

Lending and Security Guidelines

Intermediary Use Only

Last updated: January 2022

This document provides guidance for mortgage intermediaries on the areas the West Brom will consider as part of its mortgage underwriting processes.

In addition to the guidelines set out in this document, the West Brom also applies a number of proprietary credit assessment tools, the outcome of which may result in a case being declined despite appearing to fit within the guidelines set out in this document.

The West Brom retains the right to change its underwriting policy at any time and without necessarily updating these guidelines. However, the West Brom will endeavour to ensure the guidelines set out in this document represent the Society's current approach to lending.

In the event of any clarification being required please contact your Business Relationship Manager (BRM). Prior to submission of supporting documentation please contact the BRM for clarification of any items or policy which may require further investigation to ensure cases are processed in a timely manner.



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This information is for the use of professional intermediaries only. It is not a consumer advertisement and should not be displayed as such or handed out to the public. Criteria is subject to change, please check before submitting applications.
We reserve the right to request any additional information in underwriting this case.

Maximum Loan To Value	Maximum Loan To Value:	<ul style="list-style-type: none"> ◆ As specified within the product literature ◆ LTV's are based on the lower of the Purchase Price or Valuation ◆ Fees may be added to the loan subject to product criteria ◆ Maximum LTV's are dependent on products and restrictions
Maximum Agregable Monetary Loan Limits	Purchase, Remortgage:	<ul style="list-style-type: none"> ◆ As specified within the product literature.
Minimum Monetary Loan Limits	Purchase, Remortgage:	<ul style="list-style-type: none"> ◆ Subject to product minimum loan limits
Mortgage Types	Purchase:	<ul style="list-style-type: none"> ◆ Permitted.
	Remortgage:	<ul style="list-style-type: none"> ◆ Permitted where the refinance will occur 9 months after the original purchase date of the security (registered proprietorship). The maximum LTV is 90% unless otherwise specified below. ◆ Subject to purpose qualification: <ul style="list-style-type: none"> ○ Straight debt up-lift ○ Home improvements ○ Repayment in full of equity loan ○ Debt consolidation up to £15,000 (Maximum LTV 80%) ○ Business purposes (Maximum LTV 75%) ○ Car purchase/Wedding expenses/Holiday ○ Repayment of first charge mortgage(s) in addition to main residence ◆ The following capital raising purposes are excluded: <ul style="list-style-type: none"> ○ Payment of gambling debts ○ Payment of taxes
	Bridging Finance:	<ul style="list-style-type: none"> ◆ Not permitted.

	Modified Affordability:	<p>Permitted:</p> <ul style="list-style-type: none"> ◆ Remortgage only - A letter from the customer's closed book lender confirming that they are a mortgage prisoner will be required ◆ Capital & Interest: Maximum LTV 85% ◆ Interest Only: Maximum LTV 60% ◆ Part & Part: Maximum LTV 80% (Interest Only element capped at 60% LTV) ◆ Maximum term 35 years (25 years for Interest Only/Part & Part) ◆ Maximum age at term end: applicants 75th birthday (70th for Interest Only/Part & Part) (including income and non-income earners) ◆ Borrower must be up to date (12 months actual payments) with their existing mortgage (including fees, charge and unpaid ground rent or insurance) and must confirm that there have been no changes to their income or expenditure ◆ Loan size cannot be increasing, other than to finance any relevant fees ◆ Unsecured loans contractually linked to the mortgage will not be deemed additional borrowing and can be consolidated ◆ Secured loans can be consolidated where they are regulated and secured on the property to be mortgaged (either the mortgage or secured loan should be with a closed book lender) ◆ The new mortgage should be deemed 'more affordable' ◆ Term extensions are allowable ◆ Where the new mortgage term will exceed the applicants retirement age, retirement income should be considered unless the applicant is already retired at time of application; ◆ Transfer of Equity is not permitted ◆ Standard residential policy applies to all qualifying modified affordability customers with the exception of specified rules defined for these customers
Mortgage Terms	Minimum Term:	<ul style="list-style-type: none"> ◆ 5 years.
	Sub sales	<ul style="list-style-type: none"> ◆ Permitted unless: <ul style="list-style-type: none"> ◆ The owner/registered proprietor has been registered for less than 6 months or ◆ The person selling to the borrower is not the owner or registered proprietor. Unless the seller is: <ul style="list-style-type: none"> ○ A personal representative of the registered proprietor, or ○ An institutional mortgage exercising its power of sale, or ○ A receiver, trustee-in-bankruptcy or liquidator, or ○ A developer or builder selling a property acquired under a part-exchange scheme ○ The subsequent sale of a property owned for a short period of time has been identified as a sign of money laundering and/or mortgage fraud and/or tax avoidance
	Maximum Term:	<ul style="list-style-type: none"> ◆ 35 years. ◆ An appropriate mortgage term is established subject to consideration of: <ul style="list-style-type: none"> ○ Applicant's declared retirement age, where the agreed term will fall outside of retirement age or the loan is considered affordable based on post-retirement income. Repayment vehicle (interest only) ○ Remaining lease term and the Valuer's comments on suitability of the property as security for lending ○ Product specification ○ Applies to all mortgage applicants

