



A GUIDE TO OUR RETIREMENT LIFESTYLE BOOSTER MORTGAGE LENDING CRITERIA

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CONTENTS

Introduction	3
Summary	3
Purpose of borrowing	3
Status	3
Foreign nationals	4
Impaired credit	4
Income	4
Age	4
Mortgage term	4
Minimum loan	5
Maximum loan	5
Property type	5
Minimum property value	5
Interest-Only mortgage	5
Specialist mortgages	6
Application fee	6
Life cover and income protection	6
Capital repayments and redemption	6
Solicitors	6

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INTRODUCTION

This document outlines a summary of the current lending terms which apply to our Retirement Lifestyle Booster Mortgage product. Please note that this is not our full policy and any specific queries should be referred to a member of our team.

Please note these lending terms should be read in conjunction with the relevant mortgage product summary which will outline any requirements specific to individual mortgage products.

SUMMARY

Subject to confirmation of status and no adverse credit history, borrowing secured on wholly residential property is available up to 25% of the property value.

After repayment of any existing first charge mortgage, the remaining agreed advance is paid to the borrower's nominated bank account in 120 equal monthly payments.

PURPOSE OF BORROWING

Remortgages for older applicants seeking to access their equity (the cash tied up in their home). You must provide details as to the purpose for re-mortgaging and the intended use of the funds (equity).

Some cases will also receive a lump sum on completion. Therefore, the three parts to the mortgage would be:

- (A) regular monthly advance
- (B) lump sum to repay existing mortgage, and
- (C) optional additional lump sum for lifestyle purposes.

The addition of (C) above means that a Retirement Lifestyle Booster mortgage could be either of the following combinations:

1. Monthly advance only
2. Monthly advance + additional lump sum
3. Monthly advance + repay existing mortgage
4. Monthly advance + repay existing mortgage + additional lump sum.

Further advances are not available.

All cases, irrespective of loan purpose, will be required to pass our income and affordability requirements.

STATUS

You will need to provide satisfactory proof of identity, residence and clear credit register enquiry (also referred to as credit check). You may submit a personal credit report with your application. However, this must be printed in colour and will be accepted where produced via a recognised credit reference agency such as; Equifax, Experian or Callcredit.

If you are self-employed and have more than a 33% financial stake in a business, their proportion of net profit for the most recent year is accepted. The most recent SA302 or online HMRC Self Assessment Return can be accepted showing:

- The Tax Calculation, with the customer's self-reported income and the HMRC calculation of the tax due on that income, and
- The Tax Year Overview, with the total tax due and how much the customer has paid in tax.

Alternatively the latest audited accounts (prepared by a Certified or Chartered Accountant) may be accepted to determine whether the income to be used appears reliable.

An Accountant's reference or other corroborative information may be required.

If you are retired, annual pension income is accepted. A copy of the latest original pension statement, latest original P60 or original bank statements will be required.

We do not penalise those who wish to work beyond State or normal retirement age, however, we do not consider earned income beyond the age of 70 years and would expect those borrowers whose mortgage term extends beyond this age to have sufficient pension provision to support the advance requested.

We do not consider lending where income is made up entirely of Benefits.

FOREIGN NATIONALS

In order to be considered for a loan, foreign nationals must have indefinite leave to remain in the UK.

If you are a foreign national from a country outside of the European Economic Area (EEA), we will require proof of nationality through sight of a certified copy of their passport. Certification is acceptable by a person within an organisation which is covered by Money Laundering Regulations such as a bank or building society, solicitor or financial advisor.

IMPAIRED CREDIT

If you have an impaired credit history we may still consider your application. However, we will not consider if any of the following circumstances have occurred:

- Arrears on any mortgage, a credit arrangement such as a credit card, secured or unsecured loan within the last two years, where the cumulative amount overdue at any point reached three or more monthly payments
- One or more County Court Judgements (CCJs), with a total value greater than £500, within the last three years
- An ongoing Individual Voluntary Arrangement (IVA) or bankruptcy order at any time within the last three years.
- Previous repossession / voluntary repossession.

Please contact a member of our team to discuss before proceeding.

INCOME

The following forms of income will be accepted:

- **Employed:** Confirmed annual salary plus guaranteed overtime / bonus elements up to 100% and non-guaranteed elements up to 50%
- **Self-employed:** Net profit for soletraders only. Director's salary and dividends for limited companies
- **Retired:** Annual pension income.

We may also accept investment income depending on circumstances.

Income which is totally reliant on benefits will not be considered.

Any financial commitments, such as loans, credit cards, school fees etc., will be taken into account as a part of our affordability assessment.

If it is identified during the application process that your circumstances may change during the life of the mortgage, the affordability will be assessed taking into account those changed circumstances. Triggers for reassessment include:

- **Retirement:** the proposed advance must be affordable based on post retirement income.
- **Job change:** where we are made aware of a change in employment, affordability will be assessed based on the new circumstances. This can be where a new job has been obtained or where employment has ceased. In the latter case, unless there is sufficient income from other sources, the application will typically be unaffordable and will not be able to proceed.
- **Change to household size:** where we become aware that children / dependents will be joining the household, the affordability must be assessed taking this into account. Please note that we do not discriminate against women on maternity leave.

