

Self Employed Contractor's Guide.



Mortgages

TESCO Bank

Key criteria for contractors

- Minimum contracting income of **£50,000** (£218 p/day)
- Max LTV of **90%** (excluding fees added to loan)
- Affordability based on **46 weeks***
- Last **12 months contractual history** validated
 - minimum 4 weeks remaining on current contract on application
 - at least one 6 month contract over this period, which can include a renewal
- Spouse named as a company director is acceptable.

Standard criteria

- Residential only
- 4.5x income**
- Min 3, Max 40 year term
- Max 2 applicants
- Max loan £1m
- Non-EU nationals must have permanent rights to reside
- Full criteria available to search and [download online](#).

Loan amount	Max LTV
Up to £500,000	90%
£500,001 - £750,000	80%
£750,001 - £1m	75%

Property type	Max LTV
New Build House <2 years old	85%
New Build Flat <2 years old	75%
Family Sale / Undervalue	90%

*lower than 46 weeks will be applied where customer intends to work less.

**4.5x LTI as standard, 4.75x LTI for applications where LTV is 70% or less, and household income is £40k or more.

Evidence required for contractors

- Current contract (min 4 weeks remaining at application)
- Previous contracts to complete 12 months history
- Last 3 months personal bank statements showing outgoings and household expenditure
- Essential work related expenditure items must be declared for affordability e.g. car finance, travel or accommodation costs, in addition to usual household expenditure
- If declared outgoings are below expected levels and affordability is marginal, underwriters may request business bank statements to support the application.

Using the affordability calculator

1. Input as 'employed' by selecting 'No'
2. Enter income into 'Basic salary' field (£Day Rate (Net of VAT) x 5 x 46 weeks).

3. Applicant income

Main applicant

Is the applicant self employed?

Annual income from employment

Basic salary and employer allowances

Application income input

1. Select 'Self-Employed Contractor'.

Employment type *

Self-Employed Contractor

Only one income can be provided per applicant for employed contractor or self-employed contractor earnings. If a contractor with more than one source of contractual income please contact us on 0345 051 8443.

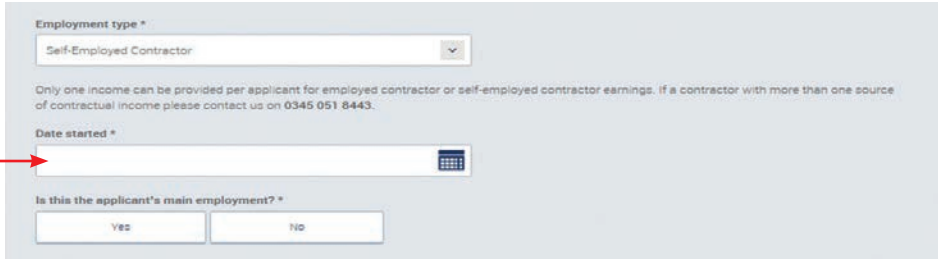
Date started *

Is this the applicant's main employment? *

Date started:

2. Input as the date business incorporated / commenced as a self employed contractor.

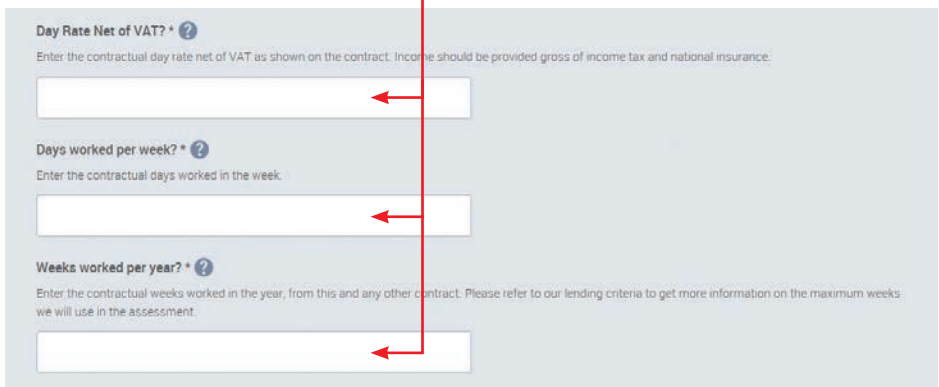
If date input is <12 months, this will be automatically referred to underwriting to check consistency of roles over the period.



The screenshot shows a form section with the following elements:

- Employment type ***: A dropdown menu with 'Self-Employed Contractor' selected.
- Text below dropdown**: 'Only one income can be provided per applicant for employed contractor or self-employed contractor earnings. If a contractor with more than one source of contractual income please contact us on 0345 051 8443.'
- Date started ***: A text input field with a calendar icon on the right. A red arrow points to this field from the text above.
- Is this the applicant's main employment? ***: Two radio button options, 'Yes' and 'No'.

3. Enter day rate net of VAT, followed by days worked per week, followed by weeks worked per year. The maximum considered in the assessment is 46 weeks.



The screenshot shows a form section with the following elements:

- Day Rate Net of VAT? ***: A text input field with a help icon. Below it is the instruction: 'Enter the contractual day rate net of VAT as shown on the contract. Income should be provided gross of income tax and national insurance.' A red arrow points to this field from the text above.
- Days worked per week? ***: A text input field with a help icon. Below it is the instruction: 'Enter the contractual days worked in the week.' A red arrow points to this field from the text above.
- Weeks worked per year? ***: A text input field with a help icon. Below it is the instruction: 'Enter the contractual weeks worked in the year, from this and any other contract. Please refer to our lending criteria to get more information on the maximum weeks we will use in the assessment.' A red arrow points to this field from the text above.

If you'd prefer a chat,
call Monday to Friday 8am-9pm,
Saturday 9am-4pm

0345 051 8461*
tescobank.com/mortgages

*This number may be included as part of any inclusive minutes provided by your phone operator.

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