	Capital & Interest Repayment Method:	<ul style="list-style-type: none"> ◆ Maximum ≤ 95% LTV. ◆ Maximum Term: 35 years.
	Interest Only Repayment Method:	<ul style="list-style-type: none"> ◆ Maximum ≤ 60% LTV. ◆ Maximum Term: 25 years.
	Part & Part Combined Repayment Method:	<ul style="list-style-type: none"> ◆ Not permitted
Repayment Vehicle	Endowment Policy:	<ul style="list-style-type: none"> ◆ The evidenced current or projected value at maturity must be equal or greater than the proposed loan amount or account exposure ◆ Projections should be based on the lower or middle growth rates, as deemed appropriate to comply with responsible lending ◆ The general expectation is that the latest annual statement is required and must be no more than 15 months old ◆ The name on the policy must match the names(s) shown on the application ◆ Not permitted where the maturity date of the Endowment Policy is later than the end date of the mortgage
	Pension Provision:	<ul style="list-style-type: none"> ◆ The evidenced current or estimated pension tax free lump sum must have a value equal to or greater than the proposed loan amount or account exposure ◆ The general expectation is that evidence must be no more than 15 months old ◆ Projections should be based on the lower or middle growth rates, as deemed appropriate to comply with responsible lending
	Investment & Savings Plan (including ISA's):	<ul style="list-style-type: none"> ◆ Permitted. ◆ The value of the plan must have at least 50% of the requested 'interest only' amount with a plausible investment strategy being demonstrated to cover the full value. ◆ The latest statement from the provider is required as evidence and must not be more than 12-months old. ◆ Must be administered by an FCA regulated Financial Services firm. ◆ All beneficiaries of the repayment vehicle must match the name(s) on the application.
	Sale of the Mortgaged Property:	<ul style="list-style-type: none"> ◆ Permitted ◆ Minimum equity should be the higher of £200,000 or the output of our Regional Equity Finder (available on wbfi.co.uk) for the area the applicant(s) intend to downsize to.
	Sale of other Property:	<ul style="list-style-type: none"> ◆ Permitted ◆ Subject to equity in other UK property is sufficient to repay the interest only part of the mortgage after any mortgage(s) on the other property has been repaid. Excludes commercial properties ◆ Evidence required from valuation and latest mortgage statement ◆ ◆ Subject to the property being owned solely by one or more of the applicant(s) (confirmation of ownership must be evidenced)
	Sales of Asset or Business:	<ul style="list-style-type: none"> ◆ Not permitted.
	Inheritance:	<ul style="list-style-type: none"> ◆ Not permitted.
		Government Right to Buy:

Lending Schemes	Shared Ownership	<ul style="list-style-type: none"> ◆ Permitted, subject to product availability ◆ Up to 95% LTV based on the borrowers share ◆ Maximum share of the property to be purchased – 75% (available for houses and flats) ◆ Minimum share of the property to be purchased – 25% ◆ Capital repayment only ◆ Additional borrowing may only be considered for the purchase of additional share of the property ◆ Rental payments should be calculated at 115% of the current rental figure and included in the affordability assessment. ◆ Applications are permitted where either a 30 April 2015 or newer model lease is in place ◆ Section 106 permitted: <ul style="list-style-type: none"> ○ Restriction on the resale of the property only where the Scheme Provider has an option to buy back the applicant's share at full market value for a period of no more than 3 months, The Society must then be able to staircase to 100% and sell the property on the open market at its full market value and no further restrictions may apply. ○ The mortgagee protection provisions in the lease must be unaffected by the restrictions ○ The Residential Surveying Panel Manager must confirm that the restriction has no impact on the value of the security.
	Shared Equity	<ul style="list-style-type: none"> ◆ Permitted, subject to product availability. ◆ Maximum LTV 75% subject to a minimum 5% being provided independently from the scheme. ◆ Additional borrowing may only be considered for the purchase of additional equity of the property. ◆ Capital Repayment only. ◆ Maximum term: 35 years ◆ Further advance or remortgage applications to repay the equity loan are permitted, as it will no longer be considered as Shared Equity ◆ Transfer of equity is permitted subject to prior agreement from Homes England.
	Tenants Incentive Scheme:	◆ Not permitted.
	Ministry of Defence Homes:	◆ Not permitted.
	Purchase from Own Company:	◆ Not permitted.
	Key Workers Scheme:	◆ Not permitted.
	Lodgers/Rent a Room Scheme:	◆ Not permitted.
Minimum Age Requirements	Main Applicant/ Income Earner:	◆ 21 years.
	Other Applicants:	◆ 18 years.

