

# INTERMEDIARY CRITERIA GUIDE

FOR INTERMEDIARY USE ONLY  
EFFECTIVE APRIL 2024

  
The Cumberland  
For Intermediaries

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1. NO LEND  
POLICY LIMITS

2. LTV / LOAN  
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4. CRITERIA

# 1. NO LEND POLICY LIMITS

There is **no appetite** to offer Cumberland products to customers in the following circumstances:

- Applicants with Impaired Credit History, defined as:
  - In the last 2 years they have been 3 months or more overdue on a mortgage or loan (secured or unsecured),
  - In the last 3 years they have had 1 or more CCJs (settled or unsettled) with a total value of greater than £500.
  - Have been subject to an IVA or Bankruptcy Order which was in force at any time within the last 3 years.
- LTV's above 95% (excluding fees\*) for owner-occupied residential mortgages
- Terms in excess of 40 years
- Where sole or joint income is less than or equal to £40,000, LTV exceeds 80% and income multiplier is higher than 4.49x (see section 4.4.10)
- Total loan value greater than £5m for a single loan
- Total loan value greater than £15m for a single counterparty connected by legal liability
- Where income verification is self-certified
- More than 4 joint applicants
- The borrower is a limited company incorporated outside of the UK
- The borrower is resident outside of the UK (excludes British Armed forces, see below)
- Where any customer within an application is less than 18 years old
- Where the valuation report does not consider the asset suitable security for mortgage purposes
- Loans secured on property outside England, Scotland or Wales (For Islands see Construction)
- Loans secured on property with non-standard construction where insurance covering the construction type cannot be obtained
- Loans where comprehensive buildings insurance cover cannot be obtained for the current reinstatement value of the property.
- Non-sterling loans
- Syndicated loans
- Equity release products
- Trusts funds in any form (Income, Deposit, Beneficiary)

(\* Excluding fees unless this would breach the maximum LTV thresholds)



## 2. LTV/LOAN MAXIMUMS

Lending above 95% is outside policy for owner occupied residential mortgages. Single loans above £5m are outside policy.

The societies maximum LTVs are detailed as follows:

MAXIMUM LOAN AMOUNT	LTV
£0 - £450,000	95%
+£450,000-£750,000	85%
>£750,000	75%
London and South East	75%

**For Loans greater than 90% if two of the following high-risk indicators are present a referral to our Underwriters will be required at DIP stage. This will increase our processing time.**

Employed for less than six months with their current employer
Not in continuous employment for the last two years
Employed on a fixed-term or zero-hours contract
Self-employed
Gifted Deposit
Any low-level Credit Issues (within criteria) or payday loans
Income multiple is above 4.49x (and sole/joint gross income >=£40k: no lend<£40k)

The society restricts LTV dependent on type of borrowing, this is detailed as follows:

LENDING TYPE	MAX LTV
Purchase	95%
Remortgage	90%
Interest only (repayment vehicle)	75%
Interest only (sale and downsize)	60%
Lending in retirement (sale and downsize not available)	70%
Lending into retirement	
Capital and Repayment	80%
Interest Only (repayment vehicle)	75%
Interest only (sale and downsize)	50%
Buy to let	75%
Holiday let	75%
In area new build houses	90%
Out of Area New Build Houses	85%
In area new build flats	80%
Out of Area New Build Flats	75%
Loans with debt consolidation	80%
Loans with stressed debt consolidation	60%

# 2.1. LENDING IN OR INTO RETIREMENT

As detailed above the society does not offer Equity Release products.

## Lending in Retirement

Where any of the applicants have told us at application stage that they have already retired or are 70 or older.

## Lending into Retirement

Where the term of the mortgage would extend past the oldest applicant's 70th birthday or past any applicant's stated retirement age – whichever is the soonest, the loan is classed as Lending into Retirement.

- Where any applicant is within 10 years of retirement and lending extends into retirement, we must verify that the loan is affordable on the expected retirement income as well as the current income.
- Where the applicant(s) is/are more than 10 years from retirement and lending extends into retirement, a proportional approach would be to validate that the customer has a private pension.

