

# Our Lending Policy



This document outlines the criteria you need to meet to get a mortgage with us. It will help you understand what we look for to determine your eligibility. However, it doesn't cover everything. Get in touch for more details or if you have any questions.

## Standard Residential Criteria

A mortgage that you take out on a property you're going to live in is known as a residential mortgage. You should read this along with our general criteria later in this document.

### How old must I be to take out a mortgage with you?

You must be at least 18 years old when you apply.

### What type of mortgage can I have?

Our residential mortgages are only available on a repayment basis, also known as capital and interest. With this type of mortgage, you'll pay off some of the mortgage balance each month as well as the interest. This means you'll have paid off the loan by the time your mortgage ends.

### How long can I have my mortgage for?

The length of a mortgage is known as the mortgage term. You can have a term of up to 35 years, or when the eldest applicant reaches 75 years of age, whichever is sooner. The term must be at least five years.

We may ask you for proof of pension income if the term takes any applicant into retirement. This is to make sure the payments are still affordable.

### How much can I borrow?

You can apply for a loan of at least £25,001 up to £1,500,000, depending on how much the property you're mortgaging is worth. The amount you borrow as a percentage of the value of your home is referred to as the Loan to Value, or LTV.

### What are the limits?

Maximum LTV	Maximum loan amount
95% if you're buying 90% if you're remortgaging	up to £500,000
85%	£500,001 - £750,000
80%	£750,001 - £1,000,000
70%	£1,000,001 - £1,500,000

Additional fees may apply, and certain conditions must be met.

### Can I have a residential mortgage with you if I've already got one on another property?

You can apply for a residential mortgage for a second home if it's for you or your family's own use. It must not be let or sub-let in any way.

If you're applying for a mortgage over 90% LTV, any other property you own must either be:

- ▶ With a residential mortgage which will be paid off on the same day or before the new mortgage starts, which the solicitor will deal with, or
- ▶ Rented out if it's with a Buy to Let mortgage. We may ask for documents to prove this.

Our maximum loan to value is 90% if you have a property that doesn't have a formal Buy to Let mortgage registered on it. We'll take your current mortgage into account when we assess your ability to repay the loan.

### Can I borrow more if I'm switching from another lender, or if I don't have a mortgage?

You don't need to have an existing mortgage to apply for a new mortgage with us. You can switch from another lender to us for the same amount or increase your loan. However, the amount you borrow depends on what you want the money for and how much your property is worth. You can use the extra money for things like:

Up to 75% LTV	Up to 85% LTV	Up to 90% LTV
<ul style="list-style-type: none"><li>▶ Paying off personal credit e.g., credit or store cards, loans, overdrafts, mail order etc.</li><li>▶ Home improvements</li><li>▶ A deposit on another property</li><li>▶ University or school fees</li><li>▶ A new car</li></ul>	<ul style="list-style-type: none"><li>▶ Home improvements</li><li>▶ A deposit on another property</li><li>▶ University or school fees</li><li>▶ A new car</li></ul>	<ul style="list-style-type: none"><li>▶ Buying the final part on a shared ownership property</li><li>▶ Buying someone out from the title of the property, known as a transfer of equity</li><li>▶ Paying off a Help to Buy loan</li></ul>

We may ask for further details or documents.

Please be aware of the effects of paying off unsecured debt with a mortgage:

- ▶ The extra borrowing will be secured against your property
- ▶ There's a higher risk of repossession if you don't keep up with your payments
- ▶ You may pay more interest by borrowing the money for longer
- ▶ Making arrangements with other creditors could negatively affect your credit file/score.

We don't allow extra borrowing for:

- ▶ Paying a tax bill
- ▶ Paying for care fees
- ▶ Buying a timeshare property overseas
- ▶ Gambling or paying off gambling debts
- ▶ Business or speculative purposes e.g., investing in stocks and shares.

### How will you check if I am able to pay the loan back?

We'll carry out a credit check and use our affordability calculator to check your ability to repay the mortgage. We'll also check the overall circumstances for all applicants including earnings, the amount of debt you've got left to pay and if this is paid on time. Your household income must be at least £20,000 and be paid in Pounds Sterling (£GBP).

### What types of employment do you accept?

Applicants can be employed, self-employed or contractors.

- ▶ Self-employed applicants must be able to supply the:
  - a. Last two years' SA302s and Tax Year Overviews, and
  - b. Latest month's business bank statement.
- ▶ Contractors directly through an agency or where you employ the services of an umbrella company:
  - a. You must earn at least £50,000 per year
  - b. You must have at least 12 months contracting experience in your current job
  - c. We'll use 80% of the contract value for affordability purposes. If you employ an umbrella company, this will be 80% of earnings **after** all the umbrella costs are paid for
  - d. We'll lend up to a maximum of 90% LTV unless you use an umbrella company and don't meet the above criteria. In these instances, you must meet our self-employed criteria.

