

| ALLOWABLE INCOMES | % ALLOWABLE | ACCEPTABLE EVIDENCE |
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| BASIC INCOME | 100% | <p>Latest month's payslip (or 5 consecutive payslips if paid weekly)</p> <p>AND</p> <p>Corresponding latest full months bank statement for applications above 85% LTV. We may also request this document on certain cases at our discretion.</p> |
| TAXABLE ALLOWANCES e.g., Mortgage subsidy / Car allowance / Shift allowance/ Large Town allowance | 100% | <p>Latest month's payslip if paid monthly (5 consecutive payslips if paid weekly).</p> <p>AND</p> <p>Corresponding latest full months bank statement for applications above 85% LTV. We may also request this document on certain cases at our discretion.</p> |
| OVERTIME, COMMISSION AND BONUS PAID MONTHLY (OR MORE FREQUENTLY) | 50% | <p>Latest 3 month's payslips (5 consecutive payslips if paid weekly).</p> <p>AND</p> <p>Corresponding latest full month's bank statement (if requested)</p> <p>Please note where amounts vary, we will use the average value as primary income.</p> |
| | 100% (Based on latest P60) | <p>Latest 3 month's payslips (or 5 consecutive payslips if paid weekly)</p> <p>AND</p> <p>Corresponding latest full month's bank statement (if requested)</p> <p>AND</p> <p>Latest year's P60/HMRC Annual Tax Summary</p> <p>Please note where amounts vary, we will use the average value as primary income.</p> |
| ANNUAL/ QUARTERLY BONUS (OR PAID LESS FREQUENTLY THAN MONTHLY) | 50% - Affordability Assessment 100% - Income Multiples | <p>Previous 2 years' individual payslips showing bonus payments</p> <p>OR</p> <p>Latest 2 years P60s</p> <p>OR</p> <p>HMRC Annual Tax Summary</p> <p>OR</p> <p>Latest 2 years' Tax Year End payslips (showing total income)- normally March</p> |

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| <p>SELF-EMPLOYED – INCLUDES RENTAL INCOME</p> | <p>100%</p> | <p>Latest 2 years’ HMRC Tax Assessments (SA302)</p> <p>OR</p> <p>Latest 2 years’ Tax Calculations*</p> <p>AND</p> <p>Latest 2 years’ tax year overviews (Most recent year can be replaced by trading accounts).</p> <p>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.</p> <p><u>AND for:</u></p> <p><u>Limited Companies:</u></p> <p>Most recent year’s trading accounts produced by a qualified Accountant (dated within 18 months of the application start date).</p> <p>Note: Underwriters can accept unsigned accounts by verifying the accounts through Companies House.</p> |
| <p>SELF-EMPLOYED – EQUITY PARTNER IN A LIMITED LIABILITY PARTERSHIP (LLP)</p> | <p>100%</p> | <p>If <1yr with LLP & Employed previously**:</p> <ul style="list-style-type: none"> • The latest contract to evidence income <p>AND</p> <ul style="list-style-type: none"> • The most recent bank statement – to evidence income received is in line with the contract <p>AND</p> <ul style="list-style-type: none"> • Last P60 <p>Income used is the value of the guaranteed income detailed on the current contract (no discretionary/performance linked payments can be included) – Please key the value of the guaranteed income as income for the last 2yrs on the application</p> <p>If <1yr with LLP & Self-Employed previously**:</p> <ul style="list-style-type: none"> • The latest contract to evidence income <p>AND</p> <ul style="list-style-type: none"> • The most recent bank statement – to evidence income received is in line with the contract <p>AND</p> <ul style="list-style-type: none"> • Last 2yrs SA302s or latest 2yrs tax calculations* <p>AND</p> <ul style="list-style-type: none"> • Latest 2yrs tax overviews <p>Income used is the value of the guaranteed income detailed on the current contract (no discretionary/performance linked payments can be included) – Please key the value of the</p> |

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| | | <p>guaranteed income as income for the last 2yrs on the application</p> <p>If 1yr+ (or long enough to have completed their first tax return reflecting one full year as partner)**:</p> <ul style="list-style-type: none"> • The latest SA302 or latest tax calculation* (to show income earned through LLP) <p>AND</p> <ul style="list-style-type: none"> • Latest tax overview <p>AND</p> <ul style="list-style-type: none"> • The latest contract to evidence income <p>Income used is the average of the latest SA302 (showing 1 full years LLP earnings) and the guaranteed income detailed within the contract which is entered as the previous year's income</p> <p>If > 2 full financial years track record with LLP (or long enough to have completed at least two tax returns reflecting at least two full year as partner):</p> <ul style="list-style-type: none"> • The latest 2yrs SA302s or latest 2yrs tax calculations* <p>AND</p> <ul style="list-style-type: none"> • Latest 2yrs tax overviews <p>Income used is based on BAU self-employed policy</p> <p>**Note: Where the applicant is unable to provide the 2 most recent tax calculations/SA302's, reflecting at least two full years as partner, the LLP must:</p> <ul style="list-style-type: none"> • Have been incorporated for a minimum of 2 years, and • Have at least 4 partners, and • Operate in the accountancy or legal sectors <p>Note: Where the contract carries repayment terms of interest charges for the partnership loan this is to be captured as a commitment.</p> <hr/> <p>LLP with overseas profit</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 or 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 • Applicant's level of Income • Jurisdiction where the applicant is based <p>That the applicant is contracted and remunerated in sterling (with no exchange from any foreign currency)</p> <hr/> |
| <p>FIXED TERM CONTRACTORS</p> | <p>100%</p> | <p>If Employed on a PAYE basis e.g. via an Umbrella/Agency (inc. professional sports):</p> |