### PENSION RELATED INCOME

Pension – state

Pension – private

Pension credits

Annuities

SIPP – investments

SIPP – rental/property

Pension investment income i.e., dividends within SIPP share portfolio

When determining if a loan is classified as lending into retirement, this should be based on the age of the oldest applicant at the end of the loan term. A maximum age limits apply to our retirement mortgages:

- Interest Only: On the date the application is taken, the oldest applicants age at the end of the mortgage term cannot be later than their 81st birthday.
- Capital and Interest: On the date the application is taken, the oldest applicants age at the end of the mortgage term cannot be later than their 86th birthday



# 3. AFFORDABILITY GUIDE

➤ [www.cumberland.co.uk/intermediaries/residential/how-to](http://www.cumberland.co.uk/intermediaries/residential/how-to)

We currently have a customer affordability calculator on our website, which will provide a good indication of affordability but we are working hard to build a bespoke calculator for intermediary use.

You can also request a quick affordability check or a full Decision in Principle (DIP) directly from us, which we will provide on the same day in most cases. Please refer to the 'How To Guides' for further information via the website address shown above and from here, you can also access our customer online affordability calculator.

## Income Multiple

- Up to 6 x sole/joint gross income where LTV <= 80%
- Up to 6 x where sole/joint gross income is >=£40,000 and LTV >80%
- Up to 4.49 x where sole/joint gross income is <£40,000 and LTV >80%

There are some differences to highlight between the model we use to complete the full affordability assessment and the customer online affordability calculator, and these are detailed below.

	ONLINE AFFORDABILITY CALCULATOR	AFFORDABILITY ASSESSMENT MODEL
Mortgage Product Selection	Tests at stress rate only	Tests at stress rate and pay rate if product selected is 5 Year Fixed
Dividend Income	Applies standard Income taxation	Applies correct dividend taxation
Childcare costs	Not requested	We apply the monthly cost
Pension Contribution	Not requested	We apply the monthly contribution
Household Expenditure	Not requested	We use figures from Office of National Statistics including Council Tax.





# 4. CRITERIA

The following table outlines the society's lending criteria and evidence requirements. If your client falls outside of these criteria please give us a call, our Intermediary Relationship Managers can chat through these cases with you.

## 4.1 KNOW YOUR CUSTOMER

The society will complete E-ID using bureau checks on receipt of a full application. Where the client fails EID, the following will be required: Customers must provide at least one document from list A and list B.

A. Evidence of identity	<ul style="list-style-type: none"><li>Valid UK Passport</li><li>Valid EEA Passport or EU member state ID card</li><li>International Passport</li><li>Biometric Residence Permit</li><li>Valid full UK Driving Licence Photocard (full or provisional)</li><li>Birth Certificate</li><li>Firearms or Shotgun Certificate</li><li>Government issued Benefit statement, for example Child Benefit, DWP.</li><li>HMRC tax assessment (coding notice or statement)</li><li>UK Armed Forces card or letter from commanding officer</li><li>Adoption Certificate</li><li>Home Office Immigration Status documents</li></ul>
B. Verification of address	<ul style="list-style-type: none"><li>Mortgage statement</li><li>Valid full UK Driving Licence Photocard (full or provisional)</li><li>Bank or Building Society statement</li><li>Credit card statement</li><li>Financial statement, for example pension or endowment</li><li>Council Tax statement</li><li>Utility bill</li><li>Government issued Benefit statement, for example Child Benefit, DWP.</li><li>Irish Passport Card</li><li>Letter from Headteacher or College principal</li><li>P45 or P60 statement</li><li>Payslip</li></ul>



## 4.1 KNOW YOUR CUSTOMER

Evidence of current address	Most recent two full months bank statements (showing client name, address, account number and sort code) for all accounts
Address residency history over the 3 years prior to the application	Residency History evidenced by society credit search.
Customers who are non-UK Nationals – We will consider applications where applicant/s are UK based/employed, subject to UK laws and taxes and there is permanent right of residency.	In addition to the above evidence: Evidence of Right of Residency
Members of the Armed services or UK nationals returning from working abroad	Documents to be in English.







### 4.3. PROPERTY CONSTRUCTION, RENOVATION AND IMPROVEMENT

<p><b>Self Builds – No Lend</b></p>	<p><b>We do not consider mortgage lending for self builds</b></p> <p>Definition of self-build: A property that has been completely renovated (with vacant possession for the complete property refurbishment) or conversion of a property that was not previously habitable or residential.</p>
<p><b>Uninhabitable Property – No Lend</b></p> <p>Definition of uninhabitable: A property that does not have an internal working kitchen or bathroom.</p>	<p><b>We do not consider mortgage lending where a property is uninhabitable.</b></p> <p>Definition of uninhabitable: A property that does not have an internal working kitchen or bathroom.</p>
<p><b>Structural and Non-Structural Home Improvements</b></p>	<p><b>We will consider mortgage lending for both structural and non-structural Home Improvements.</b></p>
<p><b>Maximum Acreage of the property/land 12 acres</b></p>	<p>Cannot consider where there is any farm subsidies, land/grass letting or commercial usage class on the title.</p>



## 4.4 INCOME CRITERIA

Unless otherwise stated, we will use 100% of the below income types as part of our affordability assessment.