### **What types of property are not acceptable?**

- ▶ Properties with a floor area that's less than 31 square metres
- ▶ Flats that are newly built or have been converted within the last 12 months where the borrowing is above 80% LTV
- ▶ Houses that are newly built or have been converted within the last 12 months where the borrowing is above 85% LTV
- ▶ Properties under 10 years old which aren't covered by approved new home warranty scheme or Professional Consultant's Certificate
- ▶ Freehold flats
- ▶ Flats without their own entrances at the front of the building
- ▶ Flats which you get to using an external staircase
- ▶ Properties which have back or side entrances which you get to using narrow alleyways, public footpaths or by crossing commercial properties or car parks
- ▶ Flats over four stories high that don't have a lift to every floor
- ▶ Ex-local authority or ex-public sector flats over four storeys high
- ▶ Flats that have open deck access
- ▶ Flats which used to be office buildings or are refurbished ex-local authority blocks
- ▶ Properties aren't normally accepted if they're next to, opposite, above, or close to commercial premises or anything that may cause a nuisance, such as smell or noise. This includes businesses such as shops, garages/petrol stations, businesses that sell food/drink or look after animals, industrial units, properties near powerlines, phone masts or sub-stations etc. We may consider properties located in highly desirable areas. Check with us before applying
- ▶ Properties being bought under a Shared Equity Scheme
- ▶ Properties which have or allow commercial usage within the title
- ▶ Properties with restrictions on occupancy
- ▶ Properties being bought under an assignable contract. This is where a buyer transfers the property contract to another party before the property is legally theirs. i.e., the buyer would be selling their rights to buy the property to someone else
- ▶ Properties with shared communal heating, hot water, or other services where there's no individual meter for the property
- ▶ Some solar panel installations. Check with us before applying.

## Buy to Let Criteria

A mortgage that you take out on a property you intend to rent out is known as a Buy to Let mortgage. This section covers our Buy to Let mortgages. You should read this along with our general criteria later in this document.

### How old must I be to take out a mortgage with you?

All applicants must be at least 21 years old when applying for a Buy to Let mortgage with us. The eldest applicant must be no older than 80 years old when the mortgage ends.

### How long can I have my mortgage for?

The length of a mortgage is known as the mortgage term. You can have a term of up to 35 years, or when the eldest applicant reaches 80 years of age, whichever is sooner. The term must be at least five years.

### What type of mortgage can I have?

You can apply for a Buy to Let mortgage on a repayment basis, also known as capital and interest, interest only or a split between both, known as part and part.

- ▶ **Repayment** – You'll pay off some of the mortgage balance each month as well as the interest. This means you'll have paid off the loan by the time your mortgage ends.
- ▶ **Interest only** – You'll only pay off the interest charged on your mortgage balance. You'll still owe the amount you borrowed when your mortgage ends.
- ▶ **Part and part** – Is a loan made up of repayment and interest only. Depending on how much you have on each type, you'll have paid off some of the loan by the time your mortgage ends, but you'll still owe the amount you borrowed on interest only.
- ▶ **All interest only mortgages** – You must tell us how you plan to pay off the interest only loan when your mortgage ends. Any repayment or investment plans must be held, valued, and paid in Pounds Sterling (£GBP).

### How much can I borrow?

You can apply for a loan from £25,001 up to £750,000 depending on how much the property is worth and unless we say differently in the mortgage features. The total borrowing allowed for all properties with us is £2 million up to a maximum of three Buy to Let properties.

### What are the limits?

The amount you borrow as a percentage of the value of your home is referred to as the Loan to Value, or LTV. You can borrow up to 75% LTV. Additional fees may apply, and certain conditions must be met.

### Can I add the Product Fee to my mortgage?

You can add the Product Fee to the loan if there is one to pay. The expected rental must cover the amount you're borrowing and however much the fee is.

### Can I borrow money if I already own the property?

You can apply for a loan for the reasons below, whether you have a mortgage on the property or not. We'll pay off any existing mortgage, and you might be able to borrow extra if your application meets our lending policy.

You can borrow money for things like:

- ▶ Home improvements
- ▶ A deposit on another property
- ▶ University or school fees
- ▶ A new car.

