

Afin Bank

Mortgage Criteria Guide

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Applicants	
Maximum number of applicants	2
Minimum age	Residential Prime minimum 18, Professional / Premier minimum age 21
	Buy to Let / Consumer Buy to Let - 21
Maximum age	Residential - 75 (eldest applicant at the end of term)
	Buy to let / Consumer Buy to Let - 85 (eldest applicant)
First time buyers	Accepted. First time buyer, first time landlord accepted on BTL
Marital status	Residential - Married clients can borrow in sole or joint names. Independent Legal Advice (ILA) is required for both applicants where applicants are married / civil partnership and are not borrowing in joint names
	Buy to Let / Consumer Buy to Let - Married applicants can borrow in sole / joint names
Joint borrower / sole proprietor	Not accepted
Diplomatic immunity / Politically exposed clients	Not accepted
Limited company BTL	Not currently available
Clients based outside the UK / Expats	Not currently available
Acceptable applicants	UK citizens, clients with indefinite leave to remain (ILR), clients on acceptable Visas (see "Nationality" section), clients with settled / pre-settled status

Know your customer	
Proof of ID	Copy of passport required on application
Proof of residency	12 months minimum, if clients cannot be located on the voters roll we require proof of residency examples include; bank statements, utility bill, government correspondence e.g. HMRC paperwork

Nationality	
Minimum time in the UK	Minimum 6 months in the UK supported by proof of residency
Requirements	Clients should be UK resident, have indefinite leave to remain or meet our acceptable VISA requirements. Clients must pay UK tax
Acceptable regions	We will accept applications from clients based in the UK, on an acceptable Visa, from anywhere in the world
Settled / Pre-settled status	Acceptable, subject to evidence and 6 months minimum residency
Acceptable Visas	Tier 1: Global Talent, Innovator Founder, Investor, Skilled Worker
	Tier 2: Skilled Worker, Minister of Religion, Sportsperson / International Sportsperson, Specialist Worker, Health and Care Worker, UK Ancestry, Armed Forces Exemption
Unacceptable Visas / status	Tier 4, Student Visas, Tier 5 / temporary worker Visas, refugees, asylum seekers, family Visas
Second applicant Visas	The following Visas are acceptable for secondary applicants; out of date Visas where renewal is in progress / student Visas / spouse VISA / dependant Visa. The use of income from these clients will be considered on referral
Minimum time remaining on VISA	6 months minimum. Where there is less than 6 months remaining we need evidence of an active Visa renewal / extension in progress, with no reason to believe it will be declined

Deposit sources	
Acceptable deposit sources	Family gifted deposit (not loans) - parents / step-parents, sibling(s), children / step children, aunt /uncle, grandparents, savings, investments, shares, inheritance, company dividend, builders gift/incentive up to a maximum of 90% LTV (85% + 5% gift is acceptable) All deposits are subject to AML approval
Overseas deposits	Acceptable if from family / client's own resources. Deposits must be traceable and are subject to AML approval
Unacceptable deposit sources	Vendor gift, unsecured loan, crypto currency, gifts from non-family members, Ajo / group savings schemes

