



Business loans lending criteria

Lending for business purpose

Applicants – maximum

Maximum 4 applicants.

Applicants – residency

Applicants must be resident in the UK (other than British ex-pats) and have permanent leave to remain.

EU nationals are acceptable.

The following non-EU nationals are also acceptable:

Switzerland, Norway, Iceland, Liechtenstein, Andorra, Monaco, Jersey, Guernsey, Vatican City and San Marino.

Non EU nationals, excluding those noted above, must have held the permanent right to have lived and worked in the UK for the last 36 months as well as the right to remain. In these cases evidence will be required.

Eligibility

The client must be using the loan for a business purpose:

Business purpose applicants shall only be accepted if the mortgage agreement will be entered into solely to provide funding to a business carried on or intended to be carried on.

Applicants must make a business purpose exemption declaration as part of the loan documentation.

Business Purpose Exemption (BPE) is achieved if Castle Trust Bank is satisfied that the business purpose is genuine. Castle Trust Bank applies additional criteria to the requirements of the legislation but these are in no way substitutional for the provisions of the law.

The following evidence is required for all applications:

- Nature and substance of the relevant business
- The applicant's interest in the relevant business
- Clear intention of use of the loan being applied to the business
- Verification from applicant's accountant that funds will be used as stated.

Employment status

Employed

We will accept most employed applicants in principle. If they are still within a probationary period this is acceptable provided Castle Trust Bank is satisfied that the applicant can meet their current obligations.

Contract based employment

A contract must be in place at time of application. If there is less than six months left to run on the contract, then Castle Trust Bank must be satisfied of the future longevity of the employment.

Self-employed

Acceptable if they can demonstrate that their business has been trading profitably for a minimum of 12 months. This 12-month period is not required if the applicant has converted to a self-employed basis (with at least 12 months continuous employment) performing the same role in the same company, or working in a sector that has a significant volume of contract workers.

Retired

We will accept retired applicants who have demonstrable income (such as private pension) and a credible repayment strategy.

Students and unemployed

We will accept applicants with employment status of unemployed and students as part of a joint application where the other applicant meets the self-employed or employed status criteria.

Income

There are no restrictions but applicants must have demonstrable income and a suitable repayment strategy. Castle Trust Bank will assess if the income is sustainable to support the combined loan.

Lending region

England and Wales only.

Loan purpose

Clients must use the loan for a business purpose.

Property types

Acceptable

Security types

The following are acceptable forms of security:

- Houses (terraced, detached, semi-detached)
- Bungalows
- Leasehold flats and maisonettes (purpose built or converted) with an unexpired lease terms in excess of 85 years at maturity of the loan
- Flying Freehold up to 15% of the size of the property
- Blocks of flats: Castle Trust Bank applies maximum limits per block per customer:
 - Up to seven flats: limited to one flat
 - 8-50 flats: limited to 25% of the flats up to a maximum of 12 flats
 - Blocks of more than 50 flats: limited to 12 flats plus 10% of the number of flats in excess of 50. Eg. For a block of 200 flats, the limit would be 27 flats (12 + 10% of 150)
- A minimum floor area of 40 sqM gross externally
- Holiday lets subject to property types (1st charge only)
- Grade 2 properties

We may consider other property types, on a case by case basis, please speak to your BDM.

Tenure types

The following tenures are acceptable:

- Freeholds (excluding flats and maisonettes, unless whole block is being provided as security)
- Commonhold
- Leasehold flats and maisonettes

Construction types

Wall constructions of the following types are acceptable:

- Standard brick and breeze block construction
- Stone-built, or brick and mortar-built walls
- Modern timber or steel frames property with brick or block and rendered walls
- Modern methods of construction

Roof types

Roof constructions of the following types are acceptable:

- Standard roof construction from slate
- Standard roof construction from tile
- Standard flat roof
- Thatch considered on an individual basis

Unacceptable

Security types

The following are unacceptable forms of security:

- Freehold flats/maisonettes (unless whole block is being taken as security)
- Flying Freeholds above 15% of the gross external floor area of the property
- Mobile homes
- Houseboats
- Properties with agricultural restrictions (farms / crofts)
- Bed sits and B&Bs
- Multi occupancy properties that do not meet Castle Trust Bank HMO criteria
- Work units
- Ex-local authority properties still within their pre-emption period
- Grade 1 and Grade 2* properties
- Studio flats
- Flats above 6 floors ie 7th floor upwards (no ex-council blocks)
- Self builds (subject to a valuation and structural survey report)
- Leasehold properties with an unexpired lease term of less than 85 years at maturity

Tenure types

The following tenures are unacceptable:

Freehold flats and maisonettes

Other non-acceptable types

- Homes purchased directly from a developer (except as a one off purchase for own occupation or residential investment) or from any form of investment club or similar scheme are not acceptable regardless of the date built or converted
- Ex-local authority properties in their pre-emption period
- Properties showing evidence of actual or potential commercial use, with the exception of offices or studies, which are readily able to be restored to residential use, and they currently form less than 20% of the property
- There must be no local authority approval for the use of the property for any purpose other than residential
- Properties with agricultural restrictions, eg farms and crofts are not acceptable
- Live / work units
- Grade 1 or Grade 2*
- Any form of Build to Rent

Construction types

Wall constructions of the following types are unacceptable:

- All non-traditional construction types:
 - Steel framed, with non masonry cladding
 - Solid masonry having a thickness less than 200mm
 - Felt flat roof in excess of 50% plan roof area

- Laing Easi Form
- Concrete (No Fines, Cheshire Brine, Mundic, Precast Reinforced Concrete (PRC))
- Log
- Single Skin
- Flat Felt
- House boat
- Mobile home
- Timber Frame (period properties considered on an individual basis)
- Cross wall construction

Roof types

Roof constructions of the following types are unacceptable:

- Felt flat roof

Important information

Loans are subject to status, terms and conditions. The customer must repay the loan by the end of the term. If the customer has not repaid the loan by the end of its term and either does not have sufficient savings or is not able to arrange another mortgage, then they will need to sell their property. Property may be repossessed if the loan is not paid when due. This communication is for authorised intermediaries only. This information has not been approved for use with customers and is not intended for public or customer use.

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