

# Criteria guide

---

## Buy to Let Mortgages

### Important Update

In the current climate we have been working hard to continue to offer your customers a range of specialist lending solutions. We are reviewing our position on a regular basis and we would therefore recommend that you review our current product guides in conjunction with our criteria guides to see how best we can help your customer.

Section	Page number
<b>Applicant criteria</b>	<b>5</b>
Applicant profile (inc. Minimum age, Maximum age, Maximum number of applicants, Guarantors and First time buyers)	5
Allowable adverse	5
Nationality and residency	5
<b>Income criteria</b>	<b>6</b>
Minimum earned income	6
Employed	6
Self-employed	6
Furlough payments, bounce back loans and CBILS	7
Retired	7
Additional income	7
<b>Loan criteria</b>	<b>8</b>
Maximum LTV	8
Loan term	8
Loan size	8
Porting	8
Portfolio landlords	9
Portfolio criteria	9
Remortgage applications	9
Repayment methods	9
Offer validity	9
Let to buy	9
<b>Affordability</b>	<b>10</b>
Interest Coverage Ratio (ICR)	10
Bespoke ICR	10
5 year+ fixed rate requirements	10
Top slicing	11
<b>Deposit criteria</b>	<b>12</b>
Source of funds	12
Family gift	12
Builder's second charge	12
Unacceptable sources of deposit	12

<b>Limited Company criteria</b>	<b>13</b>
Applicant/guarantor profile	13
Company profile	13
Maximum number of guarantors	13
Maximum term	13
Portfolio	13
<b>Houses in multiple occupation (HMOs) criteria</b>	<b>14</b>
Definition	14
Applicant profile	14
Loan	14
Property	14
<b>First time buyer landlord criteria</b>	<b>15</b>
Definition	15
Applicants	15
Maximum LTV	15
Maximum age	15
Affordability assessment	15
Proof of income - employed	15
Proof of income - self-employed	15
<b>Multi-Unit criteria</b>	<b>16</b>
Definition	16
Applicant profile	16
Loan	16
Property	16
<b>Refurbishment Buy to Let</b>	<b>17</b>
Process	17
Criteria highlights	17
Examples of what we can assist with	17
<b>New build criteria</b>	<b>18</b>
Definition	18
Maximum LTV	18
Flats	18
Offer validity	18
Section 106 planning obligations	18
Building warranty	18

<b>Property criteria</b>	<b>19</b>
Minimum property value	19
Tenure	19
Allowable locations	19
Retentions	19
Inherited properties	19
Acceptable tenancies	19
Unacceptable tenancies	19
Unacceptable property types	19
Property criteria cont.	20
Unacceptable property types cont.	20
Restricted covenants	21
Structural reports	21
Specialist reports	21
Other	21
<b>Validation</b>	<b>22</b>
ID and residency documents	22
Supporting documents	22
<b>Fees</b>	<b>23</b>
<b>Submission requirements</b>	<b>24</b>
<b>Documentation guidelines</b>	<b>25</b>

# Applicant criteria

Applicant profile	Individual	Limited Company
<b>Minimum age</b> 21	✓	✓
<b>Maximum age</b> 80 at the date of application	✓	✓
<b>Maximum number of applicants</b>	2	4
<b>Guarantors</b>	Not allowed	4
<b>First time buyers</b> A first time buyer is any applicant that has not owned a property in the last 18 months.	First time buyers accepted. For more information please see page 14.	If all guarantors of a Limited Company application are first time buyers please contact us to discuss further.

Allowable adverse	
<b>Defaults</b>	0 in 24 months.
<b>CCJs</b>	0 in 24 months.
<b>Mortgage/secured loan arrears</b>	0 in 36 months (worst status).
<b>Unsecured arrears</b>	1 in 12 months, 2 in 36 months (worst status).
<b>IVA and bankruptcy</b>	Must have been discharged for 6 years.
<b>Debt Management Plans</b>	Are not accepted.
<b>Repossessions</b>	Are not accepted.

The table above shows temporary changes to our maximum allowable adverse criteria.

Individual products may have different restrictions, please see the relevant product guide for further details.

