

Important Information about our Buy to Let Mortgages

This information should be read in conjunction with the individual mortgage product features. Where the information differs, the individual mortgage product features will take precedence over the information stated below.

All applications are manually underwritten by our experienced underwriters and are subject to a full assessment against our lending criteria.

Please note that the information below does not constitute an exhaustive list of our lending criteria and borrowing requirements.

1. Buy to Let lending – Regulatory Status

Buy to let lending falls into three key areas:

- (i) **Standard Buy to Let** – for landlords operating a buy to let portfolio for business/investment purposes, including via a Special Purpose Vehicle (SPV) Limited Company (a non-trading company that exists solely for buying, selling and letting property).

The mortgage will not be regulated by the Financial Conduct Authority (FCA).

- (ii) **Regulated Mortgage Contract Buy to Let** – where the property is let to a close relative (e.g. spouse, civil partner, children, parents, brothers and sisters), or where the borrower(s) intend to occupy the property at a future date.

The mortgage will be regulated by the FCA.

- (iii) **Consumer Buy to Let** - lending where the borrower(s) has acquired or already owns the property and is deemed not to be acting predominantly for business purposes.

Consumer Buy to Let credit agreements are regulated by HM Treasury under an adopted UK national framework.

2. Purpose of the Loan

Lending is available for applications fully secured on residential property by way of a first legal charge in England and Wales.

Loans are available for the following purposes:

- House purchase
- Remortgage
- Capital raising on an unencumbered (i.e. mortgage free) property providing the monies are used for property related purposes
- Light refurbishment, allowing the loan to value to be based on the loan amount including any home improvements, subject to product availability
- Further advance on existing buy to let mortgages for capital raising purposes providing the monies are used for property related purposes

3. Loan Size, Portfolio Size and Loan to Value (LTV)

Minimum loan size: £50,000.

Maximum loan size: £500,000 for any single property.

Maximum LTV: 80% for Standard Buy to Let (subject to product availability); 75% for Consumer Buy to Let and Regulated Buy to Let; 65% for Holiday Lets.

The maximum number of properties on which the Society will provide mortgages to any one individual is 5, subject to the aggregate buy to let borrowing from the Society not exceeding £1,000,000.

We will consider applications where the applicant has up to a maximum of 15 buy to let mortgages with other lenders.

4. Eligibility

The applicant (or one of the applicants in the case of a joint application) must be an owner-occupier at the time of application or have been an owner-occupier in the last 12 months.

Lending to an SPV Limited Company with up to 4 UK resident directors or shareholders is allowed. SPV Limited Companies with shareholders or directors who are Expats or another Holding Company are excluded. The borrowing of any SPV Limited Company must be registered at Companies House within 21 days of mortgage completion. A guarantee from all directors/shareholders is required and all individuals providing a guarantee are required to take Independent Legal Advice. Guarantees may not be required up to 65% LTV, subject to product availability.

The Society will not lend on new build city centre flats, flats in blocks with more than 4 storeys, properties over retail outlets or a House in Multiple Occupation (HMO).

The Society must be satisfied that the applicant's current, contingent and proposed overall financial situation (including income and indebtedness) can support the mortgage repayments in the event that there is a tenancy default or void payments. Landlords of holiday let properties must have a minimum earned income of £35,000.

Properties used for holiday lets must be available and rented out as a Furnished Holiday Let in accordance with the HM Revenue and Customs (HMRC) rules. To qualify as a holiday let for HMRC purposes, the property must be available to rent for a minimum of 30 weeks of the year, and let out for at least 15 weeks of the year. Lending on holiday parks or complexes, B&Bs and AirBnB are excluded. No Assured Shorthold Tenancy (AST) agreements are allowed. Minimum property valuation of £150,000. Borrowers are permitted to occupy the property for up to 60 days per annum.

5. Rental Income Requirements* or Interest Coverage Ratio (ICR)

Standard Buy to Let

Rental income must be at least 125% of the monthly mortgage payment calculated at 5.5% or 2% above the mortgage pay rate (whichever is higher) on an interest only basis, excluding higher rate tax payers on house purchase or remortgage with additional borrowing, where rental income must be at least 145% of the monthly mortgage payment calculated at 5.5% or 2% above the mortgage pay rate (whichever is higher) on an interest only basis.

Consumer Buy to Let and Regulated Buy to Let

Rental income must be at least 125% of the monthly mortgage payment calculated at 5.5% or 2% above mortgage pay rate (whichever is the higher) on an interest only basis.

Assessments using earned income or other personal wealth

Subject to product availability, landlords may use earned income or other personal wealth in addition to rental income (Top Slicing) when assessing affordability. In such circumstances, rental income alone must be at least 100% of the product pay rate on an interest only basis.

Holiday Lets

A holiday letting agent or valuer is required to provide Low, Mid and High Season rental figures for the property. Agents' letting fees should be deducted, or assumed as 20% of the gross rents if not confirmed. We will then take the annual average of the 3 seasons' income (after agents' fees) and use 70% of this figure, to allow for rental voids when calculating the ICR.

This figure must cover the monthly mortgage payments calculated at 125% of the mortgage payment calculated at 5.5% or 2% above pay rate (whichever is the higher) on an interest only basis.

Assessments using earned income or other personal wealth (Top Slicing) is allowed on one holiday let property per borrower.

*Written confirmation of the actual or anticipated rental income from a recognised reputable professional letting agent is required for all mortgage types. Details of the actual rental income requirements are displayed on our product web pages.

6. Term and Age Limits

Minimum age: 25 years at the time of application

Maximum age: Prior to age 85 (of the oldest applicant) at the end of the mortgage term.