We don't allow extra borrowing for:

- ▶ Paying a tax bill
- ▶ Paying for care fees
- ▶ Buying a timeshare property overseas
- ▶ Gambling or paying off gambling debts
- ▶ Business or speculative purposes e.g. investing in stocks and shares
- ▶ Paying off personal credit e.g. credit or store cards, loans, overdrafts, mail order etc.

## How do I work out what rental income I need?

Your ability to pay the loan will be based on the monthly rental income, which must be paid in Pounds Sterling (£GBP).

There are two ways we work out the rental income. The tables below are examples to help you work out the rent you need. See table one if you:

- ▶ Already own and let the property you want to mortgage
- ▶ Want to borrow £100,000 or more to pay off your existing Buy to Let mortgage, and
- ▶ Don't need to borrow extra.

**You must use table two to work out the rental income if you don't meet all the above.**

### Table one

The rent must be at least 125% of the monthly interest which is calculated using a notional interest rate. This rate depends on whether the mortgage you apply for is fixed and how long for.

Mortgage rate		Notional interest rate	
Fixed for five years or more		The higher of 4.5% or mortgage rate + 1%	
Variable, or fixed for less than five years		The higher of 5.5% or mortgage rate + 2%	
<b>Example 1 - Mortgage rate 6.25% - fixed for five years or more</b>		<b>Example 2 - Mortgage rate 6.5% - variable, or fixed for less than five years</b>	
Mortgage £99,000 plus	£100,995	Mortgage £99,000 plus	£100,995
Product Fee £995	x 7.25% (mortgage rate + 1%)	Product Fee £995	x 8.5% (mortgage rate + 2%)
Sub total	<u>£7,322</u>	Sub total	<u>£8,585</u>
	<u>x 125%</u>		<u>x 125%</u>
Annual rent required	£9,153	Annual rent required	£10,731
Monthly rent required	£763	Monthly rent required	£894

### Table Two

The rent must be at least 145% of the monthly interest which is calculated using a notional interest rate. This rate depends on whether the mortgage you apply for is fixed and how long for.

Mortgage rate		Notional interest rate	
Fixed for five years or more		The higher of 4.5% or mortgage rate + 1%	
Variable, or fixed for less than five years		The higher of 5.5% or mortgage rate + 2%	
<b>Example 1 - Mortgage rate 6.25% - fixed for five years or more</b>		<b>Example 2 - Mortgage rate 6.5% - variable, or fixed for less than five years</b>	
Mortgage £100,000 plus	£99,995	Mortgage £100,000 plus	£99,995
Product Fee £995	x 7.25% (mortgage rate + 1%)	Product Fee £995	x 8.5% (mortgage rate + 2%)
Sub total	<u>£7,250</u>	Sub total	<u>£8,500</u>
	<u>x 145%</u>		<u>x 145%</u>
Annual rent required	£10,512	Annual rent required	£12,324
Monthly rent required	£876	Monthly rent required	£1,027

## How will you check my ability to pay the loan back?

Affordability is based on the rental income you're paid or plan to get paid if you don't have tenants yet.

We'll carry out a credit check and use our affordability calculator to make sure the loan is affordable for you. This will also include carrying out a valuation of the property. We'll use the rental figure confirmed by the valuer or the rent paid by the tenants if the property is already let, whichever is lower. We'll also consider your overall situation, like how much debt you have and your payment history. Generally, we won't need your proof of earnings.

### **How many rental properties can I have with a Buy to Let mortgage?**

You can have up to three mortgaged properties per applicant with any lender including Bank of Ireland Group. These can be in your name only or joint names with someone else. This applies to any properties owned by a limited company which you're a director or shareholder of. You should include any mortgages you're currently applying for, holiday let mortgages and properties which are let but don't have a formal Buy to Let mortgage on them. You can ignore any rental properties without a mortgage.

### **Do I need to have owned a property before?**

You or at least one applicant must own the property you live in when the mortgage starts. You don't need to have ever held a mortgage before.