Nationality and residency	
<b>Residential status</b>	In all cases we require a 3 year UK residential address history.
<b>EU citizens</b>	EU citizens are acceptable providing they have a 3 year UK residential history and must provide valid evidence that settled or pre-settled status has been granted under the EU Settlement Scheme. The evidence can be in the form of a Residence Card, or via the <a href="#">View &amp; Prove Your Immigration Status Online Checking Service</a> provided by the UK Home Office. To use the UK Home Office checking service, the applicant is required to obtain and provide a 'Share Code' that will allow Precise Mortgages to check the applicant's settlement status.  <b>A letter from the UK Government Home Office confirming settlement status cannot be used as evidence.</b>
<b>Irish citizens</b>	Irish citizens are exempt from the EU Settlement Scheme, and so instead will need to provide documentation evidencing proof of Irish Nationality such as a Passport.
<b>Non EEA nationals</b>	Must have been resident in the UK for the last 3 years and have permanent rights to reside in the UK.
<b>Diplomatic immunity</b>	Is not accepted if diplomatic immunity applies to immunity from UK law.

## Minimum earned income

- ▶ No minimum income requirements on loans under £1,000,000, but applicants will need to be able to cover rental voids should they arise.
- ▶ For loans over £1,000,000 a minimum income of £100,000 from a sole source is required and proof of income must be provided.

## Employed

- ▶ A minimum employment period of 3 months in the applicant's current job is required, with 12 months continuous employment. An applicant with less than 3 months can be considered subject to the reason for the recent employment change being established and underwriter approval.
- ▶ Employment must be permanent and not subject to a probation period.
- ▶ Zero hour contracts are only permitted when the secondary applicant (i.e. not the main income earner) is employed on this basis. Payslips covering the last 6 months and the latest P60 are required. Eligible income is the lower of the average pay from the last 3 months / last 6 months.
- ▶ Where an applicant has a shareholding of 25% or over, or is responsible for the overall payment of their tax and national insurance, they will be classed as self-employed.
- ▶ Agency workers are not acceptable.

The following are acceptable income sources:

Income type	Proportion allowable in calculation	Income type	Proportion allowable in calculation
Basic salary	100%	Mortgage subsidy	100%
Shift allowance	100%	Car allowance	100%
Large town allowance	100%	Overtime/bonus/commission	50%* (if regular/"guaranteed")
Childcare payments	100%	* Full amount should be keyed into the online application.	

## Self-employed

Applicants will need to have been trading for a minimum of 12 months and we will require income verification for the number of years' income keyed onto our online application.

### Acceptable income:

- ▶ For sole traders - net profit, private pension payments where declared on their tax calculation.
- ▶ For partnerships - share of the net profit.
- ▶ For Limited Company directors - remuneration plus dividends, director's car allowance, director's pension payment.

### Income verification:

- ▶ 2 years' HMRC tax calculations and corresponding tax year overview or accounts (we only accept accounts prepared by accountants with the following qualifications: ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA). SA302s will be accepted as verification for previous years.
- ▶ In some cases 1 year's income verification can be considered subject to referral.

## Furlough payments, bounce back loans and CBILS

- ▶ We will consider applications from landlords currently in receipt of furlough/SEIS income. Applicants in receipt of furlough income or income from the Self Employed Income Support Scheme (SEISS) are not eligible for top slicing.
- ▶ Bounce back loans and Coronavirus business interruption loans aren't acceptable as a source of deposit.

**Please note** there may be additional underwriting requirements. If you have any queries related to your application, please contact your Business Development Manager.

## Retired

Personal or occupational pension income can be considered as the sole source of income subject to a full review of the application.

## Additional income

Please see the below table for further information on additional income types that are accepted, subject to underwriter discretion.

Source	Amount eligible	Criteria
Tax credits	100%	<ul style="list-style-type: none"><li>▶ Latest Final Tax Credits award notification.</li><li>▶ Must have a minimum of 3 years left to run (based on ages of children).</li></ul>
Child Maintenance	50%*	<ul style="list-style-type: none"><li>▶ Must be via a Court order.</li><li>▶ Must have a minimum of 3 years left to run.</li></ul>
Permanent second job	Maximum 50%*	<ul style="list-style-type: none"><li>▶ Position held for more than 12 months.</li><li>▶ Should be a permanent position.</li><li>▶ Confirmation that the hours worked are sustainable.</li></ul>
Pension income	100%	<ul style="list-style-type: none"><li>▶ Confirmed personal or occupational pension can be included.</li></ul>

\*Full amount should be keyed into the online application.

## Maximum LTV

Individual products may have further loan restrictions, please see the relevant product guide for further details.

- ▶ Studio flats - maximum LTV 70%
- ▶ Multi-Units - maximum LTV 70% up to £1,000,000 or 75% up to £750,000
- ▶ Let to buy - maximum LTV 80%

The table below shows the LTVs applicable to multiple applications with Precise Mortgages:

Loan amount	Up to 5 applications	6 to 10 applications	11 to 20 applications
Up to £500,000	75%	75%	70%
Up to £750,000	75%	75%	70%
Up to £1,000,000*	70%	70%	70%
Up to £3,000,000	60%	60%	60%

\* Loans above £1,000,000 are not available on HMO applications.