<p>Maximum Age Requirements</p>	<p>All Applicants:</p>	<p>Capital & Interest</p> <ul style="list-style-type: none"> • Loan to be repaid by applicant's 75th Birthday <p>Interest Only</p> <ul style="list-style-type: none"> • Loan to be repaid by applicants 70th Birthday <p>Subject to affordability including assessment of evidenced post-retirement income if beyond applicant's declared retirement age.</p>
<p>Applicant Type</p>	<p>First Time Buyers:</p>	<ul style="list-style-type: none"> ◆ Permitted. ◆ A first time buyer application is defined where none of the applicant(s) have had a mortgage (Owner Occupied, Buy to Let or Let to Buy) within the last 3 years.
	<p>Next Time Buyers:</p>	<ul style="list-style-type: none"> ◆ Permitted.
	<p>Nationality</p>	<ul style="list-style-type: none"> ◆ Permitted where the applicant is evidenced as a British/Irish Citizen resident in the UK. ◆ Non British/Irish Citizens resident in the UK who have permanent rights of residency or indefinite leave to remain and 3 years' residential history in the UK immediately prior to this application ◆ For EU/EEA/Swiss Nationals the Society will accept Settled Status but not Pre-Settled Status. A share code should be added as a note at application so permanent right to reside in UK can be ascertained. ◆ Applicants must not hold any level of diplomatic immunity. ◆ Applications will be accepted from: <ul style="list-style-type: none"> ○ UK Armed Forces Personnel who are currently stationed in the UK or overseas who wish to purchase or remortgage a property that is intended to be their main residence either immediately or in the future ○ Where the property is not to be the applicant's immediate main residence it is acceptable for: <ul style="list-style-type: none"> ▪ The property to be occupied by the applicant's spouse/partner and children; Or <ul style="list-style-type: none"> ▪ The property to be let on an Assured Shorthold Tenancy basis.
	<p>Guarantor:</p>	<ul style="list-style-type: none"> ◆ Not permitted.
<p>Employment Type</p>	<p>Employed-Permanent (including in probation):</p>	<ul style="list-style-type: none"> ◆ Permitted. ◆ Subject to at least 12 months continuous declared employment history and at least three months with current employer ◆ Separate gaps in employment of up to three months, at any one time, are considered acceptable within the 12 month period ◆ Professional occupations are permitted if less than 12 months continuous employment or less than three months with current employer. Please refer to the Intermediary Sales and Support team for further information.
	<p>Employed-Piece Work:</p>	<ul style="list-style-type: none"> ◆ Permitted ◆ Must evidence that applicant has been employed on a similar basis for a minimum of 12 months ◆ Income to be based on an average of the last 12 months
	<p>Employed-Commission Only:</p>	<ul style="list-style-type: none"> ◆ Not permitted.
	<p>Employed-Temporary/Zero hours/Agency Contract:</p>	<ul style="list-style-type: none"> ◆ Permitted ◆ Subject to evidence of 12 months employment on this basis. ◆ Income to be based on an average of the last 12 months earnings ◆ Applications from 'professional' occupations (e.g. doctor, teacher etc. and qualified tradespeople where there is clear future earning potential)

	Employed-Seasonal Contract:	<ul style="list-style-type: none"> ◆ Not permitted.
	Employed-Fixed Term Contract:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Subject to 12 months' continuous fixed term contract employment within the same skill set ◆ New fixed term contract replacing an employed position held in the same skill set ◆ Applications from 'professional' occupations (e.g. doctor, teacher etc. and qualified tradespeople where there is clear future earning potential) permitted where they are entering their first fixed term contract, with no requirement for the 12 month fixed term contract history. ◆ A minimum of 6 months remaining on the current contract
	Employed-Family Business:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Subject to income being verified by latest 3 months payslips and bank statements showing individual salary credits.
	Employed-Parental leave	<ul style="list-style-type: none"> ◆ Permitted. ◆ Subject to the applicant declaring their intention to return to work. ◆ Affordability should take into consideration future childcare costs and the addition of a child dependant ◆ Income may not be considered where the applicant does not declare they will be returning to work
	Employed-Multiple Employment:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Subject to the income and hours worked being sustainable over the term of the mortgage ◆ Secondary employments outside of the applicants' primary occupation limited to 50% of the income ◆ Where an applicant(s) has multiple employers whilst working within the same skill set we may consider 100% of income and this will be counted as one job ◆ A maximum of 2 jobs is allowable.

	Self Employed:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Self-employed is defined as a Sole Trader, Partner in a Partnership, LLP or where a ≥ 25% shareholding is held in a Limited Company. <p>Sole trader or Partner in a Partnership:</p> <ul style="list-style-type: none"> ◆ Subject to the business trading for a minimum of 2 years and where 2 years finalised accounting information is available ◆ Income used will be the lower of the latest finalised years or an average of the last 2 years share of net profit ◆ SEISS grants are permitted as a source of income where the grant is deemed as a replacement of income that would have been received if the business had been trading as normal. <p>Limited Liability Partnership (LLP):</p> <ul style="list-style-type: none"> ◆ Permitted subject to the business trading for a minimum of 2 years and where 2 years finalised account information is available ◆ Income used will be the lower of the last 2 years share of net profit ◆ May permit less than 2 years, where an applicant has recently joined an LLP providing the business has been trading for at least 2 years ◆ SEISS grants are permitted as a source of income where the grant is deemed as a replacement of income that would have been received if the business had been trading as normal. <p>Limited Company:</p> <ul style="list-style-type: none"> ◆ Permitted subject to the business trading for a minimum of 2 years and where 2 years finalised account information is available ◆ Income will be the lower of the latest finalised years or an average of the last 2 years salary or dividend ◆ May permit less than 2 years trading where a sole trader or partnership has changed to Limited Company status providing the business as a sole trader/partnership has been trading for at least 2 years <p>Construction Industry Scheme (CIS)</p> <ul style="list-style-type: none"> ◆ Permitted subject to : ◆ 2 year track record of sub-contracting under CIS ◆ Income used will be the lower of the latest finalised years or an average of the last 2 years share of net profit
Income Multiples	Sole Borrower:	<ul style="list-style-type: none"> ◆ 4.5 x main income where allowable income ≤ £50,000 p.a.; or ◆ 5 x main income where allowable income > £50,000 p.a. ◆ Multiples above 4.5 x will be capped at 85% LTV
	Joint Borrowers:	<ul style="list-style-type: none"> ◆ 4.5 x main income + 1 x secondary income (where joint allowable income ≤ £50,000 p.a.); ◆ 5 x main income + 1 x secondary Income (where joint allowable income > £50,000 p.a.); ◆ 4 x joint income (where joint allowable income ≤ £50,000 p.a.); and ◆ 4.5 x joint income (where joint allowable income > £50,000 p.a.). ◆ Multiples above 4.5 x will be capped at 85% LTV