### **What types of property are not acceptable?**

- ▶ Properties with a floor area that's less than 31 square metres
- ▶ Flats that are newly built or have been converted within the last 12 months
- ▶ Properties under 10 years old which aren't covered by approved new home warranty scheme or Professional Consultant's Certificate
- ▶ Any property that is being bought privately e.g. without an Estate Agent
- ▶ Any property where the existing owner becomes the tenant when the mortgage starts
- ▶ Freehold flats
- ▶ Flats without their own entrances at the front of the building
- ▶ Flats which you get to using an external staircase
- ▶ Properties which have back or side entrances which you get to using narrow alleyways, public footpaths or by crossing commercial properties or car parks
- ▶ Flats over four stories high that don't have a lift to every floor
- ▶ Ex-local authority or ex-public sector apartments which are valued or sold for less than £90,000, are over four storeys high
- ▶ Flats that have open deck access
- ▶ Properties which are valued or sold for less than £40,000
- ▶ Flats which used to be office buildings or are refurbished ex-local authority blocks
- ▶ Properties aren't normally accepted if they're next to, opposite, above, or close to commercial premises or anything that may cause a nuisance, such as smell or noise. This includes businesses such as shops, garages/petrol stations, businesses that sell food/drink or look after animals, industrial units, properties near powerlines, phone masts or sub-stations etc. We can consider properties located in highly desirable areas. Check us before applying
- ▶ Houses that are divided into separate properties where no leasehold title exists
- ▶ Properties being purchased under a Right to Buy, Shared Ownership, or Shared Equity Scheme
- ▶ Properties which have or allow commercial usage within the title
- ▶ Properties with restrictions on occupancy
- ▶ Properties being bought under an assignable contract. This is where a buyer transfers the property contract to another party before the property is legally theirs. i.e., the buyer would be selling their rights to buy the property to someone else
- ▶ Properties being bought from a property investment club/company
- ▶ Properties with shared communal heating, hot water, or other services where there's no individual meter for the property
- ▶ Properties which have an Energy Performance Certificate rating lower than E in England, Wales and Northern Ireland, or D in Scotland. We'll accept a lower rated property in England and Wales if the property is on the PRS Exemptions Register
- ▶ Some solar panel installations. Check with us before applying.

## General Criteria

### Which areas do you lend to?

Mainland Northern Ireland, England, Wales, and Scotland.

### What are the property owner requirements?

We only accept applications where:

- ▶ The seller has owned the property you're buying for at least six months
- ▶ You've owned the property you're remortgaging for at least six months.

### What nationalities do you accept?

All applicants should be resident in the UK for at least three years before applying for a mortgage with us. We can consider less depending on the circumstances.

### Who can apply for loans up to the maximum LTV limits?

- ▶ Irish Nationals
- ▶ EU, EEA, and Swiss Nationals with 'settled status'
- ▶ Non-EU, EEA, and Swiss Nationals with 'indefinite leave to remain'
- ▶ Applicants who are born outside of the UK but who have received UK naturalisation.

Depending on the income earned, the following nationals can apply for loans up to 90% LTV:

- ▶ EU, EEA, and Swiss Nationals with 'pre-settled status'
- ▶ Non-EU, EEA, and Swiss Nationals with limited rights to work or remain in the UK. Only Innovator and Global Talent visas (previously Tier 1), Skilled Worker visas (previously Tier 2) and Ancestral Visas are acceptable. The underwriter needs to make sure that there's enough time left on your Visa to approve a long-term loan.

Nationals looking to borrow over 75% LTV must earn a yearly income of at least:

- ▶ £75,000 if the application is in a sole name, or
- ▶ A total household income of £100,000 if in joint names.

We'll only lend up to 75% LTV if the income is less than this.

### Do I need a clean credit history?

In the last three years all applicants must have paid their credit commitments on time. We won't normally lend if during this time, any applicant has had:

- ▶ Arrears on mortgages, fixed loans or rent
- ▶ More than two consecutive missed payments on credit or store cards
- ▶ A County Court Judgement (CCJ) registered or settled

And never have:

- ▶ Been made bankrupt
- ▶ Been subject to an Individual Voluntary Arrangement (IVA)
- ▶ Owned a property which has been taken into possession or has given up their property to a lender under a voluntary possession
- ▶ Had a County Court Judgement (CCJ) or default registered more than three years ago, that's still outstanding.

Missed mail order or telecoms payments are not normally a concern but will depend on the overall credit history.

### Can I apply if I have a payday loan?

Your application will be rejected if you've had a payday loan within the last 12 months. You can apply if you've taken out a payday loan later than this. Your application will be assessed to see if there are signs of financial pressure or concerns with your ability to pay.

### What's your policy on leasehold properties?

We don't lend on properties which have onerous leases, ground or estate terms. For example, leases that allow ground rents to be increased significantly every five to ten years or are so limiting it could affect the sale of the property.



We'll consider properties with rising ground rent clauses in the lease if they're linked to the Retail Price Index (RPI), or similar indexes. We'll refer multiplier increases to our valuer and solicitor who will consider the local markets which may vary in different areas. These experts will also let us know if there are other onerous terms within a lease. We'll rely on their expertise and knowledge to decide whether to lend a property.

### **How long does the lease need to be for leasehold properties?**

There must be at least 85 years left on the term of the lease when you apply.