LTV limits are based on the net loan amount exclusive of any fees.

## Loan term

**Minimum:** 5 years.

**Maximum:** 35 years.

## Loan size

**Minimum:** £25,001.

**Maximum:** £3,000,000.

**Maximum in Scotland:** £1,000,000.

**Multi-Unit:** maximum loan size £1,000,000.

Individual products may have further loan restrictions, please see the relevant product guide for further details.

## Porting

Our products are not portable.

## Portfolio landlords

A portfolio landlord has 4 or more mortgaged buy to let properties or 3 mortgaged buy to let properties, plus at least 1 pending application with Precise Mortgages.

The following should be included in the number of properties a portfolio landlord holds:

- ▶ All mortgaged buy to let properties owned by the applicant whether jointly, in their sole name or by a company of which they are a director or shareholder.
- ▶ Any property owned on a residential basis with Consent to Let.
- ▶ If the application is for a Limited Company, properties owned by the company's directors and shareholders, or owned by other companies of which the directors/shareholders are a shareholder or director.
- ▶ Unencumbered properties do not need to be included but may strengthen the overall portfolio.

As part of our underwriting process we will make an assessment of an applicant's portfolio based on their individual circumstances and taking into account the impact of future interest rate increases.

Please refer to the following on our website for further guidance:

- ▶ Portfolio calculator.
- ▶ Dedicated Portfolio landlord web page.
- ▶ Business plan, cash flow and assets and liabilities form.
- ▶ Existing property portfolio details form.



## Portfolio lending limits

- ▶ A single customer can have up to 20 individual buy to let loans with Precise Mortgages. This includes Second Charge Loans or Limited Company applications to which they are guarantor. The combined value of these loans must not exceed £10,000,000.
- ▶ There is no limit on the number of properties or loans an applicant has with other lenders.
- ▶ An applicant's portfolio with Precise Mortgages will be assessed at underwriting stage and as a result we may need to amend the loan amount shown on the DIP to meet the maximum LTV limits shown on page 8.

## Remortgage applications

- ▶ Remortgage applications are acceptable providing it has been 6 months since either the original purchase date or the last remortgage date.
- ▶ Where a property has been inherited we can consider a remortgage application within the 6 months period if probate has been granted, however we will require evidence of this.
- ▶ Precise Mortgages' Bridging Finance borrowers can remortgage on to a Precise Mortgages Buy to Let Mortgage after 1 month.

## Repayment methods

- ▶ Interest Only.
- ▶ Capital and Interest.

## Offer validity

- ▶ Offers will be valid for 3 months from the date of valuation. An offer extension may be considered (up to a maximum of 6 months from original valuation date) on request from either a broker or a solicitor.

## New build offer validity

New build: 6 months from valuation, extensions can be considered for a further 3 months subject to:

- ▶ Confirmation of changes in circumstance are received in month 5 of the mortgage offer, before the expiry of the initial 6 month offer period.
- ▶ A new credit search and affordability assessment.
- ▶ Latest month's payslip (employed) OR latest month's bank statement (self-employed) for each applicant.
- ▶ The case will be re-underwritten and must still be acceptable to us in line with our then prevailing mortgage lending policy and products.
- ▶ A re-inspection of the property by the valuer (subject to a £100 fee).

**All offer extensions must be requested by the acting solicitor or broker.**

## Let to buy

**Let-to-Buy situations may be considered up to a maximum of 80% LTV** (product restrictions may apply). Where the customer is raising funds on their existing residential property, then there must be a concurrent purchase of a new residential property and we will require evidence of this.

The remortgage and purchase must complete simultaneously.

## Interest Coverage Ratio (ICR)

The rent achieved by the property needs to be sufficient to meet the minimum rental cover requirements determined by the applicant's tax band as follows:

Tax band	ICR rate	Tax band	ICR rate
Basic rate	125%	Limited Companies	125%
Higher rate	145%	Bespoke ICR	125%-160%
Additional rate	160%		

\* The customer's tax band should be based on all validated current income plus gross rental income (excluding any deductions) from all rental properties, including the security. Please refer to our online Buy to Let Calculator for further guidance.

The interest rate used in the ICR calculation is determined by the chosen product as follows:

- ▶ Tracker – the higher of pay rate +2%, or revert rate, at a minimum of 5.5%.
- ▶ Short term Fixed rate – the higher of pay rate +2%, or revert rate, at a minimum of 5.5%.
- ▶ 5yr+ Fixed rate – the initial pay rate.

