the following types of property:

<b>Acceptable</b>	<ul style="list-style-type: none"><li>• All conventional types of construction – brick/tile/stone/slate</li><li>• Flats – converted or purpose built</li></ul>
<b>Not Acceptable</b>	<ul style="list-style-type: none"><li>• Concrete/steel-framed houses</li><li>• Properties where high-alumina cement has been used in the construction</li><li>• Pre-cast, reinforced concrete houses designated as defective under Housing Act 1985</li><li>• Freehold, Studio or Bedsit flats</li><li>• Multiple occupancy property</li><li>• Property affected by subsidence</li><li>• Houseboats</li><li>• Any properties that the Society's valuer does not consider suitable as security</li></ul>
<b>Tenure Acceptable</b>	<ul style="list-style-type: none"><li>• Freehold</li><li>• Leasehold (must have at least 40 years remaining at the end of the mortgage term)</li><li>• Share of freehold</li></ul>

## Additional Borrowing

Additional borrowing is available for property improvement and investment purposes:

- Residential Owner Occupied
- Buy to Let
- Corporate Let
- Let to Buy/Consumer BTL
- Residential Development/Self Build

### Application criteria

#### No maximum age limit.

Minimum age limit is 18 years.

- The Society will assess affordability for the whole of the mortgage term. Where the term of the mortgage extends beyond the intended retirement age of the customer, or State Pensionable age, verification of the expected pension and/or other income will be required
- Customers choosing to work beyond State Pensionable age will be accepted, providing the intended retirement age is feasible given the nature of their job
- Employed and self-employed income considered towards affordability until the anticipated retirement age, providing it is credible, subject to a maximum age of 75. Pension, rental and investment income considered towards affordability with no age limit

### Solicitors

The Society instructs solicitors that use the Council of Mortgage Lenders (CML) Lenders' Handbook. Although it does not maintain a panel for residential property transactions, it is prepared to instruct a borrower's solicitors to act on its behalf subject to:

- The firm having a minimum of three regulated partners (SRA Approved Managers); and
- The property having no unusual features or characteristics that would require specialist knowledge

The Society will not instruct sole practitioners or firms with fewer than three principals for any transactions relating to a mortgage (purchases, re-mortgages or sales). If a borrower wishes to use a firm with fewer than three principals, the Society will instruct the Society's solicitors to act on its behalf.

**This document reflects the Society's current approach to mortgage lending.**

**This document is available on our website [www.harpendenbs.co.uk](http://www.harpendenbs.co.uk)**

All applications will be subject to the Society's full manual underwriting and credit search, which may result in an application being declined, despite appearing to meet the Society's lending criteria.

**Head Office:** Mardall House, 9-11 Vaughan Road, Harpenden, Hertfordshire AL5 4HU

Tel: 01582 765 411 Email: [brokers@harpendenbs.co.uk](mailto:brokers@harpendenbs.co.uk)

Website: [www.harpendenbs.co.uk](http://www.harpendenbs.co.uk)

**Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.**

**Firm reference number: 157260**

**Mortgage products are regulated by the Financial Conduct Authority except Buy To Lets (excluding CBTL) and development to sell/let.**

## Get in touch with our Broker Partnership Team



Jean Errington

**Business Development Manager | 07483 310314**

**Industry Experience:** Jean has worked in the mortgage industry as a broker and lender for over 20 years. She is also an experienced underwriter, qualified to level 4.

**What they say about Jean:** Jean's brilliant working knowledge helps brokers to best manage complex applications.



Graeme Aitken

**Business Development Manager | 07483 310334**

**Industry Experience:** Graeme's extensive knowledge of the mortgage market comes from over 25 years of working in financial services.

**What they say about Graeme:** Graeme translates complex mortgages into a language that's clear to both the broker and their customers.



Craig Middleton

**Mortgage Sales Manager | 07741 661 036**

**Industry Experience:** With 30 years of working within financial services, covering retail / private banking and now building society sector, Craig brings a wealth of experience to help lead and develop the lending proposition for the Society.

**What they say about Craig:** It's clear that Craig has a passion for delivering a quality experience derived from a strong background in the lending sector.

**If your application is being processed please contact our Mortgage Processing Team:**

Direct Line: 01582 463 133 • Fax number: 01582 462 673

E-mail: [applications@harpendenbs.co.uk](mailto:applications@harpendenbs.co.uk)

Mardall House, 9-11 Vaughan Road, Harpenden, Hertfordshire AL5 4HU