

ADDRESSING AFFORDABILITY CRISES

with new accepted income guidelines.



More than **1.4 million** households facing interest rise when renewing their mortgage in 2023*



25% of all sales enquiries to Melton Building Society in 2022 were affordability related



Customers seeking more flexibility from lenders on accepted income types

As we move further into 2023 it seems the uncertainty around affordability is still a big concern for lenders, brokers, and customers alike. At Melton Building Society, we understand this and are constantly looking for ways to support our customers in achieving their homeownership goals.

At Melton, we also saw a high demand for affordability-related enquiries, accounting for 25% of all enquiries to our sales team in 2022.

In response to these challenges, Melton Building Society has made changes to our lending policy to accept more second-income types.

These new income types include:

- 50% of zero-hours contracts where another applicant has a primary income source at 100%
- Working Tax Credits and Child Tax Credits at 50%
- Child Benefit income at 50% where supported by a main income of up to £50k p/a



Melton Building Society will now also consider other primary income types:

- 100% of stipend income
- 100% court-ordered maintenance (50% non-court ordered)
- 100% of foster care income where the applicant has been in receipt of this type for 12 months or more
- Secondary income of annual bonus, overtime, commission, and investment income will also be used in affordability at 50% where sufficient evidence of a track record can be provided



Currently, Melton Building Society has a maximum LTV of 90% and LTI caps in place of 4.49 >75% LTV and 5 x <75% LTV. We consider a maximum term of 40 years and a maximum age of 80 at the end of the term, unless the applicant is using pension income alone or will be in receipt of ongoing business income whereby there is no maximum age.

Head of Intermediaries, Dan Atkinson, commented on the new accepted income policy, saying: "We are constantly looking for ways to improve our proposition to meet the ever-changing needs of our customers and we're pleased to be able to enhance our income criteria to help with these ongoing affordability challenges."

At Melton Building Society, we take a sensible approach to lending by considering everyone's financial situation on an individual basis.

We manually underwrite each case to ensure we make fair and informed lending decisions based on the borrower's debt to income ratio and we don't credit score in Society either, helping FTB who haven't built up much of a score or those that have perhaps had a blip in the past.

To find out more, visit www.themeltonbrokers.co.uk or contact the dedicated sales team on **01664 414144** (option 1 for new sales enquiries), sales@mmbs.co.uk or via the live chat on the website.