Where rental income is not sufficient to meet the minimum rental cover requirements using rental income alone, Precise Mortgages may reduce the loan amount accordingly.

## Bespoke ICR

The bespoke ICR will be calculated on an application when:

1. Rental income from property being purchased moves the applicant into a higher tax band.
2. Joint applicants are in differing tax bands.
3. Joint ownership is set up as tenants in common with unequal shares in the property.

## 5 year+ fixed rate requirements

If a customer has chosen a 5 year+ fixed rate mortgage extra checks will be required when the LTV is greater than 60% and the minimum ICR is not met at an interest rate of 5.5%. The customer will need to demonstrate one of the following:

- ▶ Substantial net worth – We will look to verify that a customer has substantial net worth in fixed assets, such as property. This will typically be in the form of at least £250,000 equity in their residential home or at least £500,000 across equity in their residential home and a property investment portfolio. A fully completed Existing Property Portfolio Form will be required.

OR

- ▶ Satisfactory level of liquid assets – Forms of liquid assets could include (but is not limited to): cash deposits in savings or investment accounts, ISAs, PEPs, Investment Bonds and publicly listed Stocks & Shares. A fully completed 5 year+ fixed assets and liabilities statement together with supporting validation demonstrating a sufficient level of assets will be required. Please note where cash gifts form part of the liquid assets, the gifts must have been received by the applicant at least 3 months prior to the application.

OR

- ▶ Excess disposable income – We will require evidence of the customer's income e.g. latest payslip or P60 for PAYE, tax calculation **PLUS** corresponding tax year overview or latest set of accounts for self-employed customers. The customer must have sufficient validated excess disposable income to cover the difference between the monthly interest payment at the fixed pay rate and at a rate of 5.5%.

## Top slicing

If the requested loan amount is not available because the rental income is not sufficient to meet our minimum ICR requirement, Precise Mortgages will consider using surplus income to support the requested loan amount (known as top slicing). All eligible applications will be given the option to use top slicing when selecting a product at DIP stage. If an applicant chooses to use top slicing to support a loan, additional validation may be required.

### The following criteria will apply:

- ▶ The rental income for the property must be a minimum of 110% of the payment when calculated at the pay rate of the chosen product. Surplus income from an applicant's existing property portfolio (in the first instance) or surplus earned income can then be used to demonstrate affordability against the ICR required for the loan based on our current lending criteria at the assessment rate for the chosen product.
- ▶ We can accept multiple applications that are utilising top slicing only where the parties to the loan are the same on each application.
- ▶ The repayment method must be interest only.
- ▶ There are no minimum income requirements but all earned income used for top slicing must be validated to the Precise Mortgages underwriter's satisfaction.
- ▶ All existing credit commitments will be taken into consideration when completing an affordability assessment.
- ▶ We will look to use excess income from the applicant's existing property portfolio to support the loan in the first instance. If the portfolio income is not sufficient then we can look to use excess earned income and income verification will be required.
- ▶ Limited company applications: only the first two applicants will be included in the affordability assessment for top slicing. Therefore you should key the two highest earners first to improve access to a wider range of options.
- ▶ If the application is a let to buy, details of the new residential mortgage repayment amount, repayment type, interest rate and term will need to be entered onto the online application. We will require evidence of this by way of a mortgage offer prior to an offer being made by Precise Mortgages. If the exact details are not known at the time of application, our ability to offer top slicing on the buy to let application may be affected.
- ▶ Applicants in receipt of furlough income or income from the Self Employed Income Support Scheme (SEISS) are not eligible for top slicing.
- ▶ First-time buyer landlords will not be offered the option to use top slicing.

## Source of funds

- ▶ The deposit must come from the applicant's own resources and have originated from within the EEA.
- ▶ Capital raising by way of a remortgage or secured loan on an existing property owned by the applicant is acceptable.

## Family gift

- ▶ Acceptable unless the property is being purchased from the family member who is providing the gift.
- ▶ Where the property is being purchased from a family member at a discounted price, this is acceptable providing the family member will not continue to reside in the property following completion. Our lending and LTV will be based on the reduced price and the vendor relinquishing all rights to the property.

## Builder's second charge

A builder's second charge is acceptable providing the customer is committing a 15% deposit from their own funds. Payments for the builder's second charge will be taken into account for affordability.

