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The Nottingham increases mortgage Loan to Income Ratio (LTI) to support homebuyers in today's challenging economic environment

Nottingham Building Society has announced that it is to increase its maximum Loan to Income ratio (LTI), in response to the challenging economic climate for homeowners. Borrowers looking to take out a mortgage with The Nottingham can now borrow a maximum of 5.5x against their household income, up from 4.5x.

The new LTI increase is applicable to households with a gross annual income of over £75,000. This means households with a gross income of £75,000 can now borrow up to £412,500, a significant increase from the previous maximum of £337,500.

The Nottingham will keep in place its affordability tests – covering income, expenditure and stressed interest rate – in order to ensure that applicants do not borrow more than they can afford to pay back, risking mortgage defaults.

This announcement comes as the average asking price for a first time home reaches a new height of £224,963*, yet incomes are not rising in line.

“It’s imperative that we move with the ever-changing needs of our customers,” **comments Alison Pallett, Sales Director of the Nottingham Building Society**, “We know that homebuyers are facing an extremely challenging economic environment, and we are committed to helping buyers navigate this period. We also recognise that rapid changes to the way we live and work mean that lenders with non-traditional circumstances can find it difficult to get the mortgage they want. We hope that alongside our affordability criteria, increasing our LTI ratio will help more homebuyers on their journey.”

ENDS

* Source: Rightmove