Affordability	Affordability Assessment:	<ul style="list-style-type: none"> ◆ An affordability assessment based on a Capital & Interest repayment method, is required in all instances to support the authorisation of an Offer of Loan. ◆ An affordability assessment is considered on the basis of net applicant income and household expenditure. ◆ A “household” is considered to be anyone who will be resident in the security property as their main residence and has a financial dependency on the applicant(s). ◆ A dependent child is defined as a child who is residing in the security as their main home and ≤ 16 years of age. ◆ A dependent adult is defined as anyone who is 17 or older and is residing in the security as their main home and is unable to independently support themselves financially. ◆ The Society declines to accept a further application from a sole applicant where they have previously been party to a joint application which failed the affordability assessment.
	Allowable Income:	<ul style="list-style-type: none"> ◆ Only income which is allowable under policy and evidenced should be used to assess affordability. ◆ Income from non-applicants cannot be used to assess affordability. ◆ Non-Sterling income not permitted.
Income Type	Basic:	<ul style="list-style-type: none"> ◆ Permitted. ◆ 100% of gross basic salary.
	Overtime, Bonus & Commission:	<ul style="list-style-type: none"> ◆ Permitted. ◆ 100% of monthly overtime, bonus and commission. ◆ 50% of overtime, bonus and commission if not paid monthly. ◆ Subject to additional income not exceeding 100% of gross basic salary
	Shift Allowance & Call Out Expenses:	<ul style="list-style-type: none"> ◆ Permitted. ◆ 100% of permanent contractual shift allowance .
	Car and Fuel Allowance:	<ul style="list-style-type: none"> ◆ Permitted. ◆ 100% where evidenced and contractual.
	Large Town Allowance:	<ul style="list-style-type: none"> ◆ Permitted. ◆ 100% where evidenced and contractual.
	Travel or Petrol Expenses:	<ul style="list-style-type: none"> ◆ Not permitted.
	Working Tax Credit:	<ul style="list-style-type: none"> ◆ Permitted. ◆ 100% may be considered where evidenced.
	Child Tax Credit:	<ul style="list-style-type: none"> ◆ Permitted, further information should be taken from expenditure type - Dependent Maintenance/Childcare costs.
	Family Allowance:	<ul style="list-style-type: none"> ◆ Not permitted.
	Attendance Allowance:	<ul style="list-style-type: none"> ◆ Not permitted.
	Carer’s Allowance:	<ul style="list-style-type: none"> ◆ Not permitted.

Income Type	Foster Carer's Allowance:	<ul style="list-style-type: none"> ◆ Permitted ◆ A letter from the Foster Agency confirming:- <ul style="list-style-type: none"> ○ The total income paid for each of the last 2 years. ○ That income is likely to continue at the same level for the foreseeable future. ◆ Income assessed as lower of the average of the last 2 years or the current year. <p>The children in foster care of the applicants must be keyed as dependents.</p>
	Disability Living Allowance:	<ul style="list-style-type: none"> ◆ Not permitted.
	Incapacity Benefit:	<ul style="list-style-type: none"> ◆ Not permitted.
	Income Support:	<ul style="list-style-type: none"> ◆ Not permitted.
	Maintenance:	<ul style="list-style-type: none"> ◆ Permitted ◆ Where evidenced and considered sustainable ◆ Maximum LTV 80% where only income source
	Bursary/Stipend:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Where supported and evidenced.
	Bank Nursing/Supply Teachers:	<ul style="list-style-type: none"> ◆ Permitted.
	Earned Pension:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Up to 100% of earned pension where evidenced.
	State Pension:	<ul style="list-style-type: none"> ◆ Permitted ◆ Up to 100% of state pension where evidenced
	Property Rental Income:	<ul style="list-style-type: none"> ◆ Permitted. ◆ 50% of the rental income from an unencumbered Buy to Let or Let to Buy property maybe considered within the affordability assessment. Professional landlords (defined by 4 or more properties) may declare a secondary income, derived from business accounts or SA302, (ensuring the costs used to calculate the Relief for Finance Costs is deducted from the Profit from land and property figure) received from rental income which will be subject to standard self-employed criteria.
	Lodger Rental Income:	<ul style="list-style-type: none"> ◆ Not permitted
	Investment Income:	<ul style="list-style-type: none"> ◆ Not permitted.
	Self-Employed Income:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Income is limited to the lower of the average of the last 2 years' or the current year
		Dependent Maintenance/Childcare costs:
Council Tax:		<ul style="list-style-type: none"> ◆ Actual or expected council tax.

