

## Affordability Calculator User guide

The affordability calculator should only be used for new business, please do not use the calculator for additional lending, portability or transfer of equity applications.


This guide is intended to give you hints and tips on how to complete each question on the calculator in order to obtain a more accurate calculation, but remember, the affordability calculator will only give you a quick estimate of how much your client/s can borrow - it is not an exact amount.

Please complete a Lending Decision online to find out how much we will lend to your client (all loans are subject to criteria) - you can check our online criteria guide for details of our criteria and evidence required.

Click the  icon for further information

**Enter details of your client's income** Applicant 1

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**Employed/Retired clients** 

Annual gross income

Annual regular bonus and/or overtime

Annual regular commission


Annual income from 2<sup>nd</sup> job (50%) **(see Help)**

Car, Weighting/Large Town allowance

Shift, Standby, Call out allowance

Rent or Housing allowance

Annual Childcare Vouchers

**Self employed clients - Sole traders and Partnerships only** 

**Please state the client's share of annual net profit (£)**

Latest year:

Year 2:

Year 3:

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**Salaried / Non-salaried directors**

Annual remuneration

**Please state the client's annual net dividends (£)**

Latest year:

Year 2:

Year 3:

How long has the client been connected with the business?:  Yrs  Mths

### Employed/Retired clients

- Enter the annual gross income amount. If the applicant has 2 part-time jobs which equate to a single full time job (up to 40 hours), we will utilise 100% of both incomes; enter the full amount in the "Annual gross income" box.
- If the applicant has a full-time job (main job) and a part-time job, we will use 50% of the income from the second job - please only enter 50% of the gross income amount for the second job.
- For bonus, overtime, commission and allowances, enter the gross annual amount received. Any payments made in lieu of benefits can also be included within one of these boxes.
- Retired applicants: if the applicant is within 5 years of retirement - only enter the post retirement income or current salary whichever is lower. 'Retirement' is defined as age 65 or the applicant's retirement age whichever is earlier.
- If the applicant is receiving pension income and employment income, include 100% of pension income in the "Annual gross income" box.
- The Childcare Voucher scheme is paid via the applicant(s) salary and is declared on their payslip. Enter the gross annual amount based on the monthly amount declared.

### Self employed clients - Sole traders and Partnerships only

- Enter the applicant's share of net profit for the latest 3 years. If 3 years figures are not available enter the net profit figures for the latest 2 years - please do not enter any projected figures.
- For limited company directors, use the "Salaried / Non-salaried directors" section below.

**Other Income** ?

Maintenance / Child Support

Rental income (**where complies with criteria, see Help**)

Child Benefit Income

**Other income**

- Rental income - may only be utilised where our self-employed criteria can be met. Check our online Criteria Guide for full details.

**Enter details of your client's outgoing / expenditure**

**Monthly outgoing - to remain outstanding** ?

Monthly loans/HP commitments

Total credit card balances

Monthly Maintenance / Child Support payments

Monthly school/nursery/child care fees

Monthly mortgage payments

Monthly amount of other significant outgoing(see Help)

**Monthly outgoing - to be repaid**

Monthly loans / HP commitments

Total credit card balances

**Overdrafts**

Maximum amount overdrawn in last 3 months


**Monthly outgoing**

- Enter the monthly amount for all outgoing listed.
- Other significant outgoing are outgoing that the applicant(s) could not or would not cease paying if they needed to reduce expenditure.
- Childcare Vouchers should be included in the monthly school/nursery/childcare fees field. State the amount declared on the applicant(s) payslip. Also include any additional amount the applicant(s) pay directly.
- Monthly mortgage payments to include are those on properties that are about to be let, have been let for less than 6 months, or that are to remain outstanding.
- Please ensure you enter the debts which are to be repaid in the appropriate section.
- If the applicant regularly uses an overdraft facility, please enter the maximum amount that they have been overdrawn by in the last 3 months. If the applicant has more than one overdraft, please enter the total of all overdrafts.
- If the applicant(s) pay ground rent or service charge please add the monthly amount as another significant outgoing.
- If the applicant(s) intend to take out any new financial commitment(s) these should be declared as other significant outgoing.

**EXCLUDE:**

- General outgoing, food, fuel, council tax utilities
- Any mortgage payments if the mortgage will be repaid before your new one begins.
- Any mortgage payments if the applicants let the property, it has been let for more than 6 months and the rent they receive is at least 50% higher than the mortgage payment.

### Enter details of your client's mortgage loan requirements

Number of adults aged 17 and over who will be residing in the property, **including the applicant(s)** \*  

Number of children under the age of 17 who will be residing in the property \*

Term of mortgage \*  Years  Months

Purchase Price / valuation \* £

Borrowing amount \* Repayment £

### Mortgage loan requirements

- All applications can only be accepted on a Repayment basis.
- Term of mortgage: the loan must be repaid by age 75 of the eldest applicant.
- Purchase Price / Valuation and Loan amount - including this information will provide a more accurate calculation. Lower LTVs may benefit from higher borrowing figures.