

# Mortgage Lending Criteria

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Effective from 20th December 2023



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## Mortgage Lending Criteria

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## Section 1 - General Information

Geographical Lending Area	Our lending area is England and Wales (excluding the Scilly Isles, Isle of Man and Channel Islands). Please refer to the product bulletin on our Intermediary website for any restrictions on individual products.
Age Restrictions	<b>Standard Residential:</b> Minimum age 18 Maximum age 85  <b>Buy-to-Let/Holiday Let/Multi-Unit Freehold/Semi-Commercial:</b> Minimum age 21 Maximum age 85 (at the end of the mortgage term)
Term	Minimum 5 years. Maximum 40 years. Debt consolidation - Maximum 25 years (where applicable).
EU Citizens	The Society will lend to UK residents who have been resident in the UK for 3 years or more.  The Society will also accept applications from non-UK nationals subject to them having been granted indefinite leave to remain in the UK and have been resident for 3 years or more
Foreign Nationals	Non EEA applicants must have indefinite leave to remain in the UK and resided within the UK for a minimum of 3 years. This must be evidenced in their passports which we will require sight of.
UK Address History	All applicants must have been residing in the UK for the last 3 years. In the case of armed forces personnel previously stationed abroad in the last 3 years with a BFPO address please refer prior to submission.
Ex-Pats	We do not lend to ex-pats.
Criminal Convictions	Except for minor motoring offences, where the applicant has a conviction which is 'unspent', the application will be declined. Convictions which are 'spent' may be disregarded.
Guarantors	Not acceptable.
Property Ownership	The property must have been owned for at least 6 months before a re-mortgage can be considered. Exceptions can be agreed prior to submission e.g. inheriting a property, buying a part-exchange property from a national builder where ownership has been registered to the builder.

General LTV% for all our Mortgage Products	Please note, our minimum and maximum LTV% for individual mortgage product types may vary occasionally depending on product availability. Please check our Broker Bulletin on our Intermediary website for our product availability at the time: <a href="http://www.mbs-intermediaries.com/mortgage-products">www.mbs-intermediaries.com/mortgage-products</a>	
Offer Validity	Purchase	6 months from the date of the first offer.
	Remortgage	6 months from the date of the first offer.

## Section 2 - Standard Residential Loan & LTV Restrictions

Minimum Loan Residential	£40k <b>Please refer to product guide for any product specific restrictions.</b>
Maximum Loan on any Single Property	£2m on a single loan and £3m aggregate debt. Please refer loans over £1m prior to submission. <b>Please refer to product guide for any product specific restrictions.</b>
New Build Properties	95% LTV - Minimum 1 beds, subject to valuers comments and product availability at the time.

## Section 3 - Income

Maximum Number of Applicants	4 - We will use any 2 incomes.
Single Income	x 4.5 - please complete online affordability calculator.
Joint Income	x 4.5 - please complete online affordability calculator.
Foreign Currency	Not acceptable - All income must be received in sterling. Foreign currency income paid into a UK bank account and subsequently transferred to sterling is still considered to be foreign currency.
Time in Employment	Permanently employed with their current employer for 3 months at the application stage. 1 break of no more than 1 month is allowed between previous roles in the last 2 years.
Probation	We will consider an applicant within a probationary period.
Commission, Bonus or Regular Overtime	100% - If regular. Annual bonuses 50% - Latest two years evidence via payslips, the average of the last two years taken and then pro-rata to a monthly basis.
Shift Allowance	All LTV's - 100% if evidenced that shift allowance is integral to the role.

