



Lending Criteria Guidelines



Specialists in
complex incomes and
unusual properties



Lend up to
6x income (subject
to affordability)



Interest only,
up to £3.5m at
70% LTV



All cases assessed
on their merits with
manual underwriting



Residential,
Lending in Retirement,
Holiday Lets, Second
Homes, Buy-to-Let and
Self-Build ranges



No upper age limits



Residential Mortgages

Mortgage Type	Description	Minimum Loan Amount	Maximum Loan Amount	Maximum Loan to Value	Loan Term
Residential	– Loans for house purchase, remortgage or release of equity, where the property will be occupied by the borrower as their primary residence	£150,000	£1,250,000	– Repayment 85%	Up to 35 years
	– Up to four applicants considered and not all applicants have to reside in the property			– Interest Only 75%	
Residential Large Loan	– Loans for house purchase, remortgage or release of equity, where the property will be occupied by the borrower as their primary residence	£1,250,001	£2,500,000	– Part & Part 75%	Up to 35 years
	– Up to four applicants considered and not all applicants have to reside in the property			– Repayment 75%	
		£2,500,001	£3,500,000	– Interest Only 75%	Up to 35 years
				– Part & Part 70%	
Residential in Retirement	– Loans for house purchase, remortgage or release of equity, where the property will be occupied by the borrower as their primary residence	£150,000	£3,500,000	– Repayment 70%	Up to 35 years
	– Up to four applicants considered and not all applicants have to reside in the property			– Interest Only 70%	
	– Applicable where any applicant is already retired or is above age 75 at the start of the mortgage			– Part & Part 70%	



Specialist Mortgages

Mortgage Type	Description		Minimum Loan Amount	Maximum Loan Amount	Maximum Loan to Value	Loan Term
Residential Second Home	<ul style="list-style-type: none">– Purchase, remortgage or release of equity for holiday homes and second homes/pied-à-terre– Up to four applicants considered		£150,000	£1,250,000	<ul style="list-style-type: none">– Repayment 75%– Interest Only/Part & Part 75%	Up to 25 years
Buy-To-Let	<ul style="list-style-type: none">– Loans for purchase, remortgage or release of equity from property held as an investment, where the rental income from the property services the loan– Assured short hold tenancies (minimum six months, maximum three years)– Houses in multiple occupation are not accepted– Minimum income £30k or net assets of £500k– No Portfolio Landlords	<ul style="list-style-type: none">– Corporate Lets considered– Schedule of BTL properties to be submitted showing outstanding loans– Limited appetite for new build flats outside local area (South East of England), particularly in city centres– Max exposure £2m, or five properties (of which a maximum of three Mortgaged)– Holistic approach to affordability	£150,000	£1,250,000	<ul style="list-style-type: none">– Repayment 75%– Interest Only/Part & Part 75%	1 to 25 years



Specialist Mortgages

Mortgage Type	Description		Minimum Loan Amount	Maximum Loan Amount	Maximum Loan to Value	Loan Term
Holiday Let	<ul style="list-style-type: none">– 90 days personal usage allowance per annum– Airbnb considered– We lend in town and city centres as well as coastal areas– We lend on properties above commercial units– Top slicing		£1,250,001	£2,000,000	<ul style="list-style-type: none">– Repayment 75% (Or 80% for loans up to £999,999)– Interest only/Part & Part 75%	1 to 25 years
Self Build	<ul style="list-style-type: none">– Small developments only maximum of three properties one of which to be subsequent main residence– Conversion/ refurbishment projects considered (houses converted into flats or vice-versa)– Drawdowns against revaluations by the Society's Valuer– Agreed reductions from plot sales, subject to revaluations– Detailed specification to be provided– Detailed residential planning consent to be granted for new builds	<ul style="list-style-type: none">– Residential development appraisal to be obtained– Society to appoint own solicitor– 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)– 75% LTV available where: - project is professionally overseen by either an Architect, Quantity Surveyor experienced Project Manager or experienced contractor	£150,000	£2,000,000	<ul style="list-style-type: none">– 75% (for loans up to £1,250,000)– 65% (for loans up to £2M)	5 to 35 years



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">– 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
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
Convert to Repayment	<ul style="list-style-type: none">– Minimum Equity - £150k– Maximum LTV - 75%– Available for Self-Build only
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



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"> – Three most recent Tax calculations and corresponding Tax Overviews OR Business accounts for the last three years OR Accounts certificate confirming latest Trading year (within last 18 months). 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



Financial Statements/Information

Financial information should be supported with the evidence detailed below:

Current Bank Account	<ul style="list-style-type: none">– Above £500,000 – most recent three months bank statements for main account– Below £500,000 – most recent one month's bank statement for main account
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

Tenants are required to provide a statement for the last 12 months showing all rental payments.



Impaired Credit

The Society accepts applications for residential owner-occupied mortgages from customers whose credit history falls within the following categories:

	Level 1	Level 2
Defaults/CCJ's	– Maximum combined value £2,000 – must be satisfied at least 12 months	– Maximum combined value £5,000 – must be satisfied on application
Arrears (secured & unsecured)	– Maximum 3 missed payments within last 2 years – no more than 1 loan and must be up to date on application	

For all other product areas, The Society does not usually accept applications from:

- Any applicant with County Court Judgements totaling 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
- Any applicant who has had a property repossessed within the last six years
- Any applicant who has had an active payday loan within the last 12 months



Property Type

The Society accepts applications for residential owner-occupied mortgages from customers whose credit history falls within the following categories:

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 50 years remaining at the end of the mortgage term)– Share of freehold



Deposits

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



Borrowing

Additional borrowing is available for property improvement and investment purposes:

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



Solicitors

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 (the Society's solicitors will act on its behalf for all Self-Build applications).

Get in touch with our Business Development Team

01582 463133 - Option 1



Jean Errington

Telephone Business
Development Manager

brokerteam@harpendenbs.co.uk



Chelsea Pordage

Business Development Manager

brokerteam@harpendenbs.co.uk



Vanessa Hunt

Key Account Manager

brokerteam@harpendenbs.co.uk

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

Tel: 01582 463 133 | **E-mail:** newbusiness@harpendenbs.co.uk

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.

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

Tel: 01582 765 411 | **Email:** brokerteam@harpendenbs.co.uk | **Website:** www.harpendenbs.co.uk

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