

AFFORDABILITY CALCULATION	APPLICANT	GUARANTOR
Less than 30 times the monthly rent	Accept with guarantor	Decline
More than 30 times the monthly rent	Accept*	Accept if home-owner, decline if not
More than 36 times the monthly rent	N/A	Accept if not a home-owner

\* The rent can be up to 42% of the applicant's income (rather than the normal 40%), if the applicant is PAYE employed for at least 12 months, or is retired and in receipt of pension, and has at least a conditional risk score (520 and above) and an acceptable landlord reference, if applicable.

## Employment and income

### Please note the following:

- Mobiles phone numbers are not acceptable for employers.
- Only business email addresses will be accepted. (Btinternet.com, hotmail.com, aol.com are examples of unacceptable domains. Btconnect.com, connellsgroup.co.uk are examples of acceptable ones.)
- References sent via a branch will only be accepted with a full email trail, and will not be accepted where the applicant is a step in that trail.

### Acceptable income:

- Annual salary, or hourly rate based on minimum contracted hours.
- Bonus, commission or overtime if confirmed as guaranteed. If not guaranteed, 75% of any bonus, commission or overtime paid in the last 12 months from their current position will be taken into account.
- Employee allowances, e.g. London Weighting or Car Allowance. (Meal Allowances will not be included.)
- Working or Child Tax Credits will be taken into account as additional income, but not as a sole income. (If in receipt of benefits but not working, a guarantor will be required.) The full award notice must be provided. For joint claims, both applicants must be named on the award notice. Benefits will not be considered for guarantors.
- Universal credit. You will need to provide the last 6 months' proof of income, which must include the applicant's name. If screenshots are provided, you will also need to provide a document confirming the applicant's entitlement to Universal Credit, which will likely be a letter.
- Child maintenance, if court or CSA/CMS ordered. Evidence will be required.
- Disability payments in the applicant's name can be taken as additional income but not as sole income. Disability payments will not be considered for guarantors.
- Foster carer's income where there are up to three children in care at any time. 100% of the income will be taken into account.
- Bursaries, stipends or sponsorships where the income is not specifically designated for uses other than housing and is confirmed by a body or department in the UK. Evidence will be required.
- State pensions, if the annual increase letter or 6 months' bank statements are provided. Guaranteed pension credit can be included, but savings credit cannot. Pension credit is not accepted for guarantors.
- Private pensions, if the latest P60 or a letter confirming income is provided. The last 6 months' payslips or the last 6 months' bank statements can be accepted instead, if the pension payment is clear.
- Self-employed income, which must be confirmed by a chartered accountant or an SA302 or online tax calculation page. (A guide can be provided on request to explain how to retrieve the correct page.)
- Income from rental properties can be accepted if confirmed in the same way as self-employed income.

### Unacceptable income:

- Child benefit.
- Tax vouchers (received by some self-employed tradespeople).
- Savings.
- Year-to-date or projected income figures. (Submitted figures are required.)
- The childcare element of tax credits.
- Foster carers' income where there are four or more children in care at any time.

## A guarantor (or payment in advance) will be required for:

- Applicants who are financially weak.
- Applicants who are on temporary, casual or zero hour contracts.
- Unemployed or in receipt of housing benefits, unless the income isn't required to meet affordability.
- Fixed term contracts due to expire before the end of the initial tenancy term.
- Students (unless in receipt of certain types of income such as bursaries).
- Long-term absences from work, for any reason, unless income is guaranteed to be maintained at a sufficient level to satisfy the affordability calculation requirement for the full initial tenancy term.
- Those only in receipt of overseas income.
- Self-employed applicants who don't have an accountant or tax assessment forms or where the accountant hasn't been able to certify the income.
- People with new employment confirmed but not due to start within a month of the tenancy start date.
- Those whose current employment is due to end, e.g. applicant has resigned or has left employment.

## CCJs, bankruptcy, IVAs and Address History

CCJ VALUE (if disclosed and not satisfied)	RISK SCORE 570+ (accept)	RISK SCORE 520 – 569 (conditional accept)	RISK SCORE 519 OR BELOW (decline)
UP TO £100	Accept	Accept	Accept with guarantor
£101 - £999	Accept with guarantor	Accept with guarantor	Decline
£1,000 AND OVER	Decline	Decline	Decline

### Three years' or last three addresses will be checked

- If the applicant isn't found on either the anti-money laundering check or the public records (credit) check, proof of address will be required in line with Anti-Money Laundering rules.

