

ALLOWABLE INCOMES	% ALLOWABLE	ACCEPTABLE EVIDENCE
BASIC INCOME	100%	Latest month's payslip (or 5 consecutive payslips if paid weekly)
TAXABLE ALLOWANCES e.g. Mortgage subsidy / Car allowance / Shift allowance / Large Town allowance	100%	Latest month's payslip if paid monthly (5 consecutive payslips if paid weekly).
OVERTIME, COMMISSION AND BONUS PAID MONTHLY (OR MORE FREQUENTLY)	50%	Latest 3 month's payslips confirming monthly bonus (5 consecutive payslips if paid weekly). Please note where amounts vary, we will use the average value as primary income.
	100% (Where sustainability can be evidenced latest by P60)	Latest 3 month's payslips (or 5 consecutive payslips if paid weekly) AND Latest year's P60/HMRC Annual Tax Summary Please note where amounts vary, we will use the average value as primary income.
ANNUAL/ QUARTERLY BONUS (OR PAID LESS FREQUENTLY THAN MONTHLY)	50% - Affordability Assessment 100% - Income Multiples	Previous 2 years' individual payslips showing bonus payments Or Latest 2 years P60s Or HMRC Annual Tax Summary Or Latest 2 years' Tax Year End payslips (showing total income)- normally March
SELF-EMPLOYED – INCLUDES FOSTER CARERS AND LIMITED LIABILITY PARTNERS	100%	Latest 2 years' HMRC Tax Assessments (SA302) Or Latest 2 years' Tax Calculations* AND Latest 2 years' tax year overviews (Most recent year can be replaced by trading accounts). Where the most recent tax year overview shows a tax liability outstanding any overdue amount must be entered as a commitment unless evidence is received that it has been paid. AND for: <u>Limited Companies:</u> Most recent year's trading accounts produced by a qualified Accountant (dated within 18 months of the application start date). Note: Underwriters can accept unsigned accounts by verifying the accounts through Companies House. <u>Equity Partner in a LLP:</u> A letter from a Finance/Senior Partner confirming level of income And

		<p>Latest 3 full month's consecutive bank or building society statements confirming receipt of income</p> <p><u>Equity Partner in a LLP with overseas profit where the income/profit share attributable to the applicant from the overseas profit is required for affordability purposes</u></p> <p>Where overseas profit is remunerated in Sterling with no exchange from any foreign currency this income can be considered. To evidence this information, the letter from the Finance Director/ senior partner, mentioned above, must also confirm the following:</p> <ul style="list-style-type: none"> • How long the applicant has been a partner in the firm; • Applicants level of Income; • Jurisdiction where the applicant is based; • That the applicant is contracted and remunerated in sterling <hr/> <p><i>*A tax calculation is either</i></p> <p><i>An online print from the HMRC website showing the breakdown of the customer's income – customers should be recommended to use this approach, or</i></p> <p><i>The calculation or computation submitted by the customer's accountant to HMRC, this should be produced via accountants' commercial software and will need to have the unique tax reference number (not required if present on Latest 2 Years' Tax Year Overviews provided) and customer's name.</i></p> <p><i>SA302 provided by HMRC – where online version is not available</i></p> <p><i>Tax Year Overviews should only be accepted where they demonstrate full payment of any tax liability. Where Year 2 documentation does not demonstrate this, underwriters have discretion to request financial accounts however any outstanding tax liability must be accounted for when assessing affordability.</i></p> <p><i>At the discretion of CoLE, if the most recent (Year 1) financial accounts or Tax Year Overview are not available when verifying income for LLPs a letter from a Finance/Senior Partner confirming income can be accepted to support the tax calculation documentation. This can be verified by Bank Statements.</i></p> <p><i>All supporting documentation provided for the most recent year (Year 1) must relate to a period ending no earlier than 18 months prior to the date of mortgage submission.</i></p> <p><i>It is not acceptable to rely on tax calculations alone as verification of UK taxable income.</i></p>
RENTAL INCOME	100%	<p>To show rental income, latest 3 consecutive full months' bank statements showing the rental income.</p> <p>AND</p> <p>To evidence rental income prior to any deductions where the property is managed: The most recent monthly letting agent fees statement. This must be dated within the last 3 months and verified on a corresponding bank statement.</p>

		<p>Profit derived from existing Buy to Let / Investment or 'Permission to Let' properties is NOT an acceptable source of allowable income when considering Personal Covenant Assessment or Solvency.</p> <p>Care:</p> <ul style="list-style-type: none"> • A tenancy agreement (AST) should not be provided; • Where rental income cannot be evidenced by way of bank statements e.g. because the applicant is paid rent in cash, this cannot be accepted.
<p>UNEARNED INCOME</p> <p>From trust funds etc. which are free from encumbrances and which are confirmed by an accountant and tax assessments</p>	100%	<p>Latest 3 full month's consecutive bank or building society statements confirming receipt of income</p> <p>And</p> <p>Evidence of the source, e.g. portfolio of stocks and shares</p> <p>Letter from qualified accountant confirming income for last 6 months in addition to advising source, that there are no encumbrances and that the income covers the term of the proposed mortgage.</p> <p>And</p> <p>Corresponding Tax Calculation</p> <p>Care: assessment required of sustainability and continued affordability over the term.</p>
MAINTENANCE PAYMENTS	100%	<p>Court Order</p> <p>Or</p> <p>CSA/Child Maintenance Service Arrangement</p> <p>Or</p> <p>Latest 3 full month's consecutive bank or building society statements confirming receipt of income</p> <p>Care: assessment required of sustainability and continued affordability over the term.</p>
FOSTER INCOME	100%	<p>Foster income should be recorded and evidenced as self-employed income (see self-employed income section above)</p> <p>Note: The number of children under Foster Care should be included as dependants for affordability purposes.</p> <p>Care: assessment required of sustainability and continued affordability over the term.</p>
WORKING TAX CREDITS	100%	<p>HMRC tax credit award letter (all pages)</p> <p>AND</p> <p>Latest full month's bank statements clearly identifying the source of the income.</p>
CHILD TAX CREDITS	100%*	<p>HMRC tax credit award letter (all pages)</p> <p>AND</p> <p>Latest full month's bank statements clearly identifying the source of the income.</p> <p>*Not acceptable where the children are 13 or over</p>
CHILD BENEFIT	100%*	<p>DWP child benefit letter (all pages)</p> <p>OR</p>