Car Allowance	All LTV's - 100% if evidenced as established part of employment.
Additional Duties Allowance	100% - Allowances are given to employees for designated additional duties on a permanent basis (regular & demonstrable), evidenced on the latest 3 payslips.
Income Paid in Cash	Not acceptable.
Location/Cost of Living Allowance (e.g. London Weighting)	100%.
Fixed Term or Rotational	Where the employer is responsible for Tax and National Insurance payments. Fixed term or continuous contract of 12 months or more, with 6 months remaining, and 2 years of continuous service in the same type of employment at the time of application.
Zero Hours Contract	Zero hours contract, with a minimum of 24 months with the same employer. Two P60's and latest 3 months' payslips will be required as proof of income.
Maintenance - by Court Order Only	Can be considered - Evidence of Court Ordered maintenance agreement needed or evidence of two years maintenance payments shown through bank statement credits and again subject to sustainability in relation to the mortgage term.
Maternity/Paternity Pay	The Underwriter will carry out sufficient due diligence to be satisfied the loan is affordable at the outset and during the term. If the return to work is 3 months or less then the full return to work salary can be used, subject to appropriate evidence. Income during maternity leave 100%.
Private Pension	<ul style="list-style-type: none"> <li>• The most recent pension statement dated within the last 12 months.</li> <li>• Flexible pension drawdowns – A copy of the last 12 months statement to show draw downs and current value of the pension pot.</li> <li>• Latest months bank statement which should show the latest pension credits. Prints from on-line statements are accepted provided that the names of the financial institution and account holder can be identified along with the sort code and account number.</li> </ul>
State Pension	<ul style="list-style-type: none"> <li>• Letter of confirmation from The Department for Work and Pensions confirming pension amount payable dated within the last 12 months.</li> <li>• Latest months bank statement which should show the latest pension credits. Prints from on-line statements are accepted provided that the names of the financial institution and account holder can be identified along with the sort code and account number.</li> </ul>
Bursary/Scholarship Benefits/Educational Grants	No.
Rental Income	Not to be used as sole source of income but can be used to supplement income provided it can be proven through last 2 years SA302s or equivalent at 80% lending or less. Anything over 80% will need referral to the Insurer.

Acceptable Benefits - Department for Work and Pensions, Child Maintenance, Child Benefit	Considered at underwriters' discretion, cannot be a sole source of income and long term sustainability to be considered. Court ordered maintenance where appropriate, subject to the long-term sustainability in relation to the mortgage term.
Additional or Secondary Income	Considered provided sustainable. Twelve months history required.

## Section 4 - Self Employed

Minimum Trading Period/ Accounts Required	2 years.
Sole Trader	<p>Average of the net profit from the last 2 years SA302's and corresponding tax overviews. The latest documents must not be more than 18 months old.</p> <p><b>Please refer to our Broker helpdesk if there is a decline in the latest years figures.</b></p>
Partnership	<p>Average of the partners stated share of the net profit from the last 2 years accounts or SA302's and corresponding tax overviews. The latest documents must not be more than 18 months old.</p> <p><b>Please refer to our Broker helpdesk if there is a decline in the latest years figures.</b></p>
Limited Company Director (> 20% Shareholding in the Company)	<p>Average of the last 2 years salary and dividends. Please note that we do not accept retained profit. We will require the last 2 years accounts which must be prepared by a qualified accountant.</p> <p>Please note the latest documents must not be more than 18 months old. The following qualifications are acceptable:</p> <ul style="list-style-type: none"> <li>• Institute of Chartered Accountants (FCA/ACA).</li> <li>• Institute of Chartered Accountants Scotland (FCAS/ACAS).</li> <li>• Association of Chartered Certified Accountants (ACCA/FCCA).</li> <li>• Chartered Institute of Public Finance Accountants (CIPFA).</li> <li>• Institute of Company Accountants (ASCA/FSCA).</li> <li>• Association of Authorised Public Accountants (FAPA/AAPA).</li> <li>• Association of International Accountants (FIA/AIA).</li> <li>• Chartered Institute of Management Accountants (ACMA/FCMA).</li> </ul> <p><b>Please refer to our Broker helpdesk if there is a decline in the latest years figures.</b></p>

## Section 5 - Affordability

Personal Loans/HP	Unsecured loans and HP Agreements with less than 6 months to run can be excluded from the affordability calculations.
Credit Card Balances/Bank Overdraft/Shared Equity loan (Help to Buy Wales Only)	3%.
Pension Contributions	If it is a company pension and contributions are deducted from salary it does not need to be declared as a commitment as this will be reflected in their net income. If it is a personal pension then it is treated as a commitment.
Share Save Scheme Contribution	Not deducted.
Private School Fees	Treated as a commitment.
Childcare/Nursery Fees	Treated as a commitment.
Existing Property Not Yet Sold	Mortgage payment can be discounted for affordability provided a consent to let, copy of remortgage offer received, along with details of anticipated rental. If above 80% LTV, refer to help desk.
Debt to Income (DTI)	Underwriters will consider DTI as part of assessment and include rationale for proceeding with high DTI cases. Regardless of LTV, if the DTI exceeds 36% then the case may only proceed subject to criteria appeal.

