

LANDBAY[®]

Buy-to-Let Lending Criteria

29 October 2021

Call our team on

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LBLC 291021



Contents

Portfolio criteria

- 1.** Loan Requirements

- 2.** Affordability

- 3.** Borrower

- 4.** Income

- 5.** Property

- 6.** Valuations

- 7.** Limited Company / LLP

- 8.** Exclusions

- 9.** Legals

- 10.** Insurance

- 11.** Special Edition criteria and exclusions

- 12.** Small-portfolio product criteria

1. Loan Requirements

Minimum Loan Amount	£30,000
Maximum Loan Amount	£2,000,000

Max Loan	Individuals	Limited Comps / LLP	Small HMO / Small MUFB	Large HMO / Large MUFB	Above Commercial	New Build
£750,000	80%	80%	75%	75%	75%	75%
£1,000,000	75%	75%	75%	75%	75%	75%
£1,500,000	75%	75%	75%	75%	75%	65%
£2,000,000	65%	65%	N/A	N/A	N/A	N/A

Purchase

- The loan amount will be based upon the lower of purchase price or current valuation

Re-Mortgages

- We will consider remortgage applications including when applicant(s) have been the registered proprietor(s) for less than six months
- If there is an uplift in property value within six months of ownership, LTV may be restricted to 75%
- In all instances, the ownership of the property must be registered at the Land Registry as owned by the applicant(s), at the date of completion

Loan Purpose

Borrower Exposure

(with Landbay)

- Capital Raising acceptable – Excludes Tax and Gambling
- £5,000,000
(When borrower and related parties reach £2,000,000 an interview will be required)

Borrower Background

Exposure

- Unlimited – whether number or value of property
- Underlying background portfolio will be required to meet minimum ICR rate 125% @5%. Introducers will need to provide portfolio information via the [BTL hub](#)

Minimum Term

- 5 years

Maximum Term

- 30 years

Minimum Property Value

Single Self-Contained Units	£65,000
HMO's / MUFB's	£120,000
HMO's (Qualifying postcodes)	£75,000 (BB, BD, CA, CW, DH, DL, FY, HD, HX, L, LA, M, NE, OL, PR, SK, TS, WA, WF, WN, YO)

- Repayment Type**
 - Interest Only
- Deposits**
 - Evidence of source will be required
- Family Gifted Deposits**
 - Direct family (Mother, Father, Grandparents or siblings) who gift cash to their family are allowed subject to maximum LTV 75%.

2. Affordability

ICR rules for 2 year fixed rate and tracker rate products stressed at 5.50%:

	Individuals	HMO/MUFB	First Time Landlord/Buyer	Above/Adjacent Commercial
Individual	140%	140%	140%	140%
Limited Company / LLP	125%	125%	125%	125%

ICR rules for 5 year fixed rate products stressed at pay rate:

	Standard	HMO/MUFB	First Time Landlord/Buyer	Above/Adjacent Commercial
Individual	140%	140%	140%	140%
Limited Company / LLP	125%	130%	135%	130%

3. Borrower

- Maximum Applicants**
 - Maximum 4 applicants
- First- time Landlord**
 - At least one applicant must be a residential or property owner
- Minimum Age**
 - 21 Years at application
- Maximum Age**
 - 85 at the end of mortgage (95 for Limited Companies if one director is under 85 at end of term)
- Residential Status**
 - Applicants must be resident in the UK for the last 24 months and have permanent rights to remain or settled status

Borrower Exclusions

- Non UK Diplomats
- PEP's
- Accredited embassy staff of foreign nations
- Convictions (spent or unspent) following which insurers may impose special terms

Consumer Buy-to-let

- Not acceptable

Credit Status

- Landbay uses Equifax as its primary credit search provider. See our privacy policy for what we check

Adverse

- Landbay will not generally consider adverse credit, applicants that have made arrangements with creditors or been made bankrupt. Landbay will also not normally consider directors of a company that have a history of making arrangements with creditors or been directors of any company that has been liquidated.

4. Income

At least one applicant must be employed, or self-employed.