Security	
Condition	Property should be habitable i.e. should be water and airtight, with a working kitchen, toilet, bathroom and be self-contained with its own front door along with residential purpose of use
Energy efficiency	Residential - minimum EPC rating of E
	Buy to let / Consumer Buy to Let - minimum EPC rating of E
Location	England, Wales & Isle of Wight
Minimum property value	Residential - £125,000
	Buy to let / Consumer Buy to Let - minimum of £75,000
Unacceptable properties / construction	Standard construction only, see appendix 3 for further unacceptable construction / property types
Minimum ownership period	No minimum ownership period. For properties purchased within the past 12 months we will base our lending on the lower of the purchase price or current valuation
Acceptable properties	Freehold and leasehold (subject to acceptable lease length) houses, private and ex-local authority (outside pre-emption). Commonhold and Freehold flats are not acceptable
Number of floors	Leasehold flats & maisonettes - acceptable up to 12 stories (6 outside the M25). Properties above 4 stories must have a lift. Flats above / adjacent to commercial property are acceptable, subject to no adverse valuer comments
New build flats	Acceptable up to 75% LTV
Converted flats	75% LTV if newly converted with appropriate warranty if converted during the past 10 years
Ex-local authority Houses inc MOD	Normal product LTV if property is standard construction and outside pre-emption
Ex-local authority flats inc MOD	Acceptable up to LTV of 75%. No minimum private ownership percentage required
Lease length	Minimum unexpired lease of 60 at the expiry of the term. Ground rent and service charge factored into affordability. Commonhold property and freehold flats are unacceptable
Minimum floor space / Studio flats	35 square meters minimum, properties must have self contained kitchen and bathroom facilities
New build houses	Acceptable subject to the property being complete. A recognised warranty will be required if the property is less than 10 years old

Security	
New build flats	Acceptable subject to the property being complete to a maximum of 75% LTV. A recognised warranty will be required if the block is less than 10 years old. Retrospective warranties can be accepted
Self build property	Must be 100% complete and warrantied
Building warranty	A recognised warranty will be required if the property is less than 10 years old. Retrospective warranties accepted
Properties with land	Overall maximum footprint of 10 acres with no commercial/agriculture use
Flats above commercial	Acceptable on modern style flats with commercial premises on the ground floor, we can't lend on a single dwelling with a commercial on the ground floor
Share of freehold	Share of freehold properties are acceptable, but there must be an acceptable underlying lease upon which we can place our charge upon
Flying freehold	Must not affect more than 15% of the property
Japanese knotweed	Considered on a case by case basis (typically category C or D where it is not on the security title) where an insurance backed treatment plan is in place
Solar (PV) panels	Accepted if owned by the clients or the lease meets the UK finance handbook requirements
Specialist reports	We may require specialist reports as highlighted by the valuer e.g. Mining reports / Damp and timber reports
Retentions	We do not offer retentions
Historic mining areas	Properties must not be within 20 meters of a former mineshaft or suffering the effects of unstable ground related to historic mining
Flooding	Property must have a net flood risk of 1% or lower and the property must be insured against flooding
Escalating ground rent	Initial ground rent no more than 0.25% market value; not reviewable less than every 10 years. Ground rent should not double more frequently than every 20 years
Properties with 2 kitchens	Acceptable subject to valuer comments

Credit history

Credit score	No minimum credit score
Outstanding credit	Credit accounts with 4 or fewer months remaining can be ignored for affordability
Mortgage arrears	None within the past 36 months
Unsecured missed payments	Occasional blips may be accepted with a valid explanation
CCJ	None within the past 36 months
Defaults	Maximum of 2 satisfied below £250 each from utilities / mail order, communications suppliers within the past 36 months
IVA	Discharged over 36 months
Debt management / DROs	Discharged over 36 months
Bankrupt	Discharged over 36 months
Previous repossession	None within the past 3 years
Pay day loans	None within the past 12 months

*Clients must have no CCJ's or defaults registered during the past 36 months, where the LTV is above 80% on Prime and 90% on Professional products

Use of funds / purpose

Acceptable	Purchase transactions, let to buy, debt consolidation, home improvements, second home purchase/buy to let deposit, business use, assisting family members, holiday homes, tax bills (subject to no re-occurring borrowing requirements), school fees
Unacceptable	Financial and speculative investments (e.g. shares and crypto currency), any form of gambling

Loan

Minimum loan size - Residential	£100,000
Minimum loan size - Buy to Let	£50,000
Maximum loan size	Tiered account to LTV maximum loan is £2,500,000, we may be able to consider more upon referral - see product cards for further information
Minimum term	2 years, minimum term on 5 year fixed products is 5 years
Maximum term	40 years, see lending into retirement criteria Where the LTV is above 80% on Prime and above 90% on professional products, the maximum term is reduced to 30 years
Right to buy (RTB)	Available to 90% of the discounted purchase price and overall product LTV
Right to acquire	Available to 90% of the discounted purchase price and overall product LTV
Shared ownership / equity	Not available
Offer validity	3 months from the date of the offer
Offer extensions	Considered up to a further 3 months, subject to credit discretion
Portability	Our products are not portable

