

Top slicing buy to let

Frequently Asked Questions

Q What is top slicing buy to let?

A On some occasions the rental income achieved by a property is not sufficient to cover the minimum ICR for the loan amount required. In this instance the customer may have few, if any, options when it comes to remortgaging or purchasing a new property. At Precise Mortgages we are now offering the option for customers to use their excess earned income to support their buy to let application and achieve the loans they need.

Q How will interest coverage be assessed if income is used to support the loan?

A In order to use income to support a buy to let the rental income from the property must achieve a minimum ICR of 110% calculated at the pay rate of the selected product. The minimum ICR that is required for the loan will be calculated in accordance with our current lending criteria (please see our [criteria guide](#) for full details). The shortfall between the rental being received and the rental required to meet the minimum ICR for the loan amount may be met by the customer's excess income.

Q How will Precise Mortgages calculate an applicant's excess disposable income?

A We will take into consideration the applicant's income and ongoing commitments and use this to determine whether they have sufficient excess income to support the buy to let application.

Q What additional information will be needed?

A Our online system now requires extra information for top slicing applications. This includes:

- ▶ The outstanding balance of residential and buy to let mortgages held
- ▶ Monthly repayment amounts
- ▶ Current interest rates
- ▶ Property types
- ▶ Monthly rental incomes

Once the application is fully submitted our underwriters will require evidence of the customer's income and the latest 3 months' bank statements (please see our [criteria guide](#) for full details).

Q For joint applications, can both applicant's income be used to support the buy to let?

A Yes, you will have the option to provide details and supporting evidence for both applicants.

Q Are top slicing buy to lets available to portfolio landlords?

A No, we are only able to consider income in support of a buy to let if the applicants own 3 or fewer mortgaged buy to let properties, this includes any applications pending with Precise Mortgages.

Q Can a customer use top slicing on more than one application?

A We are only able to process one application that uses an applicant's earned income at any time, this includes residential applications. Once an application has completed then another can be submitted and top slicing can be considered, however the applicant's income will need to be sufficient to cover any existing commitments as well as any rental shortfall.

Q If the customer wants to use top slicing after the application has been submitted, can they do this?

A No, if the option to include earned income is not selected during the DIP we will not have the information we need to assess the overall affordability. The option to use earned income may still be available to the applicant, but the case will need to be rekeyed.

Q Can top slicing be used to support any buy to let application?

A We will not consider top slicing on Limited Company, HMO, first time buyer or portfolio landlord applications.

Q Are there specific products for top slicing buy to lets?

A This option will be available across our range of core buy to let products, with the exception of Limited Companies and HMOs.

Q I am unsure about whether a top slicing buy to let is available for my customer. Who can I discuss this with?

A You can contact a member of our Sales Team who will be happy to help with any queries you have. Please see our dedicated Sales Team page for the contact details of your BDM.

Key criteria for top slicing buy to let:

- ▶ Minimum ICR must be 110% calculated at the pay rate of the chosen product
- ▶ Applicant 1 must own their residential home
- ▶ The repayment method must be interest only
- ▶ Only one income supported application can proceed for an applicant at any one time
- ▶ Not available to portfolio landlords

Please refer to our [Buy to Let Criteria Guide](#) for more information.

For further assistance in placing a Top Slicing Buy to Let application with Precise Mortgages contact one of our **Sales Team**.

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