## Unacceptable sources of deposit

- ▶ Help to Buy
- ▶ Builder's deposit- where the builder is offering any cash-based incentive (rather than a Builder's second charge) e.g. discounted purchase price, stamp duty paid, legal fees paid, cash back after completion, mortgage paid etc. this will be deducted from the lower of the purchase price/valuation, and LTV will be calculated on the net figure.
- ▶ Forces Help to Buy.
- ▶ Ministry of Defence Loan.
- ▶ Cryptocurrencies- any deposit sourced via cryptocurrencies e.g. bitcoins, is not accepted.

# Limited Company criteria

## Applicant/guarantor profile

All directors and shareholders over the age of 21 will be required to provide a personal guarantee for the loan. There is no limit on the number of shareholders under the age of 21 subject to the shareholders being dependants of the directors.

## Company profile

- ▶ Must be a Limited Company set up solely to own/buy/sell/let property.
- ▶ The company should have one or more of the following SIC codes (Standard Industrial Classification) set up at incorporation:
  - 68100** - Buying and selling of own real estate.
  - 68209** - Other letting and operating of own or leased real estate.
  - 68320** - Management of real estate on a fee or contract basis.
- ▶ Maximum 4 qualifying directors/shareholders none of which may be another Limited Company.

## Maximum number of applicants/guarantors

4

## Maximum term

35 years (maximum applicant/guarantor age at application 80 years).

## Portfolio

Maximum of 20 buy to let loans per individual, with Precise Mortgages up to a combined value of £10,000,000 (this includes buy to let loans which the individual has guaranteed).

## Limited Company Legal Advice

Limited company applications will require all directors/shareholder's to provide a Personal Guarantee for which we require them to have obtained independent legal advice.

The legal advice can be provided by the solicitor acting as the conveyancer or a separate solicitor within the same company, providing that they are prepared to give the advice and ensure there is no conflict of interest.

Obtaining legal advice may incur additional costs for the customer and they should contact the acting conveyancer for details of this.

## Definition

The definition of a HMO is as follows:

- ▶ In England and Wales where there are at least 3 tenants who form more than one household and the tenants share toilet, bathroom or kitchen facilities.
- ▶ In Scotland where there are at least 3 unrelated tenants forming 3 or more households and the tenants share toilet, bathroom or kitchen facilities.

Where the property meets the above definitions the application must be submitted as an HMO on an appropriate product.

## Applicant profile

- ▶ Available to experienced landlords - applicants must have held a buy to let property for at least 12 months prior to an application being made.
- ▶ Available for personal ownership and Limited Company applications.

## Loan

**Individual products may have further loan restrictions, please see the relevant product guide for further details.**

- ▶ Maximum loan amount - £1,000,000
- ▶ Maximum LTV -
  - ▶ 80% up to £500,000
  - ▶ 75% up to £750,000
  - ▶ 70% up to £1,000,000

Portfolio lending limits may also apply, please see page 8 for further details.

- ▶ Rental will be assessed according to our standard ICR calculations.

## Property

- ▶ Minimum valuation - £250,000 in London and £100,000 elsewhere. The capital valuation will be assessed on a comparable residential basis.
- ▶ Available in England, Wales and eligible postcodes in Scotland.
- ▶ Maximum bedrooms - 6.
- ▶ Where applicable, an application for any HMO Licence required by the Local Authority must have been made prior to completion.
- ▶ The terms of the licence must be complied with at all times.
- ▶ Precise Mortgages reserve the right to request proof of a licence throughout the term of the mortgage.

## Definition

We define a first-time buyer as an applicant who has not owned a property in the last 18 months.

## Applicant profile

- ▶ All applicants must be first-time buyers. If one or more applicants are not first-time buyers our core Buy to Let Mortgage criteria will apply.
- ▶ Limited Company: If all applicants/guarantors are first-time buyers, please contact us on 0800 116 4385.
- ▶ Unfortunately, we are unable to accept first-time buyer landlords for top slicing, HMO and Multi-Unit applications.

## Maximum LTV

75% LTV (dependent on specific product limits).

## Maximum age

- ▶ 70 at the end of the mortgage term.
- ▶ May be extended to 75 subject to not exceeding any known and fixed retirement date.

## Affordability assessment

- ▶ We will assess the landlord's earned income at full application stage.
- ▶ The property will need to meet our minimum ICR, please refer to our online Buy to Let Calculator for further guidance. In addition we will assess the landlord's earned income at full application stage as part of our affordability assessment. We will accept up to 2 applicants and income can be submitted for both which will be included in the affordability assessment, subject to the underwriter's discretion.
- ▶ Income verification and the latest 3 months' bank statements will be required.

## Proof of income - employed

- ▶ Most recent 3 months' payslips and P60.
- ▶ If weekly – 12 weeks required.
- ▶ If employed by a family member – letter from accountant to support.
- ▶ Fixed term contract – a copy of contract (if less than 6 months to run, evidence of contract extension is required).