## Section 6 - Credit History

Credit History	<ul style="list-style-type: none"> <li>• No more than £500.00 of CCJs which must have been satisfied over 6 months ago. Any CCJ or default greater than £500 will only be considered by exception and must be satisfied over three years ago.</li> <li>• Missed/Late payments - We can consider 1 account up to a status 2 in the last 24 months but no missed payments in the last 6 months or 2 status 1 allowed in the last 12 months but must be up to date at the time of application.</li> <li>• Bankruptcy/IVA discharged &gt; 3 years ago-can be considered.</li> <li>• Mortgage Arrears - Acceptable providing that this was over 3 years ago and no more than 2 payments were missed.</li> <li>• Previous repossession - Not acceptable.</li> <li>• Payday loans - Acceptable if satisfied over 3 years ago.</li> </ul>
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## Section 7 - Deposits

Personal	We will always require proof of deposit where it is not coming from the simultaneous sale of the borrower's existing property.
Builder/Vendor Gifted	No.
Country of Origin	The deposit and costs associated with the purchase should originate in the UK and be provided from the applicant's own resources, usually savings, inheritance, divorce or legal settlement or the sale of an existing property.
Gifted-Donor Living in Property	We will not accept deposits if the donor will be living in the property but is not named on the mortgage.
Family Gifted	Acceptable. Gifts from immediate family members are acceptable (immediate family includes parent, legal guardian, grandparent, child, grandchild or sibling. The donor must be over 18). The donor of any gift is asked to sign a declaration. In exceptional circumstances the underwriter reserves the right to obtain proof of funds and refer to the Financial Crime Team if appropriate. We will not accept gifted deposits if protected by a Deed of Trust.
Capital Raised from Another Property	It is acceptable to raise funds on another property.
Limited Company	<p>Acceptable forms of deposit:</p> <ul style="list-style-type: none"> <li>• Savings.</li> <li>• Gifted deposits to the directors in their personal bank accounts.</li> <li>• Directors loans to the company.</li> <li>• Dividends received from another connected company which is made up of the same directors and shareholders.</li> <li>• Sale of another property.</li> <li>• Retained profits.</li> </ul> <p>Unacceptable forms of deposit:</p> <ul style="list-style-type: none"> <li>• Gifted deposit directly to the company from non-director.</li> <li>• Gifted equity unless the property is already owned by the directors and is being purchased by the Ltd Company. In all other instances it is not acceptable.</li> <li>• Loans from another company are not acceptable however repayment of a directors loan or dividend from another company will be considered.</li> <li>• Non-UK gifts or funds from non-UK Companies are not accepted.</li> <li>• Bounce back loans following the Pandemic.</li> </ul>



## Section 8 - Interest Only (Standard Residential Mortgages Only)

Maximum LTV	50% on interest only. Part interest only and capital repayment can be considered. However, the maximum LTV for any interest only element of the loan is 50%. Any element of Capital Raising must be on a Capital Repayment basis. Please refer to our broker helpdesk.
Minimum Income	At least one of the applicants must earn a minimum £50k from one source/joint income £80k. <b>Please refer to sections 3 &amp; 4 regarding acceptable incomes.</b>
Maximum Age	Repayment strategy must repay the loan by 75th birthday. If the term of the mortgage takes applicant(s) beyond their state retirement age then the Society will make an assessment of the likelihood of employment continuing. If lending into retirement we will require evidence of pension income and will use this to assess the amount of borrowing.
Acceptable Repayment Strategy	<ul style="list-style-type: none"> <li>• Sale of another UK property (valuation will be required, and equity must be at least 110% of the interest-only loan).</li> <li>• Savings (must have been in place for at least 12 months and must be equal to or greater than the interest-only loan). We will not accept stocks and shares.</li> <li>• Pension (25% of the pension fund based on a mid-growth projection must be equal to or greater than the interest-only loan).</li> <li>• Endowment (100% of the maturity value based on a mid-growth projection must be equal to or greater than the interest-only loan).</li> <li>• Managed Share Funds (UK Holdings)</li> </ul>
Debt Consolidation	We will not consider any element of debt consolidation on an interest-only basis. If any element of a loan is for debt consolidation, then the entire loan must be on a repayment basis.

