Lending Criteria

Before applying for a Post Office® mortgage please refer to this document to ensure that all applicants and the property you'd like a mortgage on meet our requirements.

Please read the General lending criteria in addition to the product specific criteria.

General

Lending areas: Properties in England, Scotland (including the Scottish islands of Skye, Bute, Lewis & Harris, Mainland Orkney, Mainland Shetland, Arran, Islay, Whalsay, Yell, South Ronaldsay, West Burra, Tiree and Unst - please contact us to discuss properties located on any other Scottish island), Wales and Northern Ireland (unless otherwise stated).

Property owner: We only accept transactions where the seller is the owner or registered proprietor of the property, and has been for at least 6 months. If you're remortgaging, you must have owned the property for a period of at least 6 months.

Nationality: We normally require all applicants to be resident in the UK for the 3 years preceding the mortgaged property. In the case of non-UK resident applications, we may require additional information to verify the applicant's identity. Where this is the case, the underwriter will ensure that it's credible.

Term: Maximum: 35 years or the number of years it will take (the elderly) applicant to reach 75 (whichever is lower).

Age: Minimum: 18

Loan size: Minimum: £25,000, maximum: £1,500,000.

Loan tiers for purchases: 95% up to £500,000, 85% up to £750,000, 80% up to £1,000,000, 70% up to £1,500,000. Fees may be added. Conditions apply.

Loan tiers for remortgaging: 95% up to £750,000, 85% up to £1,500,000, 80% up to £2,000,000, 70% up to £3,500,000. Fees may be added. Conditions apply.

Applicants borrowing on a 95% Loan to Value (LTV) basis cannot own any other property at the time of application.

Loans Types: Repayment, interest only or a combination of both. For interest only or a combination please see our interest only criteria below.

Interest only criteria: Please see our interest only criteria below.

Property: The following property types are not acceptable:

- Properties with a floor area of less than 31 square metres
- Newly built houses where the LTV is greater than 85%
- Newly built flats or conversions (built or converted within the last 12 months) where the LTV is greater than 80%
- Properties less than 10 years old that are not covered by an approved new home warranty scheme or Professional Consultant's Certificate
- Properties outside Mainland UK. Please contact us if your property is located on any Scottish island except Skye, Bute, Lewis & Harris, Mainland Orkney, Mainland Shetland, Arran, Islay, Whalsay, Yell, South Ronaldsay, West Burra, Tiree and Unst which are acceptable.
- Studio flats, freehold flats, flats with unacceptable access arrangements (e.g. rear external staircase) or flats within blocks where our valuer reports inadequate maintenance of communal areas
- Ex-local authority or ex-public sector flats that are greater than 4 storeys high or that have open decking access.
- Flats converted from office buildings or refurbished ex-local authority blocks.
- Flats that exceed 75% LTV within blocks that have mixed residential and commercial use: unless the original lease term is greater than 125 years
- Commercial use is confined to the ground floor and not detrimental to future saleability
- Properties being purchased under a Right to Buy, Shared Ownership, or Shared Equity arrangement
- Properties which include commercial usage within the title
- Properties with occupancy restrictions
- Remortgages where you have owned the property for less than 6 months
- Properties being acquired under an assignable contract
- Purchases where the vendor has owned the property for less than 6 months (except where we have given consent)
- Properties with communal heating, hot water or other services where the property is not individually metered

Note: Properties with solar panels may be acceptable; please call for more details:

- Any property with leasehold terms where one or all of the following is/are: identified:
  - Leasedhold terms of less than 85 years at the start of application
  - Leasedhold terms of less than 45 years at the end of the term
  - The original lease term on a new build flat (or second hand flat built post 2000) is less than 325 years
  - The original lease term on a new build house (or second hand house built post 2000) is less than 250 years
  - The maximum ground rent at the start of the lease term exceeds 0.1% of the property value or £500 a year whichever is the higher
  - The ground rent must remain reasonable at all times during the lease term, with unreasonable multipliers and increases not allowed

Refinance: You can remortgage up to 75% LTV to raise additional capital and to repay any outstanding debt. Funds cannot be used for business or speculative purposes, payment of tax gambling debts and overspares property (including timeshare). Your application will also be subject to our General Lending Criteria and individual assessment by our underwriters.