Maximum loan to value (LTV)

Calculation	Lender fees not included in the LTV calculation up to an absolute limit of 95% in residential and 75% in Buy to let / consumer buy to let Any broker fee added must be included in the product maximum LTV
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Valuation

Residential - Purchase	We require a full physical valuation on all purchase transactions, minimum property value is £125,000
Residential - Remortgage	We can consider an Automated Valuation Model (AVM) on remortgage transactions up to 65% LTV and £500,000, subject to a minimum Rightmove confidence level of C or higher. Otherwise a full valuation will be required. We will run an AVM at application and advise if this criteria is met
Buy to Let - Purchase / Remortgage/Consumer buy to let	A full valuation is always required on BTL transactions, minimum property value is £75,000
Valuation type	Up to £1m loan - Short form via our panel manager
	Over £1m - A long form valuation may be required. Please refer the address to Underwriting for confirmation

Buy to let affordability

Interest coverage	125% Interest coverage ratio (ICR) for basic rate taxpayers
	140% Interest coverage ratio (ICR) for higher and additional rate taxpayers (or where 1 applicant is a higher rate taxpayer)
Top slicing	10% of surplus net disposable income can be considered, subject to 110% ICR on rent minimum
	Top slicing is not available for CBTL transactions

Buy to let /Consumer buy to let

Tenancy types	Agreements should be for a duration of not less than 6 months and no more than 24 months. Be in writing and contain no unusual terms that materially or adversely affect the Property, including subletting
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Buy to let - tenant profile

Unacceptable tenants	Applicant's children, grandchildren, parents, grandparents, sibling(s), husband, wife, civil partner or any other person with whom you have a relationship that is similar to a husband, wife or civil partner. Companies lets are not acceptable. Please refer any other non standard tenant profiles
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Repayment method

Capital and interest	Available across the range
Interest only	Acceptable on the Afin Bank Professional, Premier and Buy to Let products. The maximum LTV for all interest only lending is 75%
Interest only repayment vehicles	Residential - any plausible and verifiable strategy considered, except sale upon death, inheritance and general savings

Overpayments

Residential	Prime products (all 2 year and 5 year products) - clients may pay 10% per calendar year off the capital balance penalty free
	Professional / Premier products (all 2 year and 5 year products) - clients may pay 10% per calendar year off the capital balance penalty free
	Payments above the penalty free percentage will attract the percentage ERC as illustrated on the product cards
	When a customer overpays, by default, the mortgage term is reduced automatically. If the customer wishes for their monthly instalments to reduce they will need to inform us of this requirement
	All Afin bank tracker products allow for unlimited penalty free overpayments
Buy to let	All 2 year and 5 year products - clients may pay 10% per calendar year off the capital balance penalty free, payments above the penalty free percentage will attract the percentage ERC as illustrated on the product cards
	When a customer overpays, by default, the mortgage term is reduced automatically. If the customer wishes for their monthly instalments to reduce they will need to inform us of this requirement

Minimum income	
Residential	Prime - No minimum income up to 80% LTV
	Prime lending above 80% LTV - Minimum income £35k for Sole applicants and £60k for joint applicants
	Professional up to 80% LTV, £35k minimum application income
	Above 80% LTV, £45K Sole applicants and £70k for joint applicants
	Only one applicant needs to be a professional applicant earning £45k
Buy to let	No minimum background income