## Section 9 - Capital Raising (Standard Residential Mortgages Only)

Debt Consolidation	Maximum £30k up to 80% LTV (subject to scheme rules). <b>Mortgage must be on a repayment basis. Limited to 25 years for term.</b>
Capital Raising	Allowed for any reasonable purpose (excludes tax liabilities/gambling debts or any business purposes). A maximum of 90% and 85% if unencumbered. <ul style="list-style-type: none"> <li>• <b>Purpose of capital raising must be specified and on a repayment basis.</b></li> </ul>
Unacceptable Purpose	<ul style="list-style-type: none"> <li>• Any business purposes.</li> <li>• Tax settlement.</li> <li>• Gambling debts.</li> </ul>

## Section 10 - Buy-to-Let (non-portfolio)

Applicant(s)	<ul style="list-style-type: none"> <li>• All of the applicants must be an existing home owner-occupier.</li> <li>• We will lend to first time landlords.</li> </ul>
Maximum LTV	80% unless further restricted by product or other criteria fees can be added.
Term	Minimum 5 years. Maximum 40 years.
Loan Size	Minimum £40k. £2,000,000 or £3,000,000 aggregate lending over a maximum of 3 properties. May be restricted by product.
Maximum Number of Properties	Standard Buy-to-Let - Maximum of 3 mortgaged Buy-to-Let properties, including the current application, with the Society. Unlimited investment properties with other lenders/unencumbered.  <b>Please refer to product guide for any product specific restrictions.</b>
Age	<ul style="list-style-type: none"> <li>• Minimum Age 21.</li> <li>• Maximum age 85, based on the eldest applicant.</li> <li>• Where the term of the mortgage takes the applicant(s) beyond state retirement age/intended retirement age we will not require proof of projected pension income.</li> </ul>
Maximum Number of Applicants	4.
Minimum Income	At least one applicant must earn a minimum income of 25k. <b>Please refer to Sections 3 &amp; 4 regarding acceptable incomes.</b>
Professional Landlords (i.e. Income Only Derived from Rental Income)	Acceptable
Rental Income Requirements	Please see 'Rental Income Table' in Section 17.
If Repayment, do you Assess Rental Coverage on the Repayment Amount or do you Default to Interest Only?	Interest only.
Student Tenants	Acceptable provided there is a suitable AST/Standard Occupation contracts in place and the property is let as a single dwelling and not on a room by room basis.

Consumer Buy-to-Let	Yes, subject to full income and affordability checks as per residential lending requirements.
Parties to the Mortgage	All persons who have registered title to the property must be party to the mortgage.
Tenancy Agreements	Property must be let under a Single Assured Shorthold Tenancy or Standard Occupation contract subject to no subletting.
AST/Standard Occupation Contract Term	6-12 months.
Applications Will Not be Considered in Respect of:	<ul style="list-style-type: none"> <li>• Right to buy council homes.</li> <li>• Properties sold at auction.</li> <li>• Properties let to family members.</li> </ul>

