

Mortgages and Affordability

Affordability

Consideration of any application is primarily based on the customer's ability to repay the mortgage loan. Calculation of the amount we will lend to an applicant is based on assessing affordability taking account of income, regular commitments and living expenses.

Primary Income is permanent, reliable, regular and sustainable. Secondary Income is income that, whilst not permanent or guaranteed, is nevertheless regular and sustainable

An application will be deemed unaffordable (and will therefore be automatically declined) where either income multiples or levels of unsecured debt are too high. To ensure a realistic figure is used for affordability purposes the system will automatically use 100% of primary income and a maximum of 50% of secondary income, to calculate the net monthly income figures. The table below shows the income types considered.

Please note that applications will be subject to additional policy including maximum income multiples and debt:income ratios.

Income Types

Primary income (100% of income)		Secondary income (50% of income)
Gross basic	Other	
Permanent contract of employment	London weighting	Overtime
Fixed term contracts	Large town allowance	Second job not in the same line as work as the primary job
Basic salary	Shift allowance	Bonuses that are paid monthly or less frequently
Pensions and annuities	Employer's mortgage subsidy	Performance related bonuses
Employed income (Salary) for director of a limited company	Housing allowance	Commissions
Net profit of a sole trader/partnership	Car allowance	Discretionary mortgage subsidies and housing allowances
Second job in the same line of work as the primary job	Dividends for directors (>20% shareholding only)	Investment income
	DWP/HMRC benefits guaranteed for life	Maintenance payments
	Working tax credit	Non-guaranteed DWP benefits, e.g. Carer's allowance
	Child tax credit	Rental income from mortgage free property
	Child benefit	Rental income in excess of 150% of the mortgage payment
		Fostering income