

CONTRACTOR OFFERING – AT-A-GLANCE GUIDE

EMPLOYED VS. SELF-EMPLOYED

We can treat contractors as employed or self-employed for income verification purposes, applying the following guidelines:

EMPLOYED	SELF-EMPLOYED
- PAYE – where tax is deducted at source (including when employed via an umbrella company which deducts tax) - NON PAYE – contract income is a minimum of £75k annually, or at least £500 per day regardless of whether the customer pays their own tax or classes themselves as self-employed. We can use the £75k as gross income for multiplier purposes if the borrower meets this minimum earning threshold.	- The customer pays their own tax - They have two or more contracts - They have set up a limited company and employ other people.

Employed contractors, in this context, need to have a minimum 12 months' history in a related field. For NHS/ medical professionals and nursing bank staff, we can accept day one contracting, providing they can evidence 12 months' history of earnings in relevant roles. If their contract has already started, they must have at least six months of their contract term remaining. Our maximum LTV for contractor mortgages is 80%.

AGENCY/FIXED-TERM/SHORT-TERM/TEMPORARY WORKERS

The customer needs to have a minimum 12 months' contract history, with at least six months remaining on their current contract. If they have less than six months remaining, we will ask them to provide a future contract guaranteeing a minimum of six months future employment. They must also be able to evidence no gaps totalling more than six weeks in the last 12 months.

PEOPLE OPERATING THROUGH AN UMBRELLA COMPANY/LIMITED COMPANY/LIMITED LIABILITY PARTNERSHIP

The customer needs to have a minimum 12 months' contract history, with at least six months remaining on their current contract. If they have less than six months remaining, they must provide a future contract demonstrating a minimum of six months' future employment. They must also be able to evidence no gaps totalling more than six weeks in the last 12 months.

For customers who have set up a limited company or limited liability partnership, we will ask for evidence of the actual contract income, while using net income from bank statements to assess their affordability (if there are other shareholders then the percentage shareholding will determine what percentage of income we will take into account, for example, if they have a 50% shareholding, we will apply 50% of the income from their contract for our affordability calculations).

HOW WE ASSESS CONTRACT INCOME:

- We calculate the gross contract amount over 46 weeks (assuming that most contractors will not receive holiday pay)
- We then annualise their gross pay from payslips/remittance slips, to calculate their average earnings over that 46-weeks period.

NURSING BANK CONTRACTORS

We ask customers to demonstrate 12 months' history in a related field.

Our additional assessment criteria are as follows:

INCOME VERIFICATION	INCOME ASSESSMENT
Last six payslips Last P60	Average from last six months' payslips, compared with P60 to show consistent and sustainable level of income

CONSTRUCTION INDUSTRY SCHEME (CIS)

We ask the customer to demonstrate 12 months' history and evidence that their tax is deducted at source if employed.

INCOME VERIFICATION	INCOME ASSESSMENT
Last three payslips Last P60	Average from last three months' payslips /invoices/statements, annualised and calculated over 46 weeks

If the customer pays their own tax or subcontracts to more than one company, we will treat them as self-employed when assessing their mortgage eligibility.

ZERO HOURS

Our underwriters will individually consider each case. We require professionals to have a minimum 12-month income history with no gaps. For non-professionals, we ask for a minimum of two years' income history with no gaps within last 12 months.

Our minimum documentation requirements in all cases:

- Current contract
- Previous contract if applicable
- Evidence of historic income (p60s, p45s, payslips, HMRC returns, SA302s, accounts etc.)
- Bank statements (3 months minimum but, in some cases, we may ask for six months)
- Existing mortgage statements if applicable.