### 4.4.1. Employed Income

(permanent / not under notice of termination or redundancy / seasonal or commission-only):

Basic annual income (including (including shift, unsocial hours, commission, allowances) from first or second job.	Most recent 2 monthly (or equivalent) payslips to verify income. Where customer has recently or is due to (within the next 3 months) change their job/salary, we will accept a signed contract or offer letter to verify income where payslips are not available. Where applicant is on paternity / maternity leave and intends to return on different terms, in addition to most recent 2 payslips, return to work date and revised salary need to be evidenced (e.g. copy of revised contract).
Bonuses	Bonus income can be accepted for affordability purposes where it can be evidenced that the bonus was generated for periods including COVID pandemic, either 2020 or financial year 2020/21. Evidence to be issued by employer
Fixed Term Contracts / Zero Hour Contracts	Fixed Term Contracts - Current contract must be for minimum of 12 months with at least 6 months remaining OR a 2 year track record exists. Most recent 2 monthly payslips, contract and up to 2 P60s to evidence criteria.  Zero Hour Contracts - Acceptable where the applicant has been with existing employer for at least 12 months. Most recent 2 monthly payslips and most recent P60 (or March yr end payslip form same year). Average of last 2 months pay slips to be used.

### 4.4.2. Self Employed Income

Sole Traders and Partnerships	Self employed applicants must have been trading for a minimum of 2 years and we will generally use an average of the last 2 years income.  For self-employed applicants affected by Covid, we may disregard 2020/2021 income which has been impacted, if we can evidence that historic levels of income have resumed – an underwriter will consider historic, current and potential future income.
Limited Companies or Limited Liability Partnerships: Customers with shareholding of ≥25% (includes joint customers & immediate family members)	Last 2 years SA302s or Tax Year Overviews (TYOs) showing drawings figures. Last 2 months business bank statements.  In the following circumstances we will also require the last 2 certified year end accounts <ul style="list-style-type: none"> <li>• Where the last SA302 is more than 15% lower than the previous year, and the average income is required</li> <li>• Where the applicant wishes to use net profits rather than the lower previous years drawings. Must be majority shareholder</li> <li>• Where mortgage is &gt;75% loan to value or loan amount &gt;£750k</li> </ul>





4.4.2. Self Employed Income

Limited Companies or Limited Liability Partnerships: Customer with shareholding of <25%	As Employed Income
Self Employed with income from a single / main contract only	Applicant must have been self employed for at least 2 years. Confirmation of the current contract in place is required.
Dividend Income	Dividend Income from Shares – The level of historic dividend income is no longer considered to be a reliable indicator of future dividend income  Dividend Income from an applicant’s own business – See Limited Companies or Limited Liability Partnerships

4.4.3. Pension Income

State Pension	Last 2 months bank statements evidencing the pension credit. Annualised.
Private Pension	Last 2 months pension payslips or Last 2 months bank statements showing pension credits.

4.4.4. Benefits Income

No Lend where benefit income represents more than 50% of income

Universal Credit Working Family Tax Credit Child Tax Credits Disability Allowance Other State Benefits	Most recent Benefit Confirmation letter and <b>last 2 months</b> bank statements evidencing credits.  Max 60% allowed for affordability if income is Disability Living Allowance or Personal Independence Payment.
Child Benefit Not applicable on incomes over £60k	<b>Last 2 months</b> bank statements evidencing credit. <b>Not acceptable when the applicant earns over £60k.</b>

4.4.5. Maintenance Support

Maintenance Income	Copy of Court Order, CSA Confirmation Letter or signed Child Maintenance Agreement, alongside last 2 months bank statements, evidencing credits. Child Maintenance Agreement forms can be found on the .Gov website, within the child maintenance section.
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4.4.6. Foster Care Income

Foster Care Income	Last 2 year SA302's and the average amount will be used. Letter from the Foster Agency confirming income paid for last 2 years and that the most recent year's is likely to continue for foreseeable future.
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4.4.7. Rental Income

Rental Income	Last 2 months bank/saving account statements evidencing regular monthly credits
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4.4.8. Investment Income