### Section 11 - Limited Company Buy-to-Let (non-portfolio)

Maximum LTV	80% unless further restricted by product or other criteria fees can be added.
Term	Minimum 5 years. Maximum 40 years.
Loan Size	Minimum £40,000. Maximum £3m aggregate.
Maximum Number of Properties	Standard Buy-to-Let - Maximum of 3 mortgaged Buy-to-Let properties, including the current application, with the Society. Unlimited investment properties with other lenders/unencumbered.
Applicant(s)	<ul style="list-style-type: none"> <li>• The company must be set up as a Special Purpose Vehicle (SPV).</li> <li>• Directors can only finance one SPV to the Society.</li> <li>• Personal guarantees from all directors.</li> <li>• See specific products for minimum experience in the Buy-to-Let sector.</li> <li>• All directors must be homeowners.</li> </ul>
Age	Minimum Age 21. Maximum age 85, based on the main earner at the end of the mortgage. Where the term of the mortgages takes the applicant(s) beyond state retirement age/intended retirement age we will not require proof of projected pension income.

Special Purpose Vehicles	Must be UK based Ltd companies with UK based directors, set up specifically for the purpose of buying, selling and letting property.  The company must be set up as a Special Purpose Vehicle (SPV) and should be registered at Companies House under SIC Codes 68100 & 68209. They must be based in the UK.
Maximum Directors	Limited Company should have not more than 4 directors who own 100% shareholding between them.
Unacceptable Properties	No 'Right to buy' council homes or auction properties.
Minimum Income	One director must have a minimum income from employment, self-employment or pension of £25,000. Profits from rental are not accepted unless professional landlord.
Interest Coverage Ratio (ICR)	Please see 'Rental Income Table' in Section 17.

## Section 12 - Multi-Unit Freeholds & HMO's (non-portfolio)

Applicant(s)	Individuals, Limited Company. When Lending to individuals each applicant must be a homeowner i.e., they must own and reside in their own property at the time of the application.
Minimum Purchase Price/ Valuation	Product dependent - please refer to product guide
Minimum Loan	£40,000.
Maximum Loan	£1,000,000 or £3,000,000 aggregate.
Maximum LTV	75%.
Repayment Method	Capital and Interest repayment, Interest Only or part Capital and Interest /part Interest Only, will also be accepted.
Property Type	Multi-Unit Freeholds (up to 6 units). For Multi-Unit Freeholds we would expect them to have independent services such as the utilities. For HMO - Maximum number of lettable rooms should be no more than 6.

Income	One applicant/director must have a minimum income from employment, self-employment or pension of £25,000. Profits from rental are acceptable provided these are verified via 2 years SA302's.
Interest Coverage Ratio (ICR)	Please see 'Rental Income Table' in Section 17.
Acceptable Tenancy	The property should be let under a single Assured Shorthold Tenancy agreement (AST) or Standard Occupation contract of no less than 6 and no more than 12 months. Evidence of last month's rent paid required.
Other Occupants	Not acceptable - Sharing, assigning, sub-letting, multi-letting, charging or parting with possession of all or any part of the property, or using the property other than for residential purposes is not permitted.
Debt Consolidation	Not permitted.

### Section 12a - Multi-Unit Freeholds & HMOs- Re-mortgage for Capital Raising (non-portfolio)

Acceptable Purpose	<ul style="list-style-type: none"> <li>• Property Improvement/Purchase (UK only). We have removed the need to ask for estimates under £20K.</li> <li>• Purchase of freehold/lease extension.</li> <li>• Transfer of Equity.</li> <li>• Purchase of adjoining land.</li> <li>• Deposit for a purchase of a child's house.</li> <li>• Consumer Purchase.</li> </ul>
Unacceptable Purpose	<ul style="list-style-type: none"> <li>• Debt Consolidation (Including repayment of family debts).</li> <li>• Tax settlement.</li> <li>• Gambling debts.</li> <li>• Any business purpose other than investing in or increasing the current portfolio.</li> </ul>
Debt Consolidation	Not permitted.