Self employed applicants	
Types	We will lend to sole traders, partners, and limited company directors
Shareholding	Individuals with a 20% shareholding or more will be classed as self-employed
Time self-employed	Clients should have completed their first financial year. We can accept forecasted income for year two and subsequent years providing they have a qualified accountant and are at least 6 months into their current trading year. We will normally use 90% of the forecasted income for affordability
Reducing self-employed income	Considered on a case by case basis typically accepted with a 10% annual reduction
Forecasted income	We will consider using up to 90% - 100% of the forecasted income for the current trading year via the accountants certificate, providing they are at least 6 months into the trading year and have been trading at least 18 months
Proof of income	Either accountants certificate prepared by a qualified accountant (see the accountants certificate for qualifications) or Company accounts. We also require the latest years' SA302s / tax calculations with the corresponding tax year overview
Net retained profit	<p>Can be considered where there is a 2 year track record at a similar level and the accountant can confirm the client could have withdrawn the profit as personal income should they have wished to</p> <p>Cannot be considered where the business has recorded a net loss during the current or previous trading year or where the nature of the business requires the profits to be retained to enable on-going trading</p> <p>In order to use retained profit, clients must be the majority shareholders</p>
Income from Directors loans	Can be considered
Non-standard professions	On rare occasions some occupations may be deemed as unacceptable if they present a reputational risk to the bank
Accountants qualifications (when using accountants cert)	ACCA, ACA, CIMA, CIPFA, AAPA, CPAA, CA, CTA

Contract workers	
Experience	We require a two year track record of employment or self-employment within the same sector. This can be evidenced via previous contracts, their last P60s or SA302s and tax year overviews
Contract length	The current contract must be a minimum of one year with at least six months still to run at time of application. If less than three months left to run prior to the drawdown, then evidence of a new contract is required
Professionals	Fixed term contracts within professional occupations such as Doctors, Teachers, Pharmacists, Dentists, fully qualified Accountants and Solicitors, will be regarded as in permanent employment. Applicants from contract workers in other fields will be considered on their individual merits
Gaps	There can be no more than a six-week break in between contracts
Time remaining	If less than three months left to run prior to the drawdown, then evidence of a new contract or renewal is required
Day rate contractors	Contracts quoting a daily or weekly rate should be based on an assumed 5 day/46 week model for annual income
CIS workers	CIS workers must have a one-year track record. This can be evidenced via accountants certificate or tax calculation/SA302s with corresponding tax year overviews. Income will be used from the latest years figures
Agency workers	Can only be considered where a two-year track record in the same line of work can be established
Zero hour / seasonal / temporary contracts	Not accepted
Umbrella companies	<p>Where employees are working via umbrella company on PAYE affordability is typically assessed based on:</p> <ul style="list-style-type: none"> • Payslips and P60 from the umbrella company • Tax calculation /tax year overview (SA302s) if these are also submitted <p>If the individual is the sole owner or director of a limited company—you should also provide:</p> <ul style="list-style-type: none"> • Company accounts or an accountant’s certificate confirming overall income

Other income sources

Private pension	We will use 100% of private pensions validated by either latest annual statement of pension, latest payslip from the pension provider, latest letter from pension provider or latest P60 from the pension provider
State pension	We will use 100% for sole applicants. For joint applications, if the proof shows State Pension is awarded jointly, we will take 50% of pension against each applicant. Validated by the latest Annual statement of pension
Other acceptable pensions	War Disablement Pension and War Widow/er Pension
Child benefit	Not accepted
Tax credits	Not accepted
Other benefits / universal credit	Not accepted
Limited company income	We can also consider lending to someone who has income from a company which the applicant owns and that will continue to provide an income into retirement.
Maintenance payments	Can be considered upon referral and be supported with a formal agreement
Employment expenses	We will use 100% of regular allowances e.g. car allowance/large town allowance, but not variable expenses, such as mileage
Lodger income	Not acceptable
Investment income	Can be considered upon referral
Rental Income	Acceptable with proof via accountants certificate / tax returns

Lending into retirement (LIR)

