



Penrith
building society

Listening and supporting since 1877

Criteria Guide

Residential and Buy-to-Let

From self builds to buy to lets, expat to holiday

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If you'd like to discuss a case please contact:

The Mortgage Team: 01768 863675 – Option 1
intermediaries@penrithbs.co.uk

Residential Criteria

Applicants	
Age	The minimum age of an applicant is 18 years. There is no maximum age for borrowers.
Maximum number of applicants	Four
Nationality	UK Citizens including those who work overseas (please see our Expat criteria). Foreign Nationals with indefinite Leave to Remain or EU Nationals with pre/settled status which can be evidenced by the UK Gov website.
Address History	Minimum 3 years of address history required.
Proof of Address	We accept: <ul style="list-style-type: none"> • Current Council Tax demand letter or statement (less than 12 months old). • Recent bank statement issued by a regulated financial sector firm in the UK, EU or comparable jurisdiction, dated within the last 3 months. These need to show the applicants address. • Gas, Electricity, Water or telephone bill, not mobile (less than three months old, showing the applicants address). • Entitlement letter from the DWP or letter from the DWP confirming that you are in receipt of a pension or benefits, dated within the last 12 months. • A statement or invoice from a residential care home to evidence status as a resident.
Lending into retirement age	The maximum permissible age for earned or self-employed income is 75 years (subject to occupation) beyond which pension or other non-earned income will be assessed.
Self- employed	We consider self- employed individuals including the following: <ul style="list-style-type: none"> • Sole trader. • Company Director (Ltd Company). • Partnership or Limited Liability Partnership (LLP). • Contractor (including Construction Industry Scheme (CIS)).
Armed Forces personnel	Accepted (excluding applicants from the Armed Forces Help to Buy scheme).
Income	
Minimum Income	We do not have a minimum income, however all applications are assessed for affordability basis.
Employment & Income history	Payslips for the previous three months must be provided. Most recent P60 if available
Allowances	<ul style="list-style-type: none"> • 100% of guaranteed contractual shift allowance • 100% of guaranteed contractual mortgage subsidy • 100% of Large Town Allowance • 100% of guaranteed car allowance (reduced by the value of any car loan) • 50% of regular overtime/bonus/commission confirmed by P60 and payslips
Probationary period	If borrower(s) are subject to a probationary period, the period must elapse pre-completion and be confirmed as such by the employer. Please contact us if the applicant has an employment history within the same field of work.

Self-employed income	<p>For self-employed applicants we will need:</p> <ul style="list-style-type: none"> • Accounts for the last two years of trading with evidence of income and expenditure • If accounts are more than a year old or if the company has not been trading for 2 completed years, future income projections may be requested • Confirmation of profits may be requested from the borrower's accountant • Last two years tax calculations • SA302's if applicable
Pension income	<p>Evidence of pension payments anticipated once borrower(s) reach retirement age if the mortgage period extends into retirement.</p>
Rental income	<p>The income used must be net of any mortgage payments and adjusted for tax and other property repair costs .</p> <p>A maximum of 50% of the anticipated rental income, can be considered when assessing rent from lodgers or shared living arrangements</p>
Benefits	<p>Acceptable benefits for affordability calculation</p> <ul style="list-style-type: none"> • Child Benefit • Child Tax Credit Element • Working Tax Credit Element • Adoption Allowance • Universal Credit (please contact us in the first instance) • Pension Credit • Disability Living Allowance • Personal Independence Payment (PIP) <p>All benefits must have a minimum of 5 years remaining</p> <p>Unacceptable benefits for affordability calculation</p> <ul style="list-style-type: none"> • Job Seekers Allowance • Employment & Support Allowance • Income Support • Housing Benefit • Carers Allowance • Attendance Allowance
Maintenance	<p>100% of Maintenance income (with 5 years remaining) is acceptable as long as it is subject to either a court order or payable via the Child Maintenance Service</p> <p>Maintenance credits paid into a joint account, where one party is the ex-partner will be disregarded</p>
Foster care income	<p>100 % of Average earnings over a 2-year period are used, where a foster carer has been employed in this capacity for more than 2 years</p>