Ability to pay: We will review your income and assets to ensure we are satisfied with your ability to pay. This will include a review of your overall circumstances including the amount of debt you have in relation to your income. For repayment mortgages, a minimum household income of £20,000 is required. Any income used to assess affordability must be contracted and paid in GBP.

Employment status: Employed and self employed considered. If self employed, you must have been trading for 3 years but only the last 2 years’ accounts are required.

Contractors: We will consider applications from contractors, subject to the following criteria:

- A minimum of 12 months contracting in your current occupation
- A minimum gross contracting income of £50,000 per annum. We will base affordability assessment on 80% of the gross income
- A maximum of 95% LTV
- We will use the current contract for income assessment, but we will also review all contracts held in the last 12 months.

Interest only criteria: You can borrow on an interest only basis up to 60% LTV. We'll also consider up to 75% LTV if you have a mortgage with more than 60% LTV.

- A minimum equity of £250,000
- A minimum assessable individual income of £50,000 per annum or minimum assessable joint income of £75,000 per annum (where neither applicant fulfils the individual income requirement)

Income for all applicants must be contracted and paid in GBP. We are unable to lend into any applicant's retirement on an interest only basis. We only accept loans over 75% LTV on a repayment basis. We only accept the sale of this mortgaged property as the repayment strategy. This will be verified by an underwriter to ensure that it's credible.
Valuation and Surveys

When you apply for a mortgage, we’ll arrange for a Mortgage Valuation Report to be completed. This is used to check the value of the property and make sure it’s suitable to lend against. It will be instructed as part of your application and you may have to pay a fee.

If you want a more detailed survey, you’ll need to arrange this yourself with a Surveyor. This will provide information on any specific areas you’d like covered and on the condition of the property. You can find more information on local surveyors and the different types of survey on the Royal Institution of Surveyors (RICS) website at https://www.rics.org/uk/

Scottish valuations

In Scotland, it is a legal requirement that the seller provides potential purchasers with a Home Report. This includes a Mortgage Valuation Report and provides buyers with information regarding the condition and value of a property, ahead of committing to the purchase. We may be able to use the Mortgage Valuation included in the Home Report to assess the property as part of your application, meaning you won’t have to pay for a separate valuation.

<table>
<thead>
<tr>
<th>Purchase Price or Valuation</th>
<th>Standard Mortgage Valuation Report only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £50,000</td>
<td>£240</td>
</tr>
<tr>
<td>Up to £75,000</td>
<td>£240</td>
</tr>
<tr>
<td>Up to £100,000</td>
<td>£240</td>
</tr>
<tr>
<td>Up to £150,000</td>
<td>£240</td>
</tr>
<tr>
<td>Up to £200,000</td>
<td>£310</td>
</tr>
<tr>
<td>Up to £250,000</td>
<td>£310</td>
</tr>
<tr>
<td>Up to £350,000</td>
<td>£360</td>
</tr>
<tr>
<td>Up to £500,000</td>
<td>£470</td>
</tr>
<tr>
<td>Up to £750,000</td>
<td>£610</td>
</tr>
<tr>
<td>Up to £1m</td>
<td>£840</td>
</tr>
<tr>
<td>Up to £1.5m</td>
<td>£940</td>
</tr>
<tr>
<td>Up to £2m</td>
<td>£1,090</td>
</tr>
<tr>
<td>Up to £2.5m</td>
<td>£1,290</td>
</tr>
<tr>
<td>Up to £3m</td>
<td>£1,490</td>
</tr>
<tr>
<td>Up to £3.5m</td>
<td>£1,690</td>
</tr>
<tr>
<td>Up to £4m</td>
<td>£1,890</td>
</tr>
</tbody>
</table>

Please note these valuation fees include an administration fee of £90. Re-inspections incur a minimum charge of £50 per visit (this includes an administration fee of £8.50). All fees are non-refundable once the inspection has taken place.

This document can be made available in Braille, large print or audio upon request.