



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.

- Specialists in complex incomes and unusual properties
- Lend up to 6x income* (subject to affordability and underwriter approval)
- Interest only, up to £2m at 75% LTV
- No upper age limits
- Lending in retirement, Self-Build, Holiday Lets, Second Homes, Buy-to-Let ranges
- All cases assessed on their merits with manual underwriting



Qualify



Apply



Buy



Scan the code for the latest on our Intermediaries Mortgage Products and Lending Criteria

HARPENDEN
for intermediaries

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 LOAN AMOUNT	MAXIMUM LOAN AMOUNT	MAXIMUM LOAN TO VALUE	MAXIMUM LOAN TERM
Family Mortgages	Residential	£75,000	£2,000,000	Repayment 80% Interest Only 75% Part & Part 75%	Repayment 35 years Interest Only 35 years
	Residential in Retirement	£75,000	£2,000,000	Repayment 70% Interest only Part & Part 70%	Repayment 35 years Interest Only 35 years
Specialist Mortgages	Buy-to-Let	£75,000	£2,000,000	Repayment 75% Interest Only 70% Part & Part 70%	Repayment 25 years Interest Only 25 years
	Holiday Let/ Second Home	£75,000	£2,000,000	Repayment 80% Interest only Part & Part 75%	Repayment 25 years Interest only/ Part & Part 25 years
	Development/ Standard Self Build	£75,000	£2,000,000	65%	Interest Only 3 years
	Premium Self-Build	£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

Product information effective from 10th June 2022

Interest Only Repayment Strategy

The following Interest Only strategies can be considered:

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

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:

Employed Applicants	<ul style="list-style-type: none">• Three months payslips and P60• Two most recent P60s for any bonus payments, overtime or other allowances
Self-Employed	<ul style="list-style-type: none">• 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
Contractor	<ul style="list-style-type: none">• 12 months contracting is usually required but less can be considered if experienced in this profession.• Minimum three months contract remaining• Affordability based on five days/46 weeks
Lending into Retirement	<ul style="list-style-type: none">• Recent pension projections
Retired	<ul style="list-style-type: none">• Pension statement or P60 for each individual pension
Maintenance	<ul style="list-style-type: none">• A copy of the signed Court Order or• Six months bank statements demonstrating the income, along with a letter confirming the informal arrangement by the person paying the maintenance
Investment and Savings Income	<ul style="list-style-type: none">• Three most recent Tax Calculations and Tax Overviews from HMRC• Savings and/or investment statements over the last 12 months and bank statements for the last three months
Rental Income	<ul style="list-style-type: none">• Three most recent Tax Calculations and Tax Overviews from HMRC• Assured Shorthold Tenancy agreement
Future Let	<ul style="list-style-type: none">• We require confirmation from the Society's Valuer regarding anticipated rental income (for proposed Security property)• An appraisal letter from a local letting agent
Trust Income	<ul style="list-style-type: none">• Legal document and bank statements for the last three months

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:

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

Residential Status

Residential status should be verified with the evidence detailed below:

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

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:

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

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 UK Finance Mortgage 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

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.

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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



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

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