### **The mortgage I want has a Product Fee. How do I pay for it?**

If you have a Product Fee to pay, you can:

- ▶ Add it to your loan. You'll pay more interest overall if you choose this
- ▶ Ask us to deduct the fee from the funds we send to your solicitor. This means we'll send your solicitor the loan you've applied for minus the fee amount. You must pay the difference to your solicitor before your mortgage can start.

### **The mortgage I want offers cashback. How is this sent to me?**

Your solicitor will get any cashback that's due when your mortgage starts. They'll send this on to you.

### **The mortgage I want offers 'Standard legal fees paid by lender'. What does this mean?**

This feature only applies if you're applying to switch your mortgage from another lender, known as remortgaging. We'll pay the basic legal costs for dealing with the new mortgage. The legal work must be carried out by a firm of solicitors chosen by our solicitor panel management firm, Legal Marketing Services Ltd.

We won't pay the costs for any extra work outside of a standard remortgage, such as:	
Further valuation reports	Leasehold supplements
Related legal services	Change of name
Transfer of Equity	Telegraphic transfer of surplus funds to borrower
Deed of Grant	Local searches for loans over £1,000,000
Deed of Variation	If an exceptional amount of work is needed to correct
Merger of freehold or leasehold title	Deed of Postponement

### **Will I have to pay an Early Redemption Charge (ERC) if I overpay on my mortgage?**

You can overpay your mortgage at any time. You'll have to pay an ERC if your interest rate is in a promotional period e.g. when it's fixed, and the overpayment you make is:

- ▶ More than 10% of your mortgage balance as of the last March 31st
- ▶ Less than £500 and you ask us to apply it to your account. You can make lower payments, but it won't come off your mortgage balance until the total has reached £500.

You can overpay by any amount without paying an ERC if your mortgage is on our Standard Variable Rate (SVR) or your promotional period e.g. your fixed rate, has ended.

There may be other fees to pay if you pay off your loan in full, such as a Mortgage Release Fee and Lending Fee. Other fees and charges may apply.

### **When I've got my mortgage with you, can I move it to another property?**

You can apply to move the interest rate and rate terms and conditions (T&Cs) to a new property as soon as you've made your first payment on the existing account. You can do this as many times as you like but all borrowers and the new property must meet our lending policy at the time you apply.

You should bear in mind:

- ▶ If you have a residential mortgage - You must live in the new property. You can move the interest rate and rate terms and conditions to a property you already own or one that you want to buy
- ▶ If you have a Buy to Let mortgage - You must rent out the new property. You can only move the interest rate and rate terms and conditions to a property you want to buy.



## Valuation and Surveys

You'll have to pay for a valuation of the property unless the mortgage you've chosen states 'Standard valuation fee paid by lender'. We need a mortgage valuation to check how much your property is worth and if it's suitable to lend on.

We'll arrange for a Standard Mortgage Valuation or an Automated Valuation Model (AVM) report to be carried out. This will be for our use only. You can arrange for a more detailed independent survey directly with a surveyor. A survey can give you more detail on the condition of specific areas of a property or you can have a full assessment done on the structure. Visit the Royal Institution of Surveyors (RICS) website [rics.org/uk](https://www.rics.org/uk) to find a local surveyor and details on the types of survey you can choose from.

### Scottish valuations

It's law in Scotland, that the seller has a Home Report to offer to people who want to buy their property. This report includes a Mortgage Valuation which has details on the condition of the property and how much it's worth. We may be able to use this to assess the property if the valuer is on our approved panel. This means if you need to pay for a Mortgage Valuation, you won't have to.

### How much will a Mortgage Valuation cost me?

See how much you'll need to pay if you haven't chosen a mortgage with 'Standard valuation fee paid by lender' or you can send us a Scottish Mortgage Valuation Report:

Purchase Price or Valuation of the property	Standard Mortgage Valuation Report
Up to £150,000	£150
£150,001 - £250,000	£220
£250,001 - £350,000	£270
£350,001 - £500,000	£380
£500,001 - £750,000	£520
£750,001 - £1m	£750
£1,000,001 - £1.5m	£850
£1,500,001 - £2m	£1,000
£2,000,001 - £2.5m	£1,200
£2,500,001 - £3m	£1,400
£3,000,001 - £3.5m	£1,600
£3,500,001 - £4m	£1,800

**All fees are non-refundable once an inspection has been carried out. No administration fee is charged.**

**Get in touch if you want any of our documents in large print, Braille, on coloured paper or audio.**

**Think carefully before securing other debts against your property.  
Your property may be repossessed if you do not keep up repayments on your mortgage.**