Expenditure Type (based on monthly expenditure, used in affordability assessment)	Insurance payments & Contributions:	<ul style="list-style-type: none"> ◆ A deduction covering: <ul style="list-style-type: none"> ○ Buildings and contents insurance premiums; and ○ Those termed as essential by the borrower, for example Life Insurance and protection or pension contributions
	Food & Non Alcoholic Drink:	<ul style="list-style-type: none"> ◆ Average expenditure on food and non-alcoholic drink.
	Travel & Transport:	<ul style="list-style-type: none"> ◆ A deduction covering: <ul style="list-style-type: none"> ○ Essential and non-essential travel ○ Petrol and car parking ○ Car tax, car insurance and car maintenance ○ Public transport costs.
	Housing, fuel, power and communication:	<ul style="list-style-type: none"> ◆ A deduction covering: <ul style="list-style-type: none"> ○ Water, gas, electricity and other heating ○ Telephone – landline and mobile ○ T.V. licence ○ T.V and internet packages ○ Ground rent and service charges
	Other Expenditure:	<ul style="list-style-type: none"> ◆ A deduction covering: <ul style="list-style-type: none"> ○ Clothing, footwear, health
	Credit /store cards and mail order:	<ul style="list-style-type: none"> ◆ Declare all balances on credit/store cards and mail order accounts. Please indicate which items will repaid at completion. ◆ Consider 3% of balance(s) as a deduction where not to be repaid prior to the release of funds
	Loan/Hire Purchase Agreements:	<ul style="list-style-type: none"> ◆ Declare all monthly payment(s) where not to be repaid prior to release of funds.
	Outstanding Residential Owner Occupier Mortgage:	<ul style="list-style-type: none"> ◆ Declare any other mortgage debt which will not be repaid prior to release of funds.
	Outstanding Buy to Let Mortgage:	<ul style="list-style-type: none"> ◆ Declare any Buy to Let or Let to Buy address, mortgage balance and the monthly payment which will not be repaid prior to the release of funds. However, a property with a mortgage is considered self-financing if the gross rent covers the current mortgage payment. If there is a shortfall it must be added as a cost in the affordability calculation.
Impaired Credit	Credit Searches:	<ul style="list-style-type: none"> ◆ A credit search is performed on all applicants.
	Impaired Credit History (ICH):	<ul style="list-style-type: none"> ◆ Not permitted where: Arrears on a current or previous secured or unsecured loan within the last 2 years, where the cumulative amount over due at any point reached three or more monthly payments. <ul style="list-style-type: none"> ○ An applicant has had one or more CCJs registered within the last 3 years, either satisfied or unsatisfied, with a total value greater than £500. ○ An applicant has been subject to an IVA within the last 3 years. ○ An applicant has been subject to a bankruptcy which has been discharged for less than 3 years
	Repossession:	<ul style="list-style-type: none"> ◆ Not permitted where the applicant has had a property repossessed within the last 6 years.
	Equity:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Includes sale of existing property and release of equity from another property
	Savings:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Evidence of savings is required.

Deposit Type	Gifted:	<ul style="list-style-type: none"> ◆ Permitted where from a close family member. ◆ Confirmation of the sum being 'non-repayable' must be evidenced unless: <ul style="list-style-type: none"> ○ Protected by a Deed of Trust (or similar) or ○ Registered as a second charge ◆ Gift not acceptable where: <ul style="list-style-type: none"> ○ provided by the vendor (unless an acceptable new build incentive from the builder/developer); ○ provided by someone who is intending to reside in the property
	Other Gifts:	<ul style="list-style-type: none"> ◆ Not permitted.
	Deed of Gift and Transfer at Undervalue:	<ul style="list-style-type: none"> ◆ Permitted ◆ Subject to evidential requirements
	Builder's Incentive:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Subject to a maximum 5% discount or cashback up to 5% of the security value ◆ Incentives of over 5% are treated as a reduction in purchase price for maximum mortgage and LTV requirements
	Vendor's Incentive:	<ul style="list-style-type: none"> ◆ Not Permitted.
Processing Evidence	Residential History:	<ul style="list-style-type: none"> ◆ Applicants must declare address history for last 3 years. ◆ Evidence of residency must be provided at current address. ◆ Evidence may be electronically provided by: <ul style="list-style-type: none"> ○ One active Voters Roll record and one active CAIS record (excluding communication supplier and mail order records) at current address; or ○ Two active CAIS records (excluding communication supplier and mail order records) at current address. ◆ Where electronic identification is not possible, please refer to the 'how to submit business guide' for a detailed list of our requirements.
	Bank Statement:	<ul style="list-style-type: none"> ◆ Where requested evidence of the latest full calendar month main bank statement at least, for all applicants is required.
	Mortgage Statement:	<ul style="list-style-type: none"> ◆ Evidence of satisfactory mortgage payment conduct.
	Rent Reference:	<ul style="list-style-type: none"> ◆ Not Required
	Other Income Confirmation:	<ul style="list-style-type: none"> ◆ Evidence of all supporting approved income is required.
	Employment Confirmation:	<ul style="list-style-type: none"> ◆ Ways in which income can be evidenced include but are not restricted to: <ul style="list-style-type: none"> ○ Last full month's payslip ○ Latest 3 months' payslip and P60 (required if overtime/commission/bonus or other income(s) are being used for affordability)