Investment Income (includes SIPP Income / Income Drawdown pensions)	<b>Most recent portfolio valuation (dated within last 12 months)</b> with income to be calculated as 4% of this figure or to be confirmed by fund manager.
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4.4.9. Allowances

100% of the following types of allowance are acceptable	Car Allowance Large city allowance Shift / Weekend / Anti-Social hours
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4.4.10. Income Multiples

<ul style="list-style-type: none"> <li>Up to 6 x sole/joint gross income where LTV &lt;= 80%</li> <li>Up to 6 x where sole/joint gross income is &gt;=£40,000 and LTV &gt;80%</li> <li>Up to 4.49 x where sole/joint gross income is &lt;£40,000 and LTV &gt;80%</li> </ul>	<b>Must also meet affordability checks</b>
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4.5. DEPOSIT CRITERIA

Sale proceeds of property completing at same time as mortgage	No evidence required – solicitor will conduct due diligence on this.
Sale proceeds of an earlier property sale or Sale proceeds from an asset sale (e.g. boat, business, shares)	Bank statements to evidence deposit and clear source of funds.
Savings	Bank statements to evidence deposit and clear source of funds.
Gift from a relative / third party – (this must be non-repayable)	A gift letter is always required Solicitor will conduct due diligence on this.



## 4.6. AFFORDABILITY ASSESSMENT / INCOME AND EXPENDITURE PROFILE (RESIDENTIAL MORTGAGES ONLY)

Evidence of sufficient savings to cover all fees (including estimated legal fees) and deposit at time of application.

Last 2 full monthly, main bank statements evidencing no high risk indicators.

- An unarranged overdrawn position above £250
- Gambling transaction(s)
- Pay Day Loan repayments
- Unpaid items due to lack of funds
- Unpaid item charges
- Gambling excludes National Lottery

Loans where affordability can be proven following a known variations in income and / or expenditure during the loan term

Loans where term extends into retirement – **See section 2.1**

Loans where there is a non dependent adult occupant who is not a party to the mortgage  
Non dependent adult occupiers do not need to be included in IEP we don't require proof of their income. They do need to sign a Waiver.

## 4.7. CREDIT HISTORY

**Lending to Credit Impaired customers is Outside Policy.**

A Credit Impaired customer is one who:

- Credit Reference Search shows that in the last 2 years they have been 3 months or more overdue on a mortgage or loan (secured or un-secured)
- Credit Reference Search shows that in the last 3 years they have had 1 or more CCJs (settled or unsettled) with a total value of greater than £500 (this includes CCJs granted more than 3 years ago but have remained unsettled within the last 3 years)
- Has been subject to an IVA or Bankruptcy Order which was in force at any time within the last 3 years

### Credit Searches

A Credit Search will be completed by the society on receipt of a full application and consent from applicants.





#### 4.7.1. Credit History

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We expect applicants to:

- Be registered on the electoral register at their current address
- Have arrears no greater than 1 month, in the last 2 years (excluding mortgages, see 4.7.2)
- Have no current arrears
- Have no current defaults
- Have not exceeded their overdraft or credit card limits by >£250

Applicants who have:

- had 1 or more CCJs the last 3 years to a **Communications Supplier, Mail Order or Utilities** with a total value of **less than** £500
- arrears of **2 months or more** within the last 2 years to a Communications Supplier, Mail Order or Utilities
- are within criteria.

#### 4.7.2. Mortgage Conduct

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Mortgages deemed to be within policy are:

- No mortgage arrears in last 12 months
- Max 1 months arrears in last 13-24 months

Anything outside of the above criteria would need referred with mitigating circumstances. Arrears of 3 months or more within last 2 years would be a 'No Lend'. You will need to declare on application if loan declined by another lender.

#### 4.7.2. Rental Conduct

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We expect applicants to:

- Have had no rent arrears within the last 2 months



### 4.8. INTEREST-ONLY CRITERIA (RESIDENTIAL OWNER-OCCUPIED LOANS ONLY)

Interest Only loans are granted subject to credible & fully evidenced repayment strategy (cost of the repayment strategy included within affordability assessment).