Min Income - Combined

- £25,000 (landlord experience <24 months)
- £15,000 (Landlord Experience >24 months)

Employment Status

Employment Status	Self Employed	Employed / Retired
Minimum duration	2 years	3 months (Non-Probationary)
Documentation	2 years SA302's and overview 3 months bank statements	3 months' payslips 3 months bank statements
Exclusions	Foreign income State benefit income (Inc State Pension)	Foreign income, seasonal work or Probational. Notice of redundancy or termination. State benefit income (Inc State Pension). Furloughed employment where resumption to full salary and continued employment cannot be guaranteed

NB - Rental income can be included in combination or isolation.

5. Property

England and Wales

Tenure

- Freehold
- Leasehold properties should have a minimum unexpired lease of 55 years after the end of the mortgage term.
- Absolute title only (Possessory title not acceptable)

Property Exposure

- No more than 25% or 2 units (whichever is the greater) exposure within a block of flats over 4 units
- For blocks of flats of 4 units or less we can look up to 100% exposure within the block
- A charge on the freehold maybe required in all cases where the applicant has a charge on the freehold and is looking to purchase/remortgage a leasehold unit within the block
- We will also monitor postcode exposure and will decline applications where either the applicant or Landbay are exposed to concentration risk

Acceptable Properties

All properties must be suitable for let upon completion

House and Flats including new builds and conversions	Ex Local Authority Properties (Flats must have more than 50% private ownership)	
HMO's up to 12 beds	MUFB's up to 12 units	Studio Flats > 30sqm
Properties above/adjacent commercial properties (see exclusions)	EPC rating E or above	Prefabricated Reinforced Concrete (PRC) dwellings which have been repaired under the PRC (Homes) Ltd licensed repair scheme
Laing Easiform built after 1945		

House in multiple occupation (HMO)

- A property is a HMO if at least three tenants live there, forming more than one household, and sharing toilet, bathroom or kitchen facilities
- The applicant must have a minimum one years' lettings experience as a landlord
- The maximum number of rooms we can consider is 12
- All HMO's must have appropriate licences if required
- At our discretion, and where considered appropriate, an investment valuation may be obtained

Multi-unit property

- The applicant must have a minimum one year's lettings experience as a landlord
- A single property may be divided into a maximum of 12 units
- Each unit should be fully self-contained and have its own utilities and larger than 25sqm

All Properties

- Where a property has been subject to alteration, conversion or change of use, the following items will be required to be forwarded with the deeds, unless the property is a HMO, when copies will be required prior to release of funds
- Applications may be limited by risk and exposure limits

- A copy of the current HMO licence, if applicable (for property purchases a copy of the new HMO licence will also be required after completion)
- Evidence that the property has the benefit of planning permission for its current layout and use. Evidence may be in the form of a copy of the planning consent(s) for the current configuration/ use, permitted development for change from Class C3 to C4 of the Town and Country Planning (Use Classes) (Amendments) (England) Order 2010, assuming no Article 4 Direction Order in place at the time of the change, or sui generis (as appropriate); an established use certificate or a certificate of lawfulness of existing use or development
- Evidence that the property has the benefit of appropriate building regulations approval and a copy of the building regulations completion certificate

Property Exclusions

Properties with low demand as a result of location/ condition/ maintenance	New build properties (max 2 years old) with the benefit of a Rental Guarantee incentive	Properties with Local Authority approval for uses other than residential
Normally Ex Local Authority apartments. This is the case where most units are still being used for social housing	Non-traditional construction e.g. Timber frame, concrete or any designated defective under the housing act	Converted properties where the applicant is resident in a different unit in the building
Properties which are subject to any restrictions (occupancy/use/resale), e.g. Agricultural restrictions	Properties subject to adverse notices, mineral extraction, contaminated land, landfill, mining subsidence. Also properties with Japanese Knotweed excluded	Properties located adjacent to an electrical sub-station (small substations will be acceptable subject to valuer's comments) or communication mast or within 100m of overhead high voltage cables/ pylons
Properties held in Trust	Right to buy scheme or subject to a pre-emption clause. Properties which are, or have been shared ownership	Built within the last 10 years without an NHBC certificate or other guarantee acceptable to us
Properties with solar panels which are subject to a lease agreement	Properties adjacent to commercial premises which could materially impact marketability, e.g. Pubs, takeaways and petrol stations	Properties being purchased at under market value, will be assessed at purchase price
Grade I & Grade II* listed properties	Properties that have cladding and do not have an acceptable cladding fire test certificate	Flying freehold greater than 15% of the total property area
Freehold Flats	Ex-local authority properties with deck access	New Build Flats where the ground rent exceeds 0.10% of the property value
Properties liable to flooding	Properties with non-standard insurance terms	New build properties that do not meet EWS1 grade A1 standard

NB - Purchases involving property clubs or syndicates are excluded.