## Proof of income - self-employed

- ▶ The latest 2 years' tax calculation plus the corresponding tax year overview or accounts. We only accept accounts prepared by accountants with the following qualifications: ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA. SA302s will be accepted as verification for previous years.
- ▶ In some cases 1 year's income verification can be considered subject to referral.

**Please note: First-time buyer policy will also apply to any applicant that is in the process of purchasing a residential property, be this with ourselves or another lender. In order to access our standard buy to let lending policy, we will require evidence of the first month's residential mortgage payment being made.**

## Definition

A Multi-Unit property is a single structure that contains separate self-contained units or flats that are held on a single freehold title. Each unit must be completely self-contained and meet our property criteria in its own right- including minimum valuation and ICR calculations.

## Applicant profile

- ▶ Available to experienced landlords- applicants must have held a buy to let property for at least 12 months prior to an application being made.
- ▶ Available for personal ownership and Limited Company applications.

## Loan

**Individual products may have further loan restrictions, please see the relevant product guide for further details.**

- ▶ Tier 1 only.
- ▶ Maximum LTV- 70% (up to £1,000,000), 75% (up to £750,000) product and portfolio lending restrictions may also apply. Please see page 8 for further details.
- ▶ Maximum loan amount- £1,000,000.
- ▶ The loan and rental calculations will be based on an aggregate of the individual unit values and rental values provided on the valuation report. If the valuation or purchase price is lower than the aggregated values, our lending will be based on the lower figure.

## Property

- ▶ Minimum valuation- £150,000 in London and £50,000 elsewhere (if Multi-Unit, this applies to each unit).
- ▶ Minimum of 2 and maximum of 6 units within a single block, each unit must be entirely self-contained.
- ▶ The property must be entirely on a freehold title, any property with separate leases will not be accepted.
- ▶ New build properties and properties defined as a HMO are not acceptable.
- ▶ Each unit must have a minimum floor area of 30m<sup>2</sup>.
- ▶ Multiple houses held on one freehold title are not acceptable.
- ▶ Holiday Lets are not acceptable.
- ▶ Any adverse planning restrictions that could prevent the creation of leases are not acceptable.
- ▶ Available for properties in England and Wales.
- ▶ All other buy to let criteria will apply.

**Please note:** a Homebuyers Report will not be available for a Multi-Unit property.



# Refurbishment Buy to Let



Our Refurbishment Buy to Let product allows your customer to take advantage of the flexibility of Bridging Finance with the surety of an exit onto a Buy to Let Mortgage once the property has been refurbished (providing there is no change in circumstances and the property meets the expected valuation following refurbishment).

We are only able to consider properties requiring light refurbishment and each element of the loan should meet the relevant standard criteria. Customers must be confident they can complete any refurbishment work within the Buy to Let offer validity period (6 months from initial valuation).

## Process

- ▶ One application submitted to us, which we will key for you.
- ▶ One expert underwriter will provide support throughout the whole case.
- ▶ One valuer will assess the property (where possible).
- ▶ One conveyancer can act on the application.
- ▶ Two offers will be issued - one for the Bridging Finance and one for the Buy to Let Mortgage (the Bridging offer will be valid for 3 months and the Buy to Let Mortgage offer for 6 months from the date of the initial valuation). 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.

## Criteria Highlights

	Bridging Finance	Buy to Let Mortgages
<b>Maximum LTV</b>	Up to 65% LTV	Up to 75% LTV
<b>Loan amount</b>	Minimum: £50,000 Maximum: £1,000,000	Minimum: £40,000 Maximum: £3m (£1m HMO)
<b>Minimum property value</b>	£100,000 HMOs: £100,000 (£250,000 in London)	£50,000 (£150,000 in London) HMOs: £100,000 (£250,000 in London)

## Examples of what we can assist with

- ▶ Properties needing works to meet the minimum EPC rating, such as boiler replacement.
- ▶ Properties purchased at auction that require light refurbishment to be acceptable for mortgage purposes.
- ▶ Landlords choosing to refurbish in order to maximise the rental yield of their property.
- ▶ Properties bought under value.

See our [Refurbishment Buy to Let Guide](#) for further details.

Properties where the proposed works require Permitted Development Rights (PDR) or would be classed as heavy refurbishment are not currently accepted.

## Definition

We define a new build as a property that has never been occupied.

**Please note:** we are unable to consider new build properties for Multi-Unit applications.

## Maximum LTV

80% LTV accepted (product restrictions may apply).