Foreign currency income	<p>The minimum income for foreign currency income is £30,000 sterling equivalent. Within our affordability calculation we will make an appropriate adjustment to reflect the risk of currency fluctuations.</p> <p>The Society will consider applicants with income derived in a broad range of currencies. We will not accept an income if the currency is from a country listed on the Financial Action Task Force (FATF) Non-Cooperative Countries or Territories (countries listed on the Black / Grey lists).</p>
Cabin crew income	Acceptable
Sources of Deposit	
Acceptable deposits	<ul style="list-style-type: none"> • Gift from Family. • Inheritance (if within last 3 months, confirmation from the Executors, a copy of the Will or a Solicitors letter should be obtained to verify). • Stocks and shares. • Funds raised from another property. • Own savings.
Unacceptable deposits	<ul style="list-style-type: none"> • Cash. • Cash sale of assets e.g. sale of vehicle / jewellery. • Unsecured borrowing.
Property	
Location	England, Wales and Scotland (restrictions apply in the Scottish Isles, contact us for details)
Construction	Wide range of construction types acceptable, subject to assessment. Please contact us for insurance and valuation requirements for unconventional construction types.
Flats	<ul style="list-style-type: none"> • Flats restricted to buildings up to 10 storeys (• Studio flats are considered with a 30m² of floor space and above – please contact us in the first instance. • Tyneside flats (in Cumbria only) • Flats above commercial premises considered (please refer).
Leasehold	Leasehold flats must have an unexpired lease with a minimum unexpired term of 85 years upon completion and a minimum remaining term of 60 years at expiry of the mortgage term
Semi-commercial	Part residential/part business properties acceptable where borrower(s) personal use is at least 40% of the floor area.
New Build LTV	<p>Maximum of 90% on a new build houses and flats (subject to MIG acceptance).</p> <p>Maximum of 80% for Expat Residential.</p> <p>Maximum LTV of 70% for Expat BTL</p>

Acceptable New Build warranties	<ul style="list-style-type: none"> • NHBC • Advantage HCI • Aedis Warranties Ltd • Build Assure • New Homes/Build Assure 10 • Building Life Plans (BLP) • Build-Zone New Home Warranty • Checkmate Castle 10 Home Warranty • Global Home Warranties Ltd • International Construction Warranties Ltd (ICW) • Local Authority Building Control (LABC) New Home Warranty • Premier Guarantee • Protek • The Q Policy <p>Retrospective warranties on new build properties are unacceptable.</p>
Builder's deposit	Maximum of 5%
Self-build/Renovation properties	Accepted on a specific product range.
Residential let	Accepted.
Acreage	Properties of a non-commercial nature, where large acreage exists are accepted with a maximum of 20 acres if within our Heartland Area and 10 acres nationally. . .
Affordable Housing	Please contact us to discuss before submitting an application
Section 106	Accepted within our Heartland Area
Ex-local authority	Accepted (contact us for properties in Scotland before submitting an application)
Credit	
Adverse credit	<p>We will NOT lend to applicant(s) who:</p> <ul style="list-style-type: none"> • within the last two years have owed overdue payments of an amount equivalent to three months' payments, on a mortgage or other loan (whether secured or unsecured); or • has been the subject of one or more county court judgments, with a total value greater than £500, within the last three years; or • has been subject to an individual voluntary arrangement or bankruptcy order which was in force at any time within the last three years
Bank statements	Bank statements for active bank accounts for the last 3 months are required. These will be reviewed for high-risk indicators
Interest Only	
Interest only LTV	<p>Maximum LTV for owner occupation lending is 50% (with a minimum equity of £200,000)</p> <p>Maximum LTV for Self-Build/Renovation projects is 80% during the build process.</p>