		<p>Latest full month's bank statements clearly identifying the source of the income.</p> <p>* Not acceptable where the children are 13 or over or highest earning applicant has a gross income of £50,000 or more.</p>
UNIVERSAL CREDIT (UC)	100%*	<p>3 months Universal Credit statements (printed online statements acceptable)</p> <p>AND</p> <p>Latest full month's bank statements clearly identifying the source of the income.</p> <p>*Care: The following elements of Universal Credit are not considered sustainable income and should be deducted from the total amount received (if this results in a negative amount then no Universal Credit should be recorded):</p> <ul style="list-style-type: none"> • Housing Benefit; where this element will cease after completion; • The 'Child Element' where the children are 13 or over. <p>Note: Income evidenced as being received in the form of Universal Credit payments for an applicant can only be considered where there is clear evidence of receipt of another form of allowable gross income for that applicant.</p>
DISCRETIONARY MORTGAGE SUBSIDIES AND HOUSING ALLOWANCE	100%	<p>Contract of employment</p> <p>Care: assessment required of sustainability and continued affordability over the term. Restricted term subsidies may only be considered as a secondary income subject to a minimum term of five years.</p>
PENSIONS AND ANNUITIES (CURRENTLY RECEIVING)	100%	<p>Latest pension payslip showing the applicant's address and corresponding full month's bank statement</p> <p>OR;</p> <p>Latest full month's bank statements clearly identifying the source of the income</p> <p>AND</p> <p>Pension statement, or</p> <p>Annuity/Pension letter, or</p> <p>Pension P60</p> <hr/> <p>Pension statements and annuity letters may not be handwritten or amended and must:</p> <ul style="list-style-type: none"> - Show applicant's name and address, which must match that stated on the application form; - Show pension/annuity company's name, address, telephone number and company's registration number (if Limited) and be on headed paper or show company stamp; - Show pay dates; - Cover at least one month (five consecutive weeks); - Show gross income; - Show net pay. <p>Pension statements (Private/Company/State) must:</p> <ul style="list-style-type: none"> - Show regularity of payment; - Not be older than 12 months. <p>Annuity letters must:</p>

		<ul style="list-style-type: none"> - Show lump sum invested in fund; - Show amount payable monthly; - Show end date if applicable; - Not be older than 12 months.
PENSIONS (NOT YET RECEIVING) – WHEN CONSIDERING AGE RESTRICTION GUIDELINES EXCEPTIONS	100%	Statements from the organisation providing the pension confirming both the projected pension income and the assumed normal retirement date; OR FCA regulated letter from the Scheme Administrator.
DISABILITY/ STATE BENEFITS	100%	<p>Latest DWP Benefits Statement</p> <p>And</p> <p>Latest full month’s bank statements clearly identifying the source of the income.</p> <p>Allowable Benefits:</p> <ul style="list-style-type: none"> • Disability Living Allowance (DLA) – being replaced by the Personal Independence Payment • Attendance Allowance • Income Support • Council Tax Benefit • Carer’s Allowance • Disability Working Allowance • Incapacity Benefit • Industrial Injuries Disablement Benefits • Employment and Support Allowance (replaced Incapacity Benefit/Income Support in October 2008) <p>Where the claimant has been migrated to Universal Credit please refer to the documentary requirements in that section.</p> <p>Care: DLA income must be in the name of the mortgage applicant in order to be used in the mortgage application. If DLA income is paid to the mortgage applicant, however, is for the benefit of the applicant’s dependant(s), then this cannot be used for the mortgage application.</p>
Permanent Income Protection Payments	100%	<p>Policy statement clearly laying out pay-out schedule and amounts.</p> <p>100% received net of tax and should be treated as such in assessing affordability. “Grossing-up” calculations may be conducted to ascertain an equivalent Loan to Income multiple to be used in the assessment).</p> <p>Care: assessment required of sustainability and continued affordability over the term.</p>

Payslips and Bank statements from a previous month can be accept up to a maximum of 14 calendar days after the issue date of the current month’s documents.

Bonus, commission and overtime paid monthly or more frequently

- Capped at 100% of basic salary plus allowances for the solvency and affordability assessment

Annualised Bonus – Including any bonus paid less frequently than monthly

- 50% used for the solvency and affordability assessment, NOT capped in line with salary

Rental income

- Profit derived from existing “Investment Property” or “Permission to Let” properties is not an acceptable source of allowable income when considering Solvency and Personal Covenant Assessment but can be used to support any shortfall in rental cover.

Zero Hours Contracts

- Zero Hours Contracts can be considered provided sustainability of income at the level required is clearly evidenced.

Mortgage Services reserve the right to request any additional supporting documentation in order to verify income.