## Flats

We can consider lending on flats up to 20 storeys and new build flats with a commercial ground floor.

## Offer validity

All new build property offers are valid for 6 months from the date of valuation.

### We can consider extending the offer by a further 3 months subject to the following:

- ▶ Confirmation in changes of circumstance are received in month 5 of the mortgage offer, before the expiry of the initial 6 month offer period.
- ▶ A new credit search and affordability assessment.
- ▶ All supporting documentation to be updated and resubmitted.
- ▶ The case will be re-underwritten and must still be acceptable to us in line with our prevailing mortgage lending policy and products.
- ▶ A re-inspection of the property by the valuer (subject to a £100 fee).
- ▶ All requests for offer extensions should be submitted via the acting conveyancer.

## Section 106 planning obligations

The following Section 106 planning obligations are acceptable:

- ▶ **Financial obligations** - Are acceptable subject to the conveyancer confirming that the monies due under the agreement have been paid in full or an indemnity exists within the agreement to indemnify any successors in title for any liability to repay any monies due.
- ▶ **In kind obligations (e.g. provision of open space, recreation facilities, education facilities, transportation plans, etc.)** - Are acceptable.
- ▶ **Restrictions on who can purchase the property** - Where the property is subject to a restriction that only allows it to be purchased or occupied by someone living or working in a specified area, this should be referred to us for individual consideration. Restrictions relating to purchasers being in housing need, not being able to afford to purchase on the open market or having income less than a certain amount are not acceptable.
- ▶ **Affordable housing** - It is acceptable for a development to be subject to a requirement to provide a proportion of affordable housing.

For any other planning obligation, please contact us.

## Building warranty

For new build properties and those less than 10 years old, building warranty from one of the following providers should be in place:

- |   |   |  |
|---|---|--|
| ▶ Advantage HCI                                   | ▶ Checkmate (Castle 10)                       | ▶ Premier Guarantee Scheme   |
| ▶ Aedis Warranties Ltd                            | ▶ Global Home Warranties                      | ▶ Professional Consultants Certificate (previously Architect's Certificate)* |
| ▶ Ark Residential New Build Warranty              | ▶ International Construction Warranties (ICW) | ▶ Protek   |
| ▶ BOPAS (Build Offsite Property Assurance Scheme) | ▶ LABC  | ▶ The Q Policy   |
| ▶ Build Assure                                    | ▶ N.H.B.C. Guarantee                          | ▶ Zurich Municipal "New build"   |
| ▶ Building Life Plans                             | ▶ One Guarantee                               |  |
| ▶ Buildzone                                       |   |  |

\* The issuing architect should have minimum professional indemnity insurance equivalent to the greater of £500,000 or the property value.

**Please note: we are unable to accept retrospective building warranties.**

## Minimum property value

- ▶ £50,000 or £150,000 in London postcode districts (if Multi-Unit, values are per unit).
- ▶ HMO properties: minimum £250,000 in London or £100,000.

## Tenure

- ▶ Freehold - Unacceptable for flats/maisonettes with the exception of Multi-Unit properties. Heritable title acceptable in Scotland.
- ▶ Leasehold - Minimum remaining lease term should be 70 years at the time of application.
- ▶ Flying freehold - A property with an element of flying freehold can be considered providing it does not exceed 10% of the total area.
- ▶ Commonhold - Are not accepted.

## Allowable locations

Mainland England, Wales and selected postcodes in Scotland.

### The following Scottish postcodes are acceptable:

Tayside	DD - All	Ayrshire	KA - All mainland
Lothian	EH - All	Fife	KY - All
Stirlingshire	FK - All	Lanarkshire	ML - All
Glasgow	G - All	Renfrewshire & Argyll	PA - PA1 to PA19

## Retentions

Retentions are not acceptable and lending will be based on the current value of the property, which must represent suitable security.

## Inherited properties

- ▶ Where a property has been inherited, probate must have been granted prior to a mortgage application being made. Evidence of the Grant of Probate should be provided ahead of a Mortgage Offer being issued. Where the beneficiary is looking to capital raise on the property, the application should be submitted to us as a remortgage and no minimum period of ownership will apply in these cases.
- ▶ If the applicant is purchasing the property after being granted part of this in probate, we have no minimum period of ownership for the vendor.

## Acceptable tenancies

- ▶ Properties in England and Wales must be let under a single assured shorthold tenancy or a common law tenancy (i.e. a company let or where the annual rent is greater than £100,000) or, for properties in Wales after commencement of the Renting Homes (Wales) Act 2016, a Standard Occupation Contract which must enable the landlord to terminate the letting on 2 months' notice (including a break clause where the term is fixed). Any type of tenancy must be for a maximum term of 36 months.
- ▶ Properties in Scotland must be let under a single short assured tenancy or, where a tenancy is created after 1st December 2017, a Private Residential Tenancy. Any type of tenancy must be for a maximum term of 36 months.