Processing Evidence	Self-Employment Confirmation:	<ul style="list-style-type: none"> ◆ Evidence of self-employed income by: <ul style="list-style-type: none"> ○ Latest 2 years HMRC tax year calculations plus the tax overview documentation ○ Accountants certificate covering the most recent 2 years accounting period and/or ○ Latest 2 years accounts from a suitably qualified accountant ○ CIS vouchers <p>Please note:</p> <ul style="list-style-type: none"> ○ In all instances the latest 3 months business bank statements are required, which must clearly demonstrate trading is currently being maintained at a level sufficient to support the level of income used within the affordability assessment ○ Where the accounting period end on the provided set of personal income/net profit figures is older than 3 months, the last 3 months business trading bank statements should be obtained and considered. <p>The above information is for guidance purposes and further income evidence may be requested, if required.</p>
	Conveyancer Panel Management:	<p>Dual Representation</p> <ul style="list-style-type: none"> ◆ A panel solicitor or licensed conveyancer will represent the Society and the applicant within the legal transaction. Costs to be borne by the applicant. ◆ The Conveyancing Panel will be managed centrally by LMS. <p>Separate Representation</p> <ul style="list-style-type: none"> ◆ Not Permitted
	Form of Valuation:	<ul style="list-style-type: none"> ◆ A Form of Security Valuation to have been assessed and evidenced on all offered new advance applications.

Residential Security Policy

First Mortgage Valuation	Valuation Options:	<ul style="list-style-type: none"> ◆ An applicant may choose one of the following forms of valuation: <ul style="list-style-type: none"> ○ Standard Valuation Report (Mortgage Valuation Report); ○ Home Buyers Valuation Report (RICS Home Survey (Level 2)); ○ Full Structural Valuation Report (RICS Home Survey (Level 3)).
Security Value & Condition	House, Bungalow:	◆ Minimum Value £70,000.
	Flat or Maisonette:	◆ Minimum Value £70,000
	Minimum Retention Value:	◆ Retentions are not made for amounts less than £5,000
	Specialist Reports Requirement:	◆ Where the valuer requests a specialist report, all reports should be provided by an approved contractor and evidenced accordingly.
Security Demand	England:	◆ Permitted.
		◆ Isle of Man and Channel Islands are not permitted.
		◆ Permitted subject to the Valuer confirming the property is suitable security for our Mortgage including: <ul style="list-style-type: none"> ○ Where there is good demand and the property is likely to rise and fall in line with the general market conditions
		◆ The location, environmental factors or individual features of the property may cause the value to perform better than market conditions

Security Geographical Location	Wales:	<ul style="list-style-type: none"> ◆ Permitted.
	Scotland:	<ul style="list-style-type: none"> ◆ Not permitted.
	Northern Ireland:	<ul style="list-style-type: none"> ◆ Not permitted.
	Ireland:	<ul style="list-style-type: none"> ◆ Not permitted.
	Freehold:	<ul style="list-style-type: none"> ◆ Permitted where security is not a flat or maisonette
Security Tenure	Flying Freehold:	<ul style="list-style-type: none"> ◆ Permitted providing no more than 15% (measured against the total floor areas of the building) of the property is affected and where security is not a flat or maisonette.
	Leasehold:	<ul style="list-style-type: none"> ◆ For Capital and Interest, the lease must have at least 60 years left at the end of the mortgage term ◆ For Interest Only, the lease must have at least 85 years left at the end of the mortgage term
	Commonhold:	<ul style="list-style-type: none"> ◆ Not permitted.
	Feuhold:	<ul style="list-style-type: none"> ◆ Not permitted.
	Minimum Accommodation Requirement:	<ul style="list-style-type: none"> ◆ Minimum requirements – internal toilet, bathroom, kitchen
Security Basic Criteria	Minimum Utilities Requirement:	<ul style="list-style-type: none"> ◆ Permitted where mains service connections exist. ◆ May consider where septic tank or private utilities exists.
	Proximity To Japanese Knotweed:	<ul style="list-style-type: none"> ◆ Permitted subject to surveyor comments on proximity categories and severity in line with RICS guidance, if deemed: <ul style="list-style-type: none"> ○ Category 1 permitted ○ Category 2 or 3 considered subject to treatment to eradicate ○ Category 4 not permitted ○ Specialist reports and insured remedial action via an approved contractor will be required
	Proximity to Mine or Adit:	<ul style="list-style-type: none"> ◆ Permitted subject to mining report not identifying any potential risks
	Proximity to Flood Risk Area:	<ul style="list-style-type: none"> ◆ Permitted where not designated in 'Extreme' or 'High' risk flood area. ◆ Subject to insurance available on standard terms and conditions.
	Ground rent	<ul style="list-style-type: none"> ◆ Permitted subject to; <ul style="list-style-type: none"> ○ Ground rent at the start of the lease not exceeding 0.1% of the property value or £250 (£1,000 in London) ○ The amount and terms of any periodic increase are clearly stated and comply with the following requirements: <ul style="list-style-type: none"> ▪ RPI linked ▪ Ground rent increases no more frequently than every 10 years ▪ Doubling or fixed amount increase ▪ Ground rent increases no more frequently than every 20 years
	Estate rent charge	<p>Permitted where any of the following apply:</p> <ul style="list-style-type: none"> ▪ The agreement must specifically prohibit the collector/recipient of the rent charge from being able to create a lease over the property ▪ The agreement includes a mortgage protection clause, which requires the rent charge owner to give a mortgagee at

