

Guide to top slicing

Frequently asked questions

1. Why have Precise Mortgages introduced top slicing?

Our top slicing proposition has been developed to help landlords manage their buy to let properties with greater flexibility and in a way that more accurately reflects their financial circumstances.

2. How does the Precise top slicing proposition work?

In order to qualify for top slicing, the property must achieve a minimum ICR of 110% when calculated at the pay rate of the selected product. Then, surplus rental income from the landlord's property portfolio, earned income, or a combination of the two can be used to demonstrate that the landlord could meet any financial stresses in line with our standard lending criteria.

3. Which buy to let products offer top slicing?

Top slicing is available across all of our buy to let schemes including limited company, personal name tax structures, portfolio and non-portfolio. This option will be offered automatically to all eligible applications as part of the DIP. The only exceptions are first-time buyers, repayment loans and applicants in receipt of furlough income or income from the Self Employed Income Support Scheme (SEISS).

4. Does the landlord need to pay this surplus income to Precise?

No. Precise simply make an assessment of whether the surplus income is available.

5. How do landlord's prove that they have the surplus income required?

Precise will look to assess portfolio income first. In most cases we'll be able to reach a decision from the information we capture as a standard part of our application process – so for portfolio landlords, it's likely that no additional information will be required as a result of choosing top slicing. If a customer uses surplus earned income to support a loan rather than portfolio income, we'll require some income verification. Please see our [Buy to Let submission guide](#) for full details.

6. Why does top slicing mean greater access to 2 year fixed rates?

Top slicing allows landlords to meet the rental cover calculation needed for short-term products by demonstrating they have additional income sources beyond the individual rent of the property.

7. Does top slicing mean greater flexibility around loan size?

Yes, where landlords have surplus income.

8. Does top slicing provide access to properties with lower rental yields?

Yes, where landlords have surplus income. This income in combination with the rental income will be used to demonstrate the ability to meet financial stresses.

9. How do I tell you I want to use/don't want to use top slicing?

The DIP decision screen will provide two columns, one that states 'Rental Income Only' and the other that states 'Loan Using Top Slicing'. You're then able to choose how to proceed.

10. If a customer wishes to use top slicing after the application has been submitted, can they do this?

Yes, as top slicing is now offered automatically on all eligible applications, this will remain as an option at any time during the process. You can contact us throughout the DIP to offer process to make changes. This can also be helpful if there's a down-valuation – we'll contact you to discuss whether the application could proceed with the benefit of top slicing.

Please note: existing pipeline cases submitted prior to Monday 19 April 2021 will need to be rekeyed.

11. If there are four applicants in a limited company, can all four incomes be used?

Not currently. We'll always use the incomes of the first two applicants that have been keyed into the DIP. Therefore, if you intend to use top slicing, it's important to key the earners with the most disposable income as applicants 1 and 2.

12. Can I use a shareholder's income rather than a director's to calculate earned disposable income?

Yes, you just need to make sure the earners with the most disposable income, regardless of whether they're shareholders or directors, are keyed as applicants 1 and 2.

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

Yes, providing the parties to the loan are the same on each application. If this is not the case, any applications in progress will need to complete before another top slicing application can be submitted.

Contact your local BDM

0800 116 4385

[precisemortgages.co.uk](https://www.precisemortgages.co.uk)

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