Please see product information for the minimum mortgage term. The maximum mortgage term is 40 years, subject to your age at the time of application.

7. Repayment Options

- Capital repayment
- Interest only
- Part capital repayment and part interest only

Interest only means that you only pay the interest due on the loan and you must have an acceptable repayment strategy in place to repay the capital balance at the end of the mortgage term.

Acceptable repayment strategies include:

- Sale of the mortgaged property.
- Savings and investments (including endowment policies and existing Personal Equity Plans).
- Pension lump sums.
- A portfolio of stocks and shares or a stocks and shares ISA/NISA.
- The sale of a mortgage/debt free UK located buy to let or holiday property that is owned by the mortgage applicant(s) on a Joint Tenant basis.

You are responsible for any shortfall should your repayment strategy fail to repay the capital borrowed at the end of the term and you should therefore check the performance of any investment, where appropriate, on a regular basis. If you are not in a position to repay the capital when you reach the end of the term you will be in breach of the mortgage conditions and this could result in further action being taken by us to protect our interest in the property.

The Mansfield Building Society is not authorised to give advice in respect of repayment strategies relating to an interest only mortgage and will not provide any advice concerning the adequacy or suitability of your chosen repayment strategy.

8. Mortgage Rate Types

Subject to product availability, we offer a range of fixed, discounted variable rate and tracker mortgages.

Standard Variable Rate (SVR)

An internal rate of interest set by the Society to reflect market conditions. The rate is variable and can go up or down.

At the end of any fixed rate, discounted rate or tracker product period the interest rate will revert to the SVR.

Fixed Rate Mortgage

The interest rate is fixed for a specified number of years.

Discounted Variable Rate Mortgage

The interest rate is discounted for a specified number of years. The rate is variable and can go up or down.

A minimum rate of 1.5% will apply during the discounted term unless otherwise stated in the product terms.

Tracker Mortgage

The interest rate tracks an externally referenced rate - normally the Bank of England Base Rate for a specified number of years. The rate is variable and can go up or down.

9. Interest Calculation

Interest is calculated daily.

10. Early Repayment Charge (ERC)

An early repayment charge is a charge levied in the event that the mortgage is repaid in full or in part during a specified period.

An early repayment charge equivalent to a percentage of the original mortgage amount including any fees added, will be made if the mortgage is redeemed at any time during the initial fixed rate or discounted variable rate period.

If a new mortgage for at least the same amount as the total mortgage balance outstanding is taken out simultaneously with us then the Society, in its discretion, may waive any early repayment charge. If a new mortgage for at least the same amount as the total mortgage balance outstanding is taken out within 3 months of full repayment then the Society, in its discretion, may refund any previously paid early repayment charge.

11. Lump sum or overpayments of Capital

Payments in excess of the required monthly mortgage payment can be made in the form of lump sum payments or regular overpayments.

A repayment of capital up to a maximum of 10% of the original mortgage advance will be allowed each calendar year during the product term without incurring an early repayment charge. Any lump sum payments or regular overpayments received in a single calendar year, which in total exceed 10% of the original mortgage amount, will incur an early repayment charge on the amount of the excess.

12. Fees and Charges

For full details of fees and charges please see our 'Tariff of Charges' available on our website www.mansfieldbs.co.uk or on request.

Application Fee

A non-refundable application fee is payable on application.

Completion Fee

A non-refundable completion fee is payable before completion.

Where product features allow, customers may positively elect to add the completion fee to the loan amount. If the completion fee is added to the loan amount this will become interest bearing and will be reflected in the monthly repayment over the term of the mortgage. The fee may be paid by debit or credit card without incurring additional charges.

Chaps / Telegraphic Transfer Fee

A charge which covers the cost of transferring funds to you, your bank or solicitor.

Valuation Fee

Unless otherwise stated in the product features a basic valuation fee is payable by the applicant(s). The fee charged is normally based on the purchase price of the property at the time of inspection. Where the purchase price is preferential or where the price is not known at the time of inspection, the fee charged will be based on the valuation figure.

For a full list of mortgage valuation fees, please see our 'Tariff of Charges'.

Valuation fees are payable to Gateway Surveyors who will request payment when arranging the valuation.

The valuer must be informed that the property is to be used as a buy to let property and the report is required to include comment on the projected rental income and the reasonableness of this and the local demand.

Legal Fees

Legal fees are payable to your / our legal advisor on or before completion for carrying out work in relation to you taking out a mortgage with us.

For remortgage applications you can opt to use our nominated legal advisor for a fixed fee of £250. Under this shortened legal process the legal advisor will be acting on behalf of the Society.

Redemption Administration Fee

When closing your mortgage account we will ensure enough money is received to clear the outstanding balance and return any overpayments made to you. We will arrange for our interest to be removed from any assigned policies, complete the legal discharge paper work and release our legal charge over the property. We also release the Title Deeds. This fee covers the work involved in these tasks.

13. Direct Debits

Monthly mortgage payments are made by Direct Debit and are due on the 25th of each month.

14. Portability

Our mortgages are not portable to another property.

15. Maintaining Mortgage Repayments

Your home or property could be at risk if you fail to maintain your mortgage payments on time and in full. Failure to meet these requirements may adversely affect your credit information and impact future credit applications.

YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Contact Us

If you have any questions or comments about the information above then please feel free to contact us at our registered office in Mansfield. We have fully qualified mortgage advisors who will be happy to help you with your query.

Mortgage Enquiries: 01623 676345 (Mortgage Intermediaries 01623 676360). Telephone lines are open six days a week, Mon to Fri 9.00am* - 5.00pm (*Weds from 10.00am), Sat 8.45am - 12.15pm.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Reference number 206049.

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