## Unacceptable tenancies

Tenancy agreements for tenants in the following categories are not acceptable:

- ▶ Asylum seekers.
- ▶ Tenants who have the benefit of diplomatic immunity.
- ▶ Any scheme where the property is assigned to a third party for the purposes of letting i.e. rental guarantee schemes.

Please contact us for full details of unacceptable tenancies.

## Flats/maisonettes/apartments

- ▶ Must be self-contained with private facilities and have a minimum floor area of 30m<sup>2</sup>.
- ▶ Must have direct access to the highway via covered common parts.
- ▶ Up to a maximum of 20 storeys.
- ▶ Flats above or adjacent to commercial premises may be considered on an individual basis.
- ▶ Ex-local authority flats or maisonettes may be considered providing they do not contain deck access. The block should be predominantly privately owned and will be subject to an individual underwriter review.

## Studio Flats

- ▶ Minimum floor area 30m<sup>2</sup>.
- ▶ Must be self-contained with private facilities.
- ▶ Maximum LTV 70%.

## Modern Methods of Construction (MMC)

Properties that have any MMC components can be considered providing the property was constructed by one of the following companies:

- |                        |                   |
|------------------------|-------------------|
| ▶ Barratt Developments | ▶ Crest Nicholson |
| ▶ Bellway              | ▶ Galliford Try   |
| ▶ Berkeley             | ▶ Persimmon       |
| ▶ Bloor Homes          | ▶ Redrow          |
| ▶ Bovis Homes          | ▶ Taylor Wimpey   |
| ▶ CALA Homes           |                   |

## New Build Properties

If the property was constructed within the last 10 years it will need to benefit from one of the following warranties:

- |   |   |
|---|---|
| ▶ Advantage HCI                                   | ▶ International Construction Warranties (ICW) |
| ▶ Aedis Warranties Ltd                            | ▶ LABC  |
| ▶ Ark Residential New Build Warranty              | ▶ N.H.B.C. Guarantee                          |
| ▶ Building Life Plans                             | ▶ One Guarantee                               |
| ▶ Buildzone                                       | ▶ Premier Guarantee Scheme                    |
| ▶ BOPAS (Build Offsite Property Assurance Scheme) | ▶ Professional Consultants Certificate        |
| ▶ Checkmate (Castle 10)                           | ▶ Protek                                      |
| ▶ Global Home Warranties                          | ▶ The Q Policy                                |
|   | ▶ Zurich Municipal "New build"                |

**Please note: we are unable to accept retrospective building warranties.**

## Unacceptable property types

### Commercial

- ▶ Live/work units or any property where commercial usage exceeds 20% will not be accepted.

### Construction

- ▶ Coach houses.
- ▶ Any property of Easiform construction.
- ▶ Any property containing mundic concrete.
- ▶ Any property containing no-fines concrete.
- ▶ Flats or maisonettes in blocks exceeding 20 storeys.
- ▶ Grade 1 listed buildings in England and Wales/Grades A and B in Scotland.
- ▶ Mobile homes and houseboats.
- ▶ Properties constructed with high-alumina cement.
- ▶ Property designated defective under Part XVI Housing Act 1985, Housing (Scotland) Act 1987 or Pre-Cast Reinforced Concrete (PRC) property (irrespective of whether repaired under a licence repair scheme).

## Unacceptable property types cont.

### Other

- ▶ Purchase from a company that the applicant has an interest in.
- ▶ Any property affected by Japanese knotweed.
- ▶ Any property deemed unsuitable security by the valuer.
- ▶ Any property where there is ongoing movement/monitoring is required.
- ▶ Property where material environmental hazards are present.
- ▶ Property where saleability may be adversely affected by local planning or by an unsatisfactory mining search.
- ▶ We are unable to consider any property being purchased under any social housing schemes (e.g. Right to Buy, Shared Ownership, Key Worker etc.). Additionally, we are unable to consider remortgaging any property purchased under any such scheme where the original vendor retains any interest or where any pre-emption clause remains.
- ▶ We will not lend where the property is affected by or within influencing distance of any significant factor which will have a negative impact on the property's value or re-saleability (e.g. overhead pylons, sub stations, etc).
- ▶ We are unable to lend where the property is subject to either a back-to-back or sub-sale agreement, subject to a finder's fee or has been owned by