Acceptable repayment vehicles	<ul style="list-style-type: none">• Endowment• Stocks and Shares ISA• Pension Plan (25% of the lump sum as a maximum can be used)• Sale of 2nd Property• Sale of Main Residence (Contact us for restrictions)
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Buy To Let criteria

Applicants		
Minimum income	£25,000 (sole or joint).	
Age	The minimum age of an applicant is 18 years. There is no maximum age for borrowers.	
Maximum number of applicants	4	
First time landlords	Accepted.	
First time buyers & non-owner occupiers	Accepted.	
Expats	Accepted.	
Portfolio landlords (i.e. with more than 3 mortgaged properties)	Not accepted.	
Property		
Minimum loan value	£30,000	
EPC value	Minimum E.	
HMO/multi-occupancy/SPVs/Limited Companies	Not considered.	
Holiday lets	Accepted.	
Maximum LTV	70%	
Income		
Top-slicing	Allowed including for Expat BTL.	
Credit		
Adverse	<p>We will NOT lend to applicants who:</p> <ul style="list-style-type: none"> • within the last two years have owed overdue payments, in an amount equivalent to three months' payments, on a mortgage or other loan (whether secured or unsecured); or • has been the subject of one or more county court judgments, with a total value greater than £500, within the last three years; or • has been subject to an individual voluntary arrangement or bankruptcy order which was in force at any time within the last three years 	
Affordability		
	Basic Rate Taxpayer	Higher Rate Tax Payer
Rental cover rates	130%	150%

Expat specific criteria

All of our Residential and Buy-to-let criteria apply. There are some exceptions/differences which apply, with the key items included in the table below:

Applicants	
Minimum income	£30,000 sterling equivalent (sole or joint). Applies to both Residential & Buy to Let.
Foreign currency income	The Society will consider applicants with income derived in a broad range of currencies. We will not accept an income if the currency is from a country listed on the Financial Action Task Force (FATF) Non-Cooperative Countries or Territories (countries listed on the Black / Grey lists).
Age	The minimum age of an applicant is 18 years. There is no maximum age for borrowers (subject to non-earned income beyond the age of 75 being available).
Nationality	UK Citizens) or Foreign Nationals who have Indefinite Leave to Remain, Pre/Settled Status to live in the UK.
Address History	Minimum 3 years of address history required
Bank Accounts	All expats must have a UK bank account Applicants will not be considered from those residing in or funding deposits from any of the Financial Action Task Force (FATF) Non-Cooperative Countries or Territories (countries listed on the Black / Grey lists) Please contact us for the latest details

We don't lend in the following circumstances

- Customers with adverse credit, where the applicant:
 - within the last two years has owed overdue payments, in an amount equivalent to three months' payments, on a mortgage or other loan (whether secured or unsecured), except where the amount overdue reached that level because of late payment caused by errors by a bank or other third party; or
 - has been the subject of one or more county court judgments, with a total value greater than £500, within the last three years; or
 - has been subject to an individual voluntary arrangement or bankruptcy order which was in force at any time within the last three years
- Foreign nationals residing outside the UK.
- Expats in high-risk countries and/or earning income in currencies that are unacceptable.
- Earned income above the age of 75 years for lending in and into retirement.
- Armed Forces Help to Buy.
- Properties below £100,000 in value.
- Properties in Northern Ireland.
- For buy-to-let cases we do not lend to SPVs and limited companies.
- We do not lend to Portfolio landlords (with more than 3 mortgaged BTL properties).
- We do not lend on HMOs.
- BTL above 70% LTV is not accepted (note we cannot add product fees that result in the LTV exceeding 70%).
- UK BTL where the applicants joint or sole annual income is below £25,000.
- Expat Buy to Let cases where the applicants, joint or sole, annual income is below £30,000.
- Expat applicants who reside in Italy or The Netherlands.

If your customer does not qualify for a Penrith Building Society mortgage based on the criteria in this guide, but you believe that there may be exceptional circumstances or the decision is marginal, please contact our Telephone Business Development Manager or the Mortgage Team to discuss further.