### Section 13 - Holiday Lets (non-portfolio)

Applicant(s)	<ul style="list-style-type: none"> <li>• The Society offers non-regulated Holiday Let mortgages to individuals, joint applicants and Limited Companies.</li> <li>• Each applicant must be an existing owner-occupier.</li> <li>• We will lend to first time landlords.</li> </ul>
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General	<ul style="list-style-type: none"> <li>• Maximum 3 holiday lets with the Society. Unlimited holiday Lets/Buy-to-Lets with other lenders.</li> <li>• Up to 20 holiday lets are allowed as part of a portfolio product.</li> <li>• Specific products for holiday let purchases and remortgages - <b>Please refer to product guide for any product specific restrictions.</b></li> </ul>
Maximum LTV	80% unless further restricted by product or other criteria.
Loan Size	<ul style="list-style-type: none"> <li>• Minimum loan £40,000.</li> <li>• Maximum loan £2,000,000 or £3,000,000 aggregate lending over a maximum of 3 properties on standard Holiday Let products.</li> <li>• Please refer to product guide for any product specific restrictions.</li> </ul>
Property	Property must not be on a holiday park or have any restrictions regarding occupancy and must be standard construction, subject to property being located in an area commensurate with holiday letting. Minimum EPC rating E.
Term	<ul style="list-style-type: none"> <li>• Minimum term 5 years.</li> <li>• Maximum term 40 years.</li> </ul>
Age	<ul style="list-style-type: none"> <li>• Minimum age 21.</li> <li>• Maximum age 85 based on the oldest applicant.</li> </ul>
Income	<ul style="list-style-type: none"> <li>• Minimum income for 1 of the applicants: £25k.</li> <li>• Income cannot be derived from rental income - if term goes beyond retirement age we will not require proof of pension income.</li> </ul> <p><b>Please refer to sections 3 &amp; 4 regarding acceptable incomes.</b></p>
Rental Coverage	Please see 'Rental Income Table' in Section 17.
Rental Calculation	<p>For Purchase - Holiday letting agent letter to be provided confirming known or anticipated weekly rent in low, medium and high season. Average taken of these three and multiplied by thirty to give a yearly figure. Please provide this on letter headed paper.</p> <p>For Remortgage - Evidence of the last 12 months rental evidence clearly annotated via bank statements. Alternatively, a letter from a qualified accountant or applicants Holiday Letting agent confirming annual rental income. Please provide this on letter headed paper.</p>
Duration Client can Stay in the Property	Maximum of 31 days per annum.

## Section 14 - Limited Company Holiday Lets (non-portfolio)

Applicant(s)	<ul style="list-style-type: none"> <li>• The company must be set up as a Special Purpose Vehicle (SPV).</li> <li>• Directors can only finance one SPV to the Society.</li> <li>• Personal guarantees from all directors.</li> <li>• All directors must be homeowners.</li> </ul>
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Special Purpose Vehicles	Must be UK based Ltd companies with UK based directors, set up specifically for the purpose of buying, selling and letting property.
Maximum Directors	Limited Company should have not more than 4 directors who own 100% shareholding between them.
Minimum Income	One director must have a minimum income from employment, self-employment or pension of £25,000.
Age	<ul style="list-style-type: none"> <li>• Minimum age 21.</li> <li>• Maximum age 85 based on the oldest applicant.</li> </ul>
General	<ul style="list-style-type: none"> <li>• Maximum 3 Holiday Lets with the Society. Unlimited Holiday Lets/ Buy-to-Lets with other lenders.</li> <li>• Up to 20 Holiday Lets are allowed as part of a portfolio product.</li> <li>• Specific products for Holiday Let Purchases and Remortgages - Please refer to product guide for any product specific restrictions.</li> </ul>
Maximum LTV	80% unless further restricted by product or other criteria fees can be added.
Loan Size	<ul style="list-style-type: none"> <li>• Minimum loan £40,000.</li> <li>• Maximum loan £2,000,000 or £3,000,000 aggregate</li> </ul>
Property	Property must not be on a holiday park or have any restrictions regarding occupancy and must be standard construction, subject to property being located in an area commensurate with holiday letting.
Term	<ul style="list-style-type: none"> <li>• Minimum term 5 years.</li> <li>• Maximum term 40 years.</li> </ul>
Rental Coverage	Please see 'Rental Income Table' in Section 17.
Rental Calculation	<p>For Purchase - Holiday letting agent letter to be provided confirming known or anticipated weekly rent in low, medium and high season. Average taken of these three and multiplied by thirty to give a yearly figure. Please provide this on letter headed paper.</p> <p>For Remortgage - Evidence of the last 12 months rental evidence clearly annotated via bank statements. Alternatively, a letter from a qualified accountant or applicants Holiday Letting agent confirming annual rental income. Please provide this on letter headed paper.</p>
Duration Client can Stay in the Property	Maximum of 31 days per annum.

## Section 15 - Portfolio Criteria

Applicant(s)	Individuals, Limited Company. Must be UK based. Each applicant/director (for Ltd companies) must be an existing owner-occupier.
Maximum Number of Applicants	<ul style="list-style-type: none"> <li>• Individual applicants - maximum of 4.</li> <li>• Ltd Companies – Just one company with up to 4 directors, owning 100% of the shares.</li> </ul>
Minimum Landlord Experience	One applicant/director must have a minimum of 2 years' experience of being a landlord.
Age	<ul style="list-style-type: none"> <li>• Minimum age 21.</li> <li>• Maximum age 85 based on the oldest applicant.</li> </ul>
Loan Size	<ul style="list-style-type: none"> <li>• Minimum loan £40,000.</li> <li>• Maximum loan £1m per property or total £3m aggregate.</li> </ul>
Maximum LTV	Please refer to product guide for any product specific restrictions.
Repayment Method	Capital and Interest repayment, Interest Only or part capital & Interest / part IO will also be accepted.
Term	<ul style="list-style-type: none"> <li>• Minimum term 5 years.</li> <li>• Maximum term 40 years.</li> </ul>
Income	One applicant/director must have a minimum income from employment, self-employment or pension of £25,000. Profits from rental are acceptable provided these are verified via 2 years SA302's.
Maximum Number of Properties to be Mortgaged	<ul style="list-style-type: none"> <li>• Between 1 &amp; 20 with the Society.</li> <li>• Please complete a Portfolio spreadsheet (if applicable) – This can be found on our website at <a href="http://www.mbs-intermediaries.com/documents">www.mbs-intermediaries.com/documents</a>. We only accept applications from Limited Companies or individuals for our Portfolio products, not a mixture of both.</li> </ul>
Maximum Size of the Portfolio Overall	20 with the Society, no limit overall.



Property Type	<ul style="list-style-type: none"> <li>• BTL, Holiday Let, Multi-Unit Freehold (Up to 6 flats) &amp; HMO's (up to 6 bedrooms) - Maximum of 20. Will be subject to individual legal charges.</li> <li>• England and Wales Only.</li> </ul>
Maximum Exposure	Lending limited to 20% exposure of any residential development, apartment block or properties within the same street.
Interest Coverage Ratio (ICR)	Please see 'Rental Income Table' in Section 17.
Acceptable Tenancy	<p>BTL - The property should be let under a single Assured Shorthold Tenancy agreement (AST) /or Standard Occupation contract of no less than 6 and no more than 12 months.</p> <p>HMOs of up to 4 tenants can all be on one agreement, where there are more than 4, each tenant should have their own individual AST or Standard Occupation Contract</p> <p>Holiday Let - No formal agreement should be in place; short term lets including Airbnb acceptable.</p>

### Section 15a - Portfolio Criteria – Re-mortgage for Capital Raising

Acceptable Purposes	<ul style="list-style-type: none"> <li>• Property Improvement/Purchase (UK only) (estimates must be provided for any amount over £20k).</li> <li>• Purchase of freehold/lease extension.</li> <li>• Transfer of Equity.</li> <li>• Purchase of adjoining land.</li> <li>• Deposit for a purchase of a child's house (not acceptable for Limited Companies).</li> <li>• Consumer Purchase (not acceptable for Limited Companies).</li> </ul>
Unacceptable Purposes	<ul style="list-style-type: none"> <li>• Debt Consolidation (Including repayment of family debts).</li> <li>• Tax settlement.</li> <li>• Gambling debts.</li> <li>• Any business purpose, other than investing or increasing the current portfolio.</li> </ul>

### Section 16 - Rental Income Table

All assessments are based on the initial pay rate plus 2%, OR 5.5% (whichever is greater)

	BTL	Holiday Let	HMO	MUFB	Portfolio
Individual	145%	145%	145%	145%	145%
LTD Company	125%	125%	125%	125%	125%

## Section 17 - Property

Acceptable Construction	Roof - Slate/tile/thatch. Walls - Traditional brick/block, timber framed with brick outer skin.
Tenure-Freehold/Leasehold	Freehold houses (not flats). Leasehold flats & houses - must have 80 years left on lease at the time of completion.
Share of Freehold	Yes, as long as a management company is in place.
Flats Above Commercial Premises	It is unlikely that we will lend on properties above commercial premises. Please refer to lender.
Ex-Local Authority	Flats/Maisonettes subject to valuer's comments.
Basement Flats	Subject to valuer's comments.
Studio Flats	Acceptable in Central London only, minimum valuation £250k, minimum size 35m sq. subject to valuers comments within our postcode area N,NW, E, W, SE, EC, SW & WC.
Flying Freehold	Flying Freehold element must be less than 10% of total floor area. If the flying freehold is above vehicle access then, this is acceptable as long as the freehold title also includes the access underneath the flat.
Coach Houses	Subject to valuers comments.
Maximum Number of Kitchens	1.
Local Occupancy Clause/ Agricultural Ties	No.
Maximum Number of Storeys (Flats)	Subject to valuers comments.  Care should be taken if the flats are over 6 floors or the block is over 18 meters high. The valuer will comment whether unsafe building materials are suspected. If this is the case, then an EWS1 form should be obtained.

Maximum Land Acreage	No restriction but valuation based on house and 1 acre only.
Annexe	Subject to valuer comments and with prior referral.
Subletting	No part of the property or land can be let out to lodgers.
Non-Traditional Construction	Subject to valuer's comments.
Prefabricated Reinforced Concrete (PRC)	Must be repaired using an approved system-please refer.
Japanese Knotweed	A completion certificate confirming that the Japanese Knotweed has already been fully eradicated with a minimum 10-year insurance backed guarantee must be in place.
Single Skin Construction	No.

### Section 18 - New Build

Definition of New Build	<ul style="list-style-type: none"> <li>• A newly built property that has not been occupied.</li> <li>• A property being bought off plan.</li> <li>• A property that has been completely renovated by a builder/developer who has had vacant possession for the complete property refurbishment.</li> <li>• A newly converted property i.e. conversion of a property that was previously non-residential e.g. a barn.</li> </ul>
Warranties	If the property is under 10 years old then it must be subject to a NHBC or similar warranty as detailed in the UK Finance Lenders Handbook.
Property Types	Flats and houses - Must be a minimum 1 bedroom subject to valuers comments.
LTV	Maximum 95% on flats and houses. Subject to product availability at the time. Please refer to product guide for any product specific restrictions.

### Section 19 - Fees

Adding Product Fees to the Loan	Affordability must cover the loan amount including any fees that have been added.
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Mortgage application Administration fee	£150 payable at time of submission and non-refundable. <b>Please refer to product guide.</b>
Valuation fee	Payable at time of submission and non-refundable. Valuer will be instructed after initial credit/income checks have been carried out. Please refer to fee tariff on our website.
Assisted Legal Fees	<p>This covers basic legal fees on a standard remortgage transaction.</p> <p>For any other remortgage transaction, there will be additional costs that you will need to pay e.g. telegraphic transfer fee. Where any non-standard work is required to complete the conveyance, these costs must also be met by you. Examples of chargeable fees include; change of name, transfer of equity deed, deed of postponement, merger of freehold/leasehold, remedy of title defects, satisfying special conditions, etc. If the security property is unencumbered or the transaction is not standard, then applicants may be required to appoint their own solicitors to act both on their behalf and the Society's.</p>



**This criteria is intended for professional intermediaries ONLY. It should not be displayed or used as customer information or promotional material.**

**Telephone calls may be monitored and/or recorded for security and training purposes.**

**Most Buy-to-Let Mortgages (investment type property loans) are not regulated by the Financial Conduct Authority.**

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Monmouthshire Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register Number: 206052.

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