

Intermediary Guide to Lending Criteria

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INTERMEDIARY GUIDE TO LENDING CRITERIA

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At the Buckinghamshire Building Society we pride ourselves on providing individual underwriting of mortgage cases that are a little bit 'quirky'. All cases are individually manually underwritten by an experienced team of Underwriters.

This guide summarizes the Buckinghamshire Building Society's current Lending Policy. Please refer to specific product criteria to determine eligibility.

PURPOSE OF BORROWING

The Society will lend for most purposes, secured on a suitable property by first charge. The Society does not lend to clear gambling debts.

APPLICANTS

- ◆ Minimum age 18; 21 for buy to let (must be existing home owners); 25 for self build.
- ◆ There is no maximum age, but individual circumstances will be taken into account to ensure good affordability and credit history. Some products may have restrictions. Please check the specific product guides.
- ◆ Borrowers from EEA countries and Switzerland must have 36 months provable UK residency and a current passport.
- ◆ Customers from other countries must have 36 months provable UK residency and an indefinite leave to remain stamp and a current passport.
- ◆ We do not lend to customers with Diplomatic Immunity.
- ◆ Maximum number of applicants is 4.
- ◆ The Society will not consider applications where a conviction exists, unless it has been spent under the Rehabilitation of Offenders Act 1974. Similarly, the Society will not consider any applicant convicted of a financial crime or fraud or any similar actual or pending conviction.

CREDIT HISTORY

As a simple guide :

- ◆ Customers who comply with our standard credit criteria are eligible for our full range of products
- ◆ Cases with non-standard, and impaired credit characteristics are **not** eligible for specific products within our range. These include the following BTL, retirement, shared ownership, self build, custom build or contractors.
- ◆ In certain areas underwriter discretion is used for impaired credit customers
- ◆ Missed payments for communication, utilities & mail order are acceptable.
- ◆ We consider debt consolidation cases where debts have not been consolidated in the last 3 years or with underwriter discretion.

We consider cases with a wide variety of adverse credit, particularly where the customer has had a life event in the past that caused their credit issues, but where there is a good degree of confidence that they will service their mortgage well in future. Cases with good security and clear affordability are welcome.

CREDIT CRITERIA

	All Prime Products Standard	Bucks Solutions Non-Standard	Bucks Solutions Impaired Credit
Max LTV	Max 95% LTV All types of income	Max 80% employed	Max 70% employed only
Missed payments un-secured & secured loans	max status 1 in the last 36 months (0 in the last 12 months)	max status 2 in the last 24 months (0 in the last 6 months)	underwriter discretion
Utilities, communications and mail order	Accepted	Accepted	Accepted
Satisfied Defaults*	up to £250 in last 36 months (0 registered in the last 12 months)	up to £1,000 in last 24 months (0 registered in the last 6 months)	underwriter discretion
Satisfied CCJs*	up to £100 in last 60 months (0 registered in the last 12 months)	up to £500 in last 36 months (0 registered in the last 6 months)	none registered in the last 3 months
Mortgage Arrears	0 in the last 36 months	max status 2 in the last 36 months (0 in the last 12 months)	max status 3 in the last 24 months (0 in the last 6 months)
Payday Loans	max of 1 in the last 36 months	Underwriter discretion	underwriter discretion
Debt Management Plans	Satisfied/discharged for 36 months	underwriter discretion	underwriter discretion
IVA / Bankruptcy	satisfied / discharged over 60 months ago (no adverse since)	satisfied /discharged over 36 months ago (no adverse credit since)	satisfied / discharged by application

* Defaults and CCJ's to be satisfied by date of application

PROPERTY

We lend on properties in England and Wales.

Minimum property value is £75,000. There is no maximum property value.

- ◆ There are no restrictions on the age of the property. However, properties built in the last 10 years must have the benefit of one of the following warranties: NHBC; CRL Structural Home Warranty; LABC; Buildzone, Premier Guarantee; Building Life Plans and Build Assure and International Construction Warranties (BSA approved), Checkmate/Castle 10 (requires an endorsement to the Policy to cover any outbuildings), The Q Policy and Protek.
- ◆ For new build properties (including office conversions) the Society requires a minimum lease term of 125 years; a maximum starting ground rent of 0.1% of the property value; and no unreasonable ground rent escalators or other event fees that adversely impact marketability (e.g. should be linked to RPI rather than doubling every 10 years).
- ◆ Property must be suitable security for the mortgage as judged by the Valuer

SUMMARY GUIDE

USUALLY ACCEPTABLE	MAY BE CONSIDERED	NOT ACCEPTABLE
Traditional construction (e.g. brick, stone, tile, slate)	Unconventional construction (such as timber frame, steel frame, mundic block group A1, 2 or 3)	Defective Prefabricated Reinforced Concrete under Housing Act 1985; Large Panel System; Group B or C mundic block; Steel Clad Houses; softwood timber frame; Mobile Homes; Houseboats
Flats in blocks up to 4 storeys	Up to 7 storeys	Ex Local Authority Flats over 4 storeys and Studio Flats over 80%LTV
Freehold or Leasehold (at least 85 year lease remaining and 55 years at end of mortgage term)	Restrictive covenants subject to resaleability	Commonhold, Freehold flats, HMO