This list is not exhaustive and our underwriters will adopt a case by case approach. In these circumstances, details of your income, following the change, will be collected and assessed to ensure the proposed advance is affordable.

AGE

The youngest borrower must be aged 60 or over at the time of application, and the oldest borrower must be 79 or under at the time of application.

MORTGAGE TERM

The mortgage term is 10 years only.

MINIMUM LOAN

If you are currently mortgage free, the minimum amount you can borrow is £60,000. This equates to 120 monthly advances of £500.

If you are also using the mortgage to repay your existing mortgage, the minimum amount you can borrow is £45,000. At least £30,000 of the loan amount must be used for the monthly advances to you. This equates to 120 monthly advances of £250.

MAXIMUM LOAN

The maximum loan available is 25% of the property value. For loans over £500,000, you are recommended to obtain a 'decision in principle', which is an indication from us of how much we may be willing to lend you for your mortgage. For more details and to check how much you may be eligible to borrow, please visit our mortgage eligibility page familybuildingsociety.co.uk/mortgage-eligibility.

PROPERTY TYPE

The main property must be:

- Residential properties of standard construction in England and Wales; either freehold or leasehold subject to a minimum of 50 years unexpired remaining on the lease at the end of the mortgage term.

We will not accept:

- Isolated properties, farms, small holdings, or properties where animals are grazed
- Shared ownership
- Houses in Multiple Occupation (HMOs)
- Properties with commercial use.

Where the property is a flat, we will require a suitable lease to be in place. We will not normally accept a flat when it is:

- A new build
- Above a commercial premises (however see 'Properties above commercial premises' below)
- Ex-local authority / Housing Association
- Above four storeys high
- A studio flat
- Freehold.

Properties above commercial premises

These can be considered subject to the valuer's comments. Specific consideration will be given to the location of the property and adjacent businesses. The property must be located in a desirable area with good demand and should be readily saleable. The proximity of the commercial use must not affect the quiet enjoyment of the property.

The property must be self-contained, having separate access, and must be on a separate title to the commercial premise. Properties which are over, adjacent to or in very close proximity to a café, restaurant, take-away, pub, bar, club or any property where the use of the property is likely to cause a nuisance or which may involve hazardous materials will not be considered. The commercial premises must not be owned by the potential borrower as this would have legal implications in the event of repossession. This is not an exhaustive list and every case will be considered on its own merits.

If you have any further questions on standard or non-standard construction, or if you are unsure about whether we will consider the type of property in question, please contact a member of our team.

MINIMUM PROPERTY VALUE

The minimum acceptable property value is £240,000 for properties that are currently mortgage free.

If you are also using the mortgage to repay your existing mortgage, the minimum property value is £180,000.

INTEREST-ONLY MORTGAGE

All or part of the loan may be on an Interest-Only basis. As the monthly payments only go towards paying interest owed, you will need to make arrangements to repay the capital (the original loan) at the end of the mortgage term. Acceptable strategies for repayment of the capital include:

- Sale of other assets, e.g. second home, property, land, etc.
- Pension cash lump sum (personal or occupational)
- Stocks & shares ISA (new or existing)
- Cash ISA, NISA
- Unit trust (new or existing)
- Investment bond (new or existing)
- Endowment policy (new or existing)
- Stocks and shares
- Sale of mortgaged property, where this is a credible strategy because of downsizing and where it is deemed that the sale will provide sufficient funds to both repay the advance and allow the Borrower to purchase a cheaper property to reside in.

SPECIALIST MORTGAGES

This mortgage is not available on Buy to Let, second homes, holiday homes or guarantor mortgages.

APPLICATION FEE

For full details about our Application Fees please visit familybuildingsociety.co.uk/applicationfees

LIFE COVER AND INCOME PROTECTION

There is no requirement to purchase life assurance or other protection products. However, it is in your interest to review your financial planning when taking out a new mortgage to ensure that you have adequate protection against the impact of involuntary unemployment, accident or ill-health. For joint applications, we may need to consider whether the proposed mortgage is affordable should one applicant predecease the other.

CAPITAL REPAYMENTS AND REDEMPTION

Early Repayment Charges may apply. Please refer to the product summary for more information.

Redemptions can be arranged within five working days of receipt of your request.

Other mortgage products will each have specific Early Repayment Charges. The conditions will be stated in the product summary sheet and in the mortgage offer.

SOLICITORS

We may be prepared to use your nominated solicitor / licensed conveyancer to act for us. Please note, if your solicitor / licensed conveyancer is not on our panel of approved firms, managed by LMS, we'll need to appoint our own and you will need to pay the cost of this. In circumstances where we are separately represented, we will notify you of the fees.

**All products are subject to change or withdrawal without prior notice.
The Family Building Society reserves the right to refuse any application submitted.**

THE MORTGAGE WILL BE SECURED ON YOUR HOME.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

For customer enquiries please contact our New Business Team:



familybuildingsociety.co.uk



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