		<p>least 2 months' notice prior to any enforcement action being taken by the owner of the estate rent charge</p> <ul style="list-style-type: none"> ▪ The owner of the rent charge is a management company comprising of the residents, who are the shareholders of a private freehold development <p>In addition:</p> <ul style="list-style-type: none"> ▪ The current annual amount payable under any rent charge must not exceed £500 in present value. ▪ Where a conveyancer considers that an escalation of the estate rent charge could affect the valuation figure this should be referred to the original Valuer for their consideration.
	Service charge	<ul style="list-style-type: none"> ♦ Where a conveyancer identifies that the landlord or managing agent foresees any significant increase in the level of the service charge in the reasonably foreseeable future this should be referred to the Society's In-House Lawyer and the original valuer for consideration
	Minimum New Build Requirement:	<ul style="list-style-type: none"> ♦ Permitted ♦ New build is defined as a property that has been completed or converted in the last 24 months, or on first occupation ♦ Maximum 75% LTV for flats/maisonettes ♦ Maximum 85% for other builds ♦ Completion within 12 months of application ♦ New build/Shared Ownership lending within a specific development is restricted to: <ul style="list-style-type: none"> ○ Maximum 25% exposure within a development ○ Maximum 25% may be flats/maisonettes of the securities accepted ○ Maximum 25% of flats per block ○ Maximum of 25% of Shared Ownership proportion of a development ○ Qualified Architect supervised new builds permitted where an acceptable building warranty is available ○ Off plan purchases permitted where completion complies with standard Offer of Loan and Valuation validity period ♦ Acceptable new build warranties: <ul style="list-style-type: none"> ○ NHBC ○ Premier Guarantee ○ Building Life Plans underwritten by Allianz Global ○ LABC New Build Warranty ○ Checkmate Castle 10 ○ Buildzone ○ Q Assure Build ○ Global Home Warranties ○ Protek (subject to the Society interest being noted on the individual policy) ○ HomeProof
	Self/Custom Build:	<ul style="list-style-type: none"> ♦ Not Permitted
	House, Bungalow:	<ul style="list-style-type: none"> ♦ Permitted. ♦ New build: Maximum 85% LTV. ♦ Non-new build: Maximum 95% LTV.
	Flat / Maisonette:	<ul style="list-style-type: none"> ♦ Permitted. ♦ New build: Maximum 75% LTV. ♦ Non-new build: Maximum 85% LTV. ♦ Restricted to 25% of a development ♦ Flats \leq 5 storeys subject to acceptable property type, valuation and LTV (number of storeys assessed from ground level) ♦ All flats in blocks of more than 4 storeys require lift access (number of storeys assessed from ground level) ♦ Flats with deck access are not permitted

Security Construction Type		<ul style="list-style-type: none"> ◆ The block complies with the Society's policy on mixed use ◆ Acceptable where there is a masonry outer leaf and no combustible materials are identified
	Studio flats	<ul style="list-style-type: none"> ◆ Permitted ◆ Maximum 75% LTV ◆ Restriction of 25% of a development ◆ Minimum floor area of 30 square meters ◆ Accepted where there is a masonry outer leaf and no combustible materials are identified
	Back to Back build formation:	<ul style="list-style-type: none"> ◆ Not permitted.
	Coach House:	<ul style="list-style-type: none"> ◆ Permitted, subject to 85% LTV. ◆ New build 75% LTV.
	Holiday and Second Homes:	<ul style="list-style-type: none"> ◆ Permitted. ◆ Maximum 85% LTV. ◆ The property must be for the exclusive use of applicants and freely marketable. ◆ Not permitted <ul style="list-style-type: none"> ○ Where the property is to be occupied by the applicant(s) and/or applicants family and friends as a main residence
	Security Above or adjacent to Commercial Premises:	<ul style="list-style-type: none"> ◆ Permitted ◆ Flat/maisonette maximum 75% LTV and minimum value of £150,000 ◆ Subject to restriction of maximum 25% of a development ◆ Excluding commercial premises that have an adverse impact on security valuation ◆ The property to act as the Society's security must have an independent access. Those that are accessed via the commercial premises are not permitted ◆ The following commercial uses are not permitted: <ul style="list-style-type: none"> ○ A3 – restaurant and café ○ A4 - drinking establishment ○ A5 – hot food takeaway ○ Sui Generis – commercial of its own kind e.g. scarp yard, petrol station, night club, launderette
	Partial business/commercial use	<ul style="list-style-type: none"> ◆ Permitted subject to: <ul style="list-style-type: none"> ○ the property does not attract business rates ○ no modification is necessary to support the saleability of the property
	Security Type:	<ul style="list-style-type: none"> ◆ Not Permitted, examples of affected properties: ◆ Farms and smallholdings ◆ Grade 1 Listed Buildings ◆ Agricultural tie or Restricted properties ◆ Freehold flats and maisonettes including coach house flats ◆ Live / Work Units ◆ Mobile Homes / River boats ◆ Properties with 10 or more acres of land ◆ Purchase of land ◆ Low cost housing/restricted resale covenant schemes. ◆ Sheltered housing and properties with restricted age for the occupants. ◆ Holiday Lets ◆ Deck access flats ◆ Flats converted from former office, industrial buildings ◆ Properties with asbestos