NB - Properties which include rental guarantees. (this also includes developments as a whole)

Acceptable Tenancies

Assured Shorthold Tenancy up to 36 months	Housing Association	Local Authority
Student Lets	Company Lets (where the company is registered in England, Wales or Scotland)	DSS/Universal Credit

NB – Maximum tenancy is 3 years in all circumstances

Unacceptable Tenancies

Common Tenancies (where the rental income is > £100,000)	Property occupied by family, vendor or employee	Holiday Lets e.g Airbnb Properties
Asylum Seekers	Vulnerable tenants	Defective tenancies e.g sub-let clauses, missing notices

6. Valuations

- Where the valuer confirms that specialist reports are required Landbay will require the applicant to arrange the reports which will be sent to the valuer for comment, please note that the specialist reports must be completed by the recognised contractors identified by Landbay or the surveyor
- No monies will be released until essential repairs have been undertaken. Upon completion of the works, the original valuer will be required to re-inspect the property to confirm its suitability for mortgage purposes and provide a revised valuation figure where applicable
- Valuations are usually valid for 120 days

7. Limited Company/LLP

- Limited Companies must be registered in England, Wales or Scotland
- SPV Companies must have been established for property rental only and will only be accepted with the following SIC codes:
68100, 68201, 68209, 68320, 7012, 7020, 7032
- Trading Limited Companies are acceptable, however the company must have the related SIC code for property rental and must have been trading for at least two years. Please refer if less than two years
- Max 4 Directors/Members (must be resident within the UK for the last 2 years)
- All directors regardless of shareholding must be subject to the mortgage
- Any shareholder of 25% shares or more must be subject to the mortgage

- Any shareholder with 24.9% or lower does not have to be subject to the mortgage
- Full Personal Guarantees required on a joint and several liability basis from all mortgage applicants
- Layered Limited Companies can be considered by referral (common directors and ultimate beneficial owners being subject to the mortgage application)
- All members of an LLP must be designated members
- LLP's with corporate member would not be acceptable
- Please note that trusts & charities are excluded

8. Exclusions

- Portability
- Further Advances
- 2nd Charges

9. Legals

- Landbay require a first legal charge on all properties
- Landbay's panel is available on the website and only managed via Lender Exchange
- All solicitor firms need to be registered on Lender Exchange
- Dual and separate representation instructions are acceptable
- In each instance the applicant will be liable for the fees of both lender and themselves
- Unable to change solicitors post offer
- Offer expires 90 days
- Extensions beyond this must be agreed by Landbay
- Title indemnity Insurance may be offered for remortgages . There are specific terms and conditions which conveyancers must comply with to benefit from this

10. Insurance

- Applicant must make own arrangements for insurance
- Policy must be standard terms with no exclusions
- Landbay must be named in policy

11. Special Edition Criteria and Exclusions

Applies to Special Edition products only

- Minimum standard property value - £75,000
- Minimum HMO value - £120,000
- Maximum property value - £3,000,000
- Maximum New Build property Value - £750,000
- Special Edition maximum borrowing - £1,500,000
- Excludes properties above or adjacent to commercial premises (applies to flats & houses)
- Excludes Listed Buildings
- Excludes converted commercial premises
- Excludes Ex-Local Authority properties
- Excludes HMOs & MUFBs
- Minimum lease of 85 Years at completion
- All mortgage applications are subject to regional risk limits
- For circumstances not listed, standard criteria applies

12. Small-portfolio product criteria

Applies to non-portfolio products only

How does Landbay determine if a case should be treated as a non-portfolio application?

If the combined number of buy-to-let properties (both encumbered and unencumbered) owned by the applicants is three or less at the time of underwriting, then we deem the landlord to be non-portfolio.

- Minimum loan size £75,000
- Maximum loan size £1,000,000
- Maximum 75% LTV
- Available to limited companies and individuals
- Exclusions: Properties above or adjacent to commercial premises (applies to flats & houses), ex-local authority properties and new build properties
- Excludes HMOs and MUFBs
- Maximum two borrowers (individuals or directors)
- Minimum combined income £25,000

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