#### Interest Only Loans – Repayment Strategy - Sell and downsize

- Max 60% LTV
- Max 50% LTV where loan term extends into retirement for any applicant
- Not available if any applicant already retired
- Max loan size on interest only £2m
- If loan on a part and part basis, max as above on Interest only terms but could increase to 75% with remainder on ‘capital and interest’ basis

Where repayment will be from the sale of the mortgaged property, the following equity buffers will apply:

In Area	£150,000
Rest of UK	£200,000
South East	£300,000
London	£350,000

#### Interest Only Loans – Repayment Strategy Max LTV 75%

These evidence criteria also apply where any of these are provided as additional security

Endowment policy	Most recent bonus statement showing premium, maturity date and projected maturity value dated within last 12 months; <b>and</b> Bank statement showing the most recent payment to prove that the policy is still in force. NOTE: Where projected value is required, Society will assume middle of three scenarios prescribed by FCA taking inflation into account (0.5%, 2.5% and 4.5% from July 2018)
Regular Payment Cash/Stocks & Shares ISA (UK)	Most recent annual statement (dated within last 12 months) showing current value; <b>and</b> Bank statement showing most recent payment to ISA
Investment Portfolio	Most recent annual statement (dated within last 12 months) showing current value at end of mortgage term; <b>and</b> Bank statement showing most recent payment to plan (if applicable)
Sale of another property	Valuation within previous 6 months and Proof of ownership and Most recent annual mortgage statement (if mortgaged) NOTE: Max. 80% of current value (i.e. repayment strategy will remain sufficient to repay capital if value falls by 20%) less any lending on property



### Interest Only Loans – Repayment Strategy

These evidence criteria also apply where any of these are provided as additional security

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Tax-free Lump sum from personal/employer pension

Most recent annual pension statement showing projected value at anticipated retirement date; **and**  
Maximum available to be drawn as lump sum on retirement in defined benefit scheme

Cash savings held in notice/fixed term account

Up to date savings statement confirming balance.  
**No lend if savings cannot be evidenced**





### 4.9. DEBT CONSOLIDATION CRITERIA

Debt Consolidation is defined as **when more than 50% of the funds being raised are to repay existing credit commitments.**

Maximum LTV 80%  
Maximum loan amount £50,000

Lending for the purpose of stressed debt consolidation is defined as **when the loan is not affordable without the repayment of existing credit commitments or the customer advises that they are in financial distress and need to repay specific credit commitments as a result of this.**

Maximum LTV 60%  
Maximum loan amount £50,000  
2 months bank statements evidencing that the customer can afford current outgoings, or that the saving will be sufficient to allow the customer to meet all expenditure; **and**  
**Credit Commitments being repaid from the new loan must be repaid by the Society or Solicitor if stressed debt consolidation.**

### 4.10. CRIMINAL CONVICTIONS

Borrowers with a criminal conviction which is spent under the Rehabilitation of Offenders Act 1974 are within criteria.  
(A minor traffic offence (e.g. fixed penalty notice) is not considered to be a criminal conviction and is therefore within criteria.

**No lend where an applicant has an unspent criminal conviction.**



## 4.11. FOREIGN CURRENCY LOANS CRITERIA

A Foreign Currency Loan is defined as a Pounds Sterling Loan provided to either:

A customer who has income received in a currency other than Pounds Sterling, or the repayment strategy for an interest-only loan is in a currency other than Pounds Sterling.

**We will not advance loans in a non-Sterling currency as this is Outside Policy.**

### 4.11.1. Income Criteria

The customer's income is in a currency other than Pounds Sterling

Normal income evidence applies

If all or part of the customer's foreign income is required to demonstrate affordability

Affordability for the foreign currency part is assessed by taking into account a 20% depreciation in the foreign currency income. This is to reduce the effect on affordability following a 20% reduction in the exchange rate.

Exchange Rate Risk - Underwriters will consider whether a condition of the loan will be to take a charge over a deposit account containing 6 months' mortgage payments (at product rate), which could be used to cover any shortfall in meeting repayments as a result of fluctuations in the exchange rate.

The repayment strategy for any part of the loan is to be the sale of a foreign asset, that is, non-sterling stocks and shares. We do not accept property owned abroad as a suitable repayment strategy.

Suitability of the asset is assessed and depreciated by 20%. The sterling equivalent will then be considered as the appropriate level for the repayment strategy on that part of the loan. This reduces the effect on the suitability of the repayment strategy following a 20% reduction in the exchange rate.

# INTERMEDIARY CRITERIA GUIDE

[www.cumberland.co.uk/business](http://www.cumberland.co.uk/business)

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. We arrange life assurance and critical illness cover only with Legal & General Assurance Society Limited and general insurance only with Royal & Sun Alliance Insurance Ltd.

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**The Cumberland**  
For Intermediaries