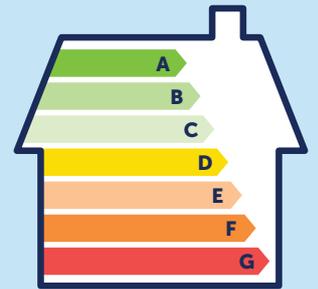


Energy Performance Certificates (EPC) and Minimum Energy Efficiency Standards (MEES)

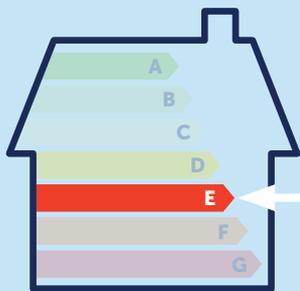
Background

The Energy Performance Certificate (EPC) rating system was introduced in England and Wales in 2007. An EPC is required whenever a property is constructed, sold or rented out. An EPC shows how much energy a property uses and how it rates in terms of energy efficiency based on factors such as insulation, heating and hot water systems, ventilation and fuels used. Properties are given a property rating from A (most efficient – shown in dark green) to G (least efficient – shown in red).



What new standards have been introduced?

On 1st April 2018, new Minimum Energy Efficiency Standards (MEES) for residential and commercially let properties were introduced. The aim of the standards is to improve the energy efficiency of older buildings and help the UK achieve its carbon reduction targets. The standards affect all new lets and renewals of tenancies to begin with, coming into force for all existing residential tenancies from 1st April 2020.



Landlords in England and Wales must now ensure that a property which requires an EPC has an energy efficiency rating of at least E before renting the property out to a new or existing tenant. It is now illegal for landlords to rent out a property which fails to meet the requirement for a minimum E rating, unless there is an applicable exemption.

Landlords renting out a property which fails to meet the new MEES can be fined a civil penalty of up to £4,000. They will not be able to rent the building out until the works that are required to get it to an E rating have been carried out. All rented properties must have an up-to-date EPC which must be available free of charge to any prospective tenant at the earliest opportunity.

It's worth making sure your customers are aware that an EPC is only valid for 10 years and must be renewed in order to continue letting a property out.

An EPC is not required for certain types of property, including listed buildings and holiday accommodation that is rented out for less than 4 months a year or is let under a licence to occupy. For a full list of exempt properties, visit <https://www.gov.uk/buy-sell-your-home/energy-performance-certificates>

Energy Performance Certificates (EPC) and Minimum Energy Efficiency Standards (MEES)

? What opportunities are there?

A recent survey carried out by BVA BDRC* found 1 in 10 landlords have been impacted by the new legal requirement for all rental properties to have a minimum EPC E rating. This figure increases to more than a quarter of landlords with 20 or more properties. The survey also found that nearly 4 in 10 landlords with four or more buy to let mortgages plan to remortgage in the next 12 months.

These findings suggest this is an ideal time to go through your landlord databases and find out if they could benefit from any help. For example, do they need assistance in financing any improvement work they might need to do to meet the minimum EPC rating or with remortgaging their properties?

? How can Precise Mortgages help?

The changes have contributed to us designing and launching a Refurbishment Buy to Let proposition. This could be ideal for landlords who want to maximise rental yield and increase capital value, for example by increasing their portfolio by buying a property at auction for below market value but which needs to be improved before it can be let. The property might need light refurbishment, such as replacing a boiler, installing a new heating system or fitting double glazing windows to meet the minimum EPC standards. It could also be suitable for portfolio landlords who need to upgrade some of their existing properties ahead of MEES coming into force in 2020.

The proposition offers customers the flexibility of raising finance to carry out the refurbishment work with the surety of exiting onto a long-term Buy to Let Mortgage once the work has been completed (as long as there is no change in circumstances and the property meets the expected valuation following refurbishment).

The proposition offers the following features:

- ▶ The ability to raise funds up to 80% LTV based on the after-works valuation figure
- ▶ No mortgage repayments are required whilst the refurbishment works are being completed

ONE

- application, which we will key for you
- expert underwriter providing support for the entire process
- valuer for both the bridge and Buy to Let Mortgage
- conveyancer with discounted legal fees

TWO

- two offers will be issued - one for the Bridging Finance and one for the Buy to Let Mortgage. The Buy to Let Mortgage product chosen will remain available whilst the Buy to Let Mortgage Offer is valid, allowing customers the security of knowing what their monthly repayments will be once the refurbishment is complete
- procurement fee payments

Source: * BVA BDRC Landlords Panel Q2 2018



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To find out more, visit www.precisemortgages.co.uk, speak with your **Business Development Manager** or call our dedicated customer support team on **0800 116 4385**.