Retirement age	The maximum declared retirement age is 70. The mortgage term must not extend beyond the 75th birthday of the eldest applicant. Where the mortgage term extends into retirement, the below criteria will apply
Retirement planned within the next 10 years	We require details of both current income and expected retirement income, we will calculate affordability based on either use the lower of the current income or expected retirement income or assess the amount remaining at retirement age and anticipated repayment against the pension details
Retirement planned over 10 years in the future	We will use current income used for affordability purposes and require evidence of the existence of future pension provision (other than state pension). E.g. a payslip showing a pension deduction, pension statement or pension payment on a bank statement

ILA Requirements

Occasionally we may require the clients to seek independent legal advice. We will advise this requirement as early as possible into the process. Examples include ; Non-English speaking applicants, non benefitting parties and sole applications for married applicants

Professional qualifications

See our guide on [Afinbank.com](https://www.afinbank.com) which details acceptable professional qualifications

Consumer Buy to Let definition

See our guide on [Afinbank.com](https://www.afinbank.com)

Unacceptable property types:

- Properties designated as defective under the Housing Defects Act 1984 and Housing Act 1985.
- Commercial properties.
- Coach Houses
- Properties subject to critical renovation / refurbishment.
- Properties suspected to be in a poor condition by the valuer.
- Properties deemed unacceptable security, min. residual age less than 25 years by the valuer.
- Properties in areas known or suspected to be subject to high or extreme flood risk, coastal erosion risk, structural / subsidence issues, Muncic, contaminated land, or Electro Magnetic Field's (EMF's).
- Properties with a Thatched Roof including Wheat Reed Roof & Straw Roof.
- Properties with an Asbestos Roof.
- Freehold flats & maisonettes in England & Wales.
- Properties with agricultural restrictions.
- Floor areas less than 35sqm.
- Properties less than 10 years old without either a NHBC certificate, an Architects Certificate (Professional Consultant's Certificate), or one of the following New Build Warranties: Zurich Municipal, Premier Guarantee, BLP Limited Guarantees, Checkmate Castle 10, LABC New Home Warranties, Advantage HCI, Home proof, Build Zone, Global Home Warranties, International Construction Warranties (ICW), Protek and Q Assur.
- Properties containing Muncic Block materials.
- Properties with Japanese Knotweed on site unless they are assessed as a category C and D by qualified RICS valuer.
- Properties where the borrower or borrower owned business owns more than 25% of the freehold of the block
- Live/work units.
- Grade 1 listed properties in England and Wales.
- Grade 2* (2 star) listed properties in England and Wales.
- Properties identified as having Dry Rot.
- Properties not wholly owned by the borrower. For example, where equity is being retained by a builder/ developer or third party.
- Properties that have been underpinned within the preceding 3 years will be deemed as unacceptable for lending purposes. All other properties that have been underpinned should have a 10-year guarantee from a reputable company warranting the works undertaken.
- Working farms or small holdings.
- Properties (Owner occupier and BTL) without a minimum Energy Performance Certificate (EPC) rating of E.
- Flats above commercial premises that would affect saleability e.g. those properties that potentially would provide any unwanted heat, noise or smell or may present safety concerns. This would include but is not limited to restaurants (class A3), pubs and bars (class A4), takeaways (class A5), nightclubs, casinos, amusement arcades, petrol stations, laundrettes and taxi businesses. Alongside industrial uses (classes B2-B8) and other similar uses involving machinery, such as mechanics/garages.
- Properties that have been subject to a demolition order.
- Flats situated above the 4th floor without a lift.
- Properties with spray foam insulation
- Buildings clad with large concrete or aggregate panels (LPS).
- Blocks of flats that contain external cladding (unless the valuer is in receipt of an External Wall Fire Review with ratings of A (A1, A2 & A3) or B1. Ratings of B2 are not acceptable. EWS1 form which is no more than 5 years old and is able to provide a valuation figure)
- Properties constructed using modern construction methods (MMC)
- Flats with Balcony / deck access
- Commonhold property, feuhold and freehold flats
- Properties affected by contaminated land
- Timber framed properties
- Houseboats
- Static homes / caravan style homes

