

For Intermediary Use Only

Buy to Let - Holiday Lets



The Mansfield accepts Buy to Let properties used for holiday lets subject to:

- Maximum 70% Loan to Value
- Borrowers are allowed to occupy the property themselves for up to 60 days per year
- Minimum property valuation £150,000
- Minimum earned income £35,000
- Property to be rented under a Licence Agreement. No ASTs allowed
- Lending on holiday parks or complexes, B&Bs and AirBnB are **excluded**
- Minimum loan size £50,000, maximum loan size £500,000.



In addition to our standard Buy to Let requirements, the following criteria applies to holiday lets:

- Must be a standard residential furnished property that is suitable for owner occupation and has no title, local or occupancy restrictions. Relevant planning consents must be in place.
- A holiday letting agent must be in place.
- Where there is no track record of income, a professional local holiday letting agent will need to confirm the likely net rental income and provide commentary on the likely occupancy levels.
- Must qualify as a Furnished Holiday Let under HM Revenue and Customs' requirements.



Calculating Affordability



- A holiday letting agent or valuer is to provide Low, Mid and High Season rental figures for the property. Agent's letting fees should be deducted, or assumed as being 20% of gross rents if not available or confirmed.
- We will take an annual average of the 3 seasons' income (after agent fees) and use 70% of this figure, to allow for rental voids, when calculating the Interest Rate Coverage Ratio (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,

Worked Example:

Weekly Rent		Annualised Rental Income	Total
High Season	£1,300	X 52	£55,467
Mid Season	£1,100		
Low Season	£800		
Average	£1,067		

Calculation

Less 20% for agent letting fees	£55,467 – £11,093 (20%)	£44,374
Less 30% for voids & seasonal adjustments	£44,374 - £13,312 (30%)	£31,062
Assessable annual rental income		£31,062

Must be equal to or greater than balance x pay rate stressed at 125%

Mortgage balance £250,000	x	Pay rate 5.5%	x	Stress rate 125%	£17,188
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Specific product/criteria restrictions may apply, for further product information and details, see our website mansfieldbs.co.uk/mortgage/holiday-lets