### Applicants and CCJs

- If the CCJ is paid off post-application and a Certificate of Satisfaction is obtained then TLC will re-assess the application. (If the risk score is too low they will still fail, because the score cannot be changed.)
- An undeclared CCJ of any value will always result in a decline decision. If the applicant pays the CCJ off and submits a Certificate of Satisfaction or solicitor's letter as confirmation, a further assessment will be made.

### Applicants and bankruptcy/IVAs

- Current bankruptcy/IVA: decline.
- Discharged bankruptcy/IVA with at least 6 months' employment: accept.
- Discharged bankruptcy/IVA with less than 6 months' employment: accept with guarantor.

### Guarantors and adverse credit

- Guarantors will be declined if any unsatisfied CCJs are found, whether disclosed or not. (They may be reassessed if a Certificate of Satisfaction is submitted but it will need to pre-date the referencing.)
- Current bankruptcy or IVA: decline.
- Discharged bankruptcy/IVA with at least 6 months' employment: accept.
- Discharged bankruptcy or IVA with less than 6 months' employment: decline.

## Landlord/Managing Agent References

### Please note the following:

- The last rental property where the applicant is named on the tenancy agreement will be referenced.
- Up to 7 days' arrears will be accepted.
- Between 7 days and 1 month, occurring only once: accept with guarantor.
- Between 7 days and 1 month, occurring more than once or more than 1 month's arrears: decline.
- Where a landlord/agent confirms minor dilapidations or minor breach of tenancy but says they would re-let, this will be noted on the report but will usually not affect the result.
- A landlord/agent saying they would not re-let will usually result in the applicant being declined.
- Landlord references are not taken for guarantors.

## Guarantor-specific Criteria

### A guarantor will be considered who:

- is based in England, Wales, Northern Ireland, Scotland, Jersey, Guernsey or the Isle of Man. (However, you must advise your landlord that a guarantor outside England & Wales will be subject to a different legal system so any legal costs to pursue them may be more expensive.)
- is earning at least 30 times the monthly rent share if they are a home-owner.
- is earning at least 36 times the monthly rent share if they are not a home-owner.

### A guarantor will not be considered who:

- has an overseas contact address (including the Republic of Ireland).
- is working overseas for more than 50% of the tenancy term. (HM Forces are an exception to this.)
- is unemployed or in receipt of Housing Benefit.
- is a student.
- wishes to make an advance payment of rent.

### A guarantor will be declined if:

- they have a decline risk score.
- they have CCJs, a Bankruptcy Order or IVA (unless satisfied before referencing begins).
- they are financially weak. (The 42% rule does not apply to guarantors.)
- they need tax credits/benefits to top up their income for affordability.
- they are self-employed and we can't get a reference i.e. no accountant or tax assessment, or just started a new company.
- they are on a long-term absence from work and their income isn't guaranteed for the tenancy term. (This may include those who have not confirmed a return to work date, if that means statutory benefits such as sick pay or maternity pay might end during the tenancy term.)

## Company References

### TLC can reference PLC and LTD companies, sole traders, charities and partnerships in two ways:

- As applicant, i.e. named on the tenancy agreement. (These must be submitted online.)
- As guarantor for an individual. (These need to be submitted on a paper form.)

### Notes on company references:

- Company credit information is taken from Experian.
- For non-limited companies, sole traders, proprietors and partnerships an accountant's reference and two trade references may be requested. Accountants must have acted for more than 12 months and trade referees must have traded with the applicant for more than 12 months.
- Companies can make an advance payment of rent.
- Newly incorporated companies may require a guarantor, depending on the information received from Experian.
- Guarantors that are acting for a company must be a Director of the company being referenced and will be referenced as an individual through a normal online guarantor check.
- Companies based overseas with no UK office will require a guarantor.
- For companies based overseas with a UK office AND who have submitted their accounts to Companies House, it may be possible to obtain an Experian report and therefore give a decision that does not require a guarantor.
- Public bodies, such as councils, the NHS and embassies cannot be referenced. (List not exhaustive.)
- All occupiers of the property must be Right to Rent checked.