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| | | <ul style="list-style-type: none"> • Please refer to the 'Basic Income' section <p>AND</p> <ul style="list-style-type: none"> • Evidence of 12 months' contracts (a minimum of 2 contracts must be provided if latest contract covers >12mths) is required – the only exception is where the applicant has recently moved from employee to contractor and provides services to their previous employer: In this case, we require confirmation that the client employed the applicant for at least 3 years before they became a contractor along with a copy of the service contract showing terms of remuneration, duration of contract and conditions of cancellation or termination <p>If Self-Employed using daily rate calculation:</p> <ul style="list-style-type: none"> • Evidence of 12 months' contracts (a minimum of 2 contracts must be provided if latest contract covers >12mths) is required – the only exception is where the applicant has recently moved from employee to contractor and provides services to their previous employer: In this case, we require confirmation that the client employed the applicant for at least 3 years before they became a contractor along with a copy of the service contract showing terms of remuneration, duration of contract and conditions of cancellation or termination <p>AND</p> <ul style="list-style-type: none"> • Latest 3 full month's consecutive personal bank statements confirming receipt of income <p>AND</p> <ul style="list-style-type: none"> • Latest 3 full month's consecutive business bank statements confirming receipt of income <p>If Self-Employed:</p> <ul style="list-style-type: none"> • Please refer to the 'Self-Employed' section |
| <p>SELF-EMPLOYED – FOSTER CARERS</p> | <p>100%</p> | <p>Foster income should be recorded as per self-employed income using the total annual income as detailed on the Local Authority Council statements. To evidence income, the customer must provide the following documentation in all cases –</p> <ul style="list-style-type: none"> • Latest 2yrs Local Authority Council Statements (latest dated in last 18mths) <p>OR</p> <ul style="list-style-type: none"> • A letter from the foster agency confirming the total foster income received for each of the last two years <p>AND</p> <ul style="list-style-type: none"> • Last 3mths bank statements showing foster income |

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| | | Care: assessment required of sustainability and continued affordability over the term. |
| UNEARNED INCOME From trust funds etc. which are free from encumbrances, and which are confirmed by an accountant and tax assessments | 100% | Latest 3 full month's consecutive bank or building society statements confirming receipt of income AND Evidence of the source, e.g., portfolio of stocks and shares 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. AND Corresponding Tax Calculation* Care: assessment required of sustainability and continued affordability over the term. |
| MAINTENANCE PAYMENTS | 100% | Court Order OR CSA/Child Maintenance Service Arrangement OR Latest 3 full month's consecutive bank or building society statements confirming receipt of income Care: assessment required of sustainability and continued affordability over the term. |
| WORKING TAX CREDITS | 100% | HMRC tax credit award letter (all pages) AND Latest full month's bank statements clearly identifying the source of the income. |
| CHILD TAX CREDITS | 100%* | HMRC tax credit award letter (all pages) OR Latest full month's bank statements clearly identifying the source of the income. *Not acceptable where the children are 13 or over |
| CHILD BENEFIT | 100%* | DWP child benefit letter (all pages) OR Latest full month's bank statements clearly identifying the source of the income. * Not acceptable where the children are 13 or over or highest earning applicant has a gross income of £50,000 or more. |
| UNIVERSAL CREDIT (UC) | 100%* | 3 months Universal Credit statements (printed online statements acceptable) |

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| | | <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> |
| <p>DISCRETIONARY MORTGAGE</p> <p>SUBSIDIES AND HOUSING ALLOWANCE</p> | <p>100%</p> | <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> |
| <p>PENSIONS AND ANNUITIES</p> <p>(CURRENTLY RECEIVING)</p> | <p>100%</p> | <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; |

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| | | <ul style="list-style-type: none"> - 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% | <p>Statements from the organisation providing the pension confirming both the projected pension income and the assumed normal retirement date; OR</p> <p>FCA regulated letter from the Scheme Administrator.</p> |
| 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> |

Where requested the latest bank statement must show the last salary credited, however, where not possible due to timing issues, the previous payslip can be submitted in addition.

Where customers are paid in cash, bank statements must always be provided and cash payments confirmed to underwriter.

Bonus, Commission and Overtime paid monthly or more frequently-

- Capped at 100% of basic salary plus allowances

- Applies for both affordability and income multiples

Annualised Bonus – Including any bonus paid less frequently than monthly

- 100% used for income multiples and NOT capped in line with salary
- 50% used for affordability, NOT capped in line with salary

Bonus cannot be used towards affordability when there is any element of DEBT CONSOLIDATION.

Rental income (residential)

- Where net property rental income is to be used in the affordability assessment this should be treated as self-employed income and evidenced accordingly.

Changes to Income

- For any applicant who is currently on, or is due to commence a period of maternity leave, maternity and occupational pay are not to be considered for affordability or income multiple purposes as such pay is not sustainable.
- Where advised of an imminent increase in income the current level of proven income must be used when assessing income multiples and affordability. Relying on any element of future increases in income is not acceptable.
- Where a recent increase in income can be evidenced as being received by at least one pay-slip and corresponding credit to customer's bank account this can be used as the income amount provided this is further evidenced by an employer's letter provided the letter is initiated by the Bank.

Zero Hours

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