

LANDBAY[®]

Buy-to-Let Lending Criteria

2020

Call our team on

020 7096 2700

LBLC 05082020



Contents

- 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

1. Loan Requirements

| | |
|---------------------|------------|
| Minimum Loan Amount | £30,000 |
| Maximum Loan Amount | £1,500,000 |

| Max Loan | Individuals | Limited Comps / LLP | Small HMO / Small MUFB | Large HMO / Large MUFB | Above Commercial | New Build |
|------------|-------------|---------------------|------------------------|------------------------|------------------|-----------|
| £750,000 | 75% | 75% | 75% | 70% | 70% | 75% |
| £1,000,000 | 75% | 75% | 75% | 70% | 70% | N/A |
| £1,500,000 | 70% | 70% | 70% | 70% | 70% | 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 where the applicant(s) have been the registered proprietor(s) for less than six months.
- 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

- Capital Raising acceptable – Excludes Tax and Gambling debts

Borrower Exposure

(with Landbay)

- £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%

Minimum Term

- 5 years

Maximum Term

- 30 years

Minimum Property Value

| | |
|------------------------------|---|
| Single Self-Contained Units | £75,000 |
| 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
- First time Buyer / Landlord**
 - Acceptable – Standard property only
- 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**
 - All applicants must have indefinite rights to remain within the UK for the last 2 years

Borrower Exclusions

- Non UK Diplomats
- PEP's
- Accredited embassy staff of foreign nations
- Unspent Convictions

Consumer Buy-to-let

- Not acceptable

Credit Status

- Equifax Credit Search

Adverse

- Landbay will not generally consider adverse credit. Landbay will not usually consider directors of a company that has gone into Liquidation, borrowers with bankruptcy or credit arrangements and borrowers who have had mortgages and insurance applications declined previously

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)

Min Income - First-Time Buyer

- £85,000 PAYE

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 Probational Notice of redundancy or termination state benefit income (Inc State Pension) |

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) | Flats with more than 5 stories must be served by a lift |
| HMO's up to 12 beds | MUFB's up to 12 units | Studio Flats > 30sqm |
| Properties above/adjacent commercial properties. (also see exclusions) | EPC's rating above E. | 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 |
| 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 | |

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 | 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 90 days

7. Limited Company/LLP

- Limited Companies must be registered in England, Wales or Scotland
- Companies must have been established for property rental only and will only be accepted with the following SIC codes:
68100, 68209, 68320, 7012, 7020, 7032
- Companies trading in any other activity are not acceptable
- 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

8. Exclusions

- We reserve the right to decline any mortgage application.
- Portability
- Further Advances
- 2nd Charges

9. Legals

- Landbay require a first legal charge on all properties
- The solicitors panel is available on the Landbay [website](#)
- 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 from valuation

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 property value - £120,000
- Maximum property value - £2,000,000
- Maximum New Build property Value - £750,000
- Special Edition maximum borrowing - £1,000,000
- 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
- Maximum height of a block - 10 storeys
- All mortgage applications are subject to regional risk limits
- For circumstances not listed, standard criteria applies.

LANDBAY[®]



Call our team on

020 7096 2700

LBLC 05082020