	<p>Security Restrictions:</p>	<ul style="list-style-type: none"> ◆ Permitted for Shared Ownership only ◆ Restriction on the resale of the property only where the scheme provider has an option to buy back the customer's share at full market value for a period of no more than 3 months. The Society must then be able to staircase to 100% and sell the property on the open market at its full market value and no further restrictions may apply ◆ The mortgagee protection provisions in the lease must be unaffected by any restrictions ◆ The Residential Surveying Manager must confirm that the restriction has no impact on the value of the security ◆ Not permitted: <ul style="list-style-type: none"> ○ Agricultural tie or restricted properties ○ Sheltered housing and properties with restricted age for the occupants ○ Low cost housing/restricted resale covenant scheme (other than detailed above)
	<p>Roof type:</p>	<ul style="list-style-type: none"> ◆ Pitched roofs covered with tiles or slates (including artificial slates), or thatched ◆ Flat roofs clad with copper, lead, zinc, asphalt are considered acceptable as are other modern materials which carry a minimum 25 year guarantee ◆ Mineral felt flat roofs tend to have a shorter lifespan and are acceptable for dormers or extensions but not where they form 100% of the total roof area
	<p>Timber Frame:</p>	<ul style="list-style-type: none"> ◆ Permitted: <ul style="list-style-type: none"> ○ Post 1965 timber frame external skin is predominantly masonry ◆ Not permitted: <ul style="list-style-type: none"> ○ Pre 1965 timber framed properties ○ Timber frame with timber outer leaf
	<p>Steel Frame:</p>	<ul style="list-style-type: none"> ◆ Permitted ◆ Post 1990 steel frame ◆ Subject to Full Structural Survey ◆ Not Permitted <ul style="list-style-type: none"> ○ Pre 1990 steel frame.houses and bungalows <p>The following are examples of pre 1990 affected properties:</p> <ul style="list-style-type: none"> ○ Atholl ○ B.I.S.F ○ Crane ○ Cussins ○ Levett Cartwright ○ Roften ○ Denniss-Wild ○ Thorncliffe ○ Dorlonco ○ Trusteel MK 1 and MK 2 ○ Telford 5M ○ Howard ○ Keyhouse uUnibuilt ○ Steane ○ Asbestos Clad Birminham Housing
	<p>Modern Steel Frame</p>	<ul style="list-style-type: none"> ◆ Permitted ◆ With a predominantly masonry outer leaf ◆ Subject to: <ul style="list-style-type: none"> ○ BOPAS or similar accreditation ○ Local authority approvals ○ NHBC or similar 10 year new build warranty ○ BBA/BRE certificates (frame and cladding)

	Concrete Frame:	<ul style="list-style-type: none"> ◆ Permitted ◆ Subject to valuer confirming suitable security and subject to property passing appropriate checks to confirm structural integrity. ◆ Examples of permitted properties: <ul style="list-style-type: none"> ○ Wimpey No-Fines; ○ Laing Easiform post 1945; ○ Mundic Block; and ○ Bryants ◆ Not permitted: <ul style="list-style-type: none"> ○ Examples of affected properties: Reema Hollow Panel and Cross Wall construction
	Prefabricated Concrete System	<ul style="list-style-type: none"> ◆ Prefabricated concrete properties will be considered where: <ul style="list-style-type: none"> ○ Supported by the valuer, and ○ Repaired under an approved scheme, and ○ Where the immediately adjacent property has also been repaired ◆ To be acceptable there must be either a PRC Home Limited certificate or confirmation by a civil or structural engineer that the repair scheme was licenced by PRC Homes Limited prior to its demise in September 1996 ◆ Examples of affected properties: <ul style="list-style-type: none"> ○ Airey; ○ Boot Beaucrete; ○ Cornish Unit; ○ Dorran; ○ Dyke; ○ Gregory; ○ Myton; ○ Newland; ○ Orlit; ○ Parkinson Frame; ○ Schindler and Hawkesley SHS; ○ Stendt; ○ Stonecrate; ○ Tarran; ○ Underdown; ○ Unity and Butterley; ○ Waller; ○ Wates; ○ Wessex; ○ Winget; ○ Wollaway; ○ Hamish Cross; and ○ Stour Smith Boswell
	ICF – Insulated Concrete Forms	<ul style="list-style-type: none"> ◆ Permitted ◆ With an accredited external cladding ◆ Subject to: <ul style="list-style-type: none"> ○ BOPAS or similar accreditation ○ Local authority approvals ○ NHBC or similar 10 year new build warranty ○ BBA/BRE certificate (frame and cladding) ○ Subject to relevant recognised warranty
	SIPS – Structured Insulated Panel	<ul style="list-style-type: none"> ◆ Permitted ◆ With a predominantly masonry outer leaf ◆ Subject to: <ul style="list-style-type: none"> ○ BOPAS or similar accreditation ○ Local authority approvals ○ NHBC or similar 10 year new build warranty ○ BBA/BRE certificate (frame and cladding) ○ Subject to relevant recognised warranty

	Oak Frame	◆ Consideration on an individual basis with support from Residential Surveying Panel Manager.
	Modular	◆ Consideration on an individual basis with support from Residential Surveying Panel Manager.

Definitions

ADV	:	Advance
BTL	:	Buy to Let
CAIS	:	Credit Account Information Sharing
CCJ	:	County Court Judgment
CII	:	Consumer Indebtedness Index
COMM	:	Commission
KFI	:	Key Facts Illustration
LTV	:	Loan to Value
RMC	:	Regulated Mortgage Contract

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