MAX LOANS AND LTV

	MAX LOAN	MAX LTV
Simple Prime Owner Occupied	£500,000	95% purchase; 90% remortgage; 80% if remortgage includes capital raising for business purpose
	£1,000,000	80%
	£1.500,000	75%
Self Employed or Contractor	£500,000	95%
	£750,000	80%
Lending into or in Retirement RIO	£750,000	60%
	£750,000	65% (Retirement Interest Only—min equity of £130,000)
Shared Ownership	£500,000	95% LTS
New Build	£500,000	90% Houses outside London
	£750,000	80% House within M25 & all New Build Flats
Self Build	£500,000	Arrears - 85% of land; 85% at each stage release Max 85% based on lower of contracted price or valuation
		Advance – Stage 1 – Land with full planning permissions (max 80% Loan to cost) all further stages are 80% Loan to costs
Custom Build	£500,000	
Buy to Let	£500,000	75%
Non Standard credit	£500,000	80%
Impaired Credit	£250,000	70%

INTEREST ONLY LOANS

Interest Only repayment vehicle - Pension, stocks and shares ISA, endowment, other investments (subject to valuation and volatility assessment) or second property.

Max Loan £750,000

Max LTV 75% LTV

Interest Only where sale of property is the repayment vehicle (Minimum equity is £130,000).

1 Bedrooms	Not permitted
2 Bedrooms	40%
3 bedrooms	50%
4+ bedrooms	60%

SELF BUILD / CUSTOM BUILD / CONVERSION / RENOVATION:

The property must be for owner occupied purposes rather than development.

The build must be supervised by a suitably qualified architect or surveyor (RIBA, ARB UK, MCIAT, MASl, FASl, MB Eng, FB Eng, MICE, FICE, MCI0B or FCIOB); or the property must benefit from a suitable new build warranty.

Scale plans with sufficient detail are required to enable the valuer to provide an expected property value.

At least outline planning permissions with 12 months to run at date of mortgage completion. Detailed planning permissions are required prior to starting the build.

Site insurance must be in place by date of mortgage completion to cover £5 million Public Liability; £10 million Employers Liability; Contract Works (for the re-instatement value); and reinstatement covers for any existing structure. Buckinghamshire Building Society must be noted as mortgagee.

Build out insurance must be in place by date of first release.

AFFORDABILITY

Affordability is based on an assessment of income and expenditure derived from bank statements, credit card statements and budget planner. All existing commitments must be taken into account, but if credit cards can be shown to be cleared each month they can be considered £0 balance. Income multiples can provide a guide to affordability.

Affordability is stress tested based on the potential for interest rate rises.

- 4.5 x Single;
- 4.5 x First Applicant
- 4.5x First Applicant + 3.5x Second Applicant
- 4 x Joint;
- 3.5 x Second Applicant;
- 3.5x if more than 2 incomes used

For employed applicants (PAYE) please provide employment history and any further information to give comfort about their long term security. We require at least 3 months with current employer. Underwriter has discretion to take account of additional benefits such as car allowance, bonus, overtime and commission.

For self employed applicants (or Directors with at least 20% shareholding), we will use the average income as evidenced by the last 2 years accounts. Consideration will be given to trends and health of the business.

For Contractors we require at least 7 months track record of contracting, with at least one renewal (or second contract) and we would want to see evidence of their next contract or renewal.

Other Income Underwriter has discretion to take account of a proportion of private pension, buy to let income or investment income, state benefits based on track record and tax returns. We require evidence of source of deposit, ideally regular savings.

Minimum term 5 years, maximum term 40 years.

We do not provide mortgages where the income or repayment vehicle is linked to a foreign currency.

BUY TO LET

Our [Affordability Calculator](#) works out the required Interest Coverage Ratio and in some circumstances this could be as low as 125% to be considered affordable.

We welcome Company Buy to Let cases where affordability can be established through our [Affordability Calculator](#). We allow 2 existing mortgaged properties.

APPLICANT INFORMATION REQUIREMENTS

Please submit the following with the application for your client:

- ◆ Fully completed and signed application form
- ◆ Certified Identification including signature for all applicants
- ◆ 3 months bank statements
- ◆ 3 months credit card statements
- ◆ 3 months payslips and P60 (self employed 2 years accounts)
- ◆ Current Contract, CV and next Contract (if applicable)
- ◆ Evidence of pension income (if applicable)
- ◆ Latest mortgage statement (if applicable)
- ◆ Memorandum of Sale (Shared Ownership)
- ◆ Detailed plans, cash flow, costings and evidence of planning permission (Self Build)
- ◆ Evidence of deposit

All Products are subject to change or withdrawal at any time.

The Society reserves the right to reject any application. All mortgages are subject to status and valuation. The Society records phone calls for monitoring and training purposes.

CONTACT US

Intermediary Relationship Manager

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Register and submit on line applications

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General Enquires

E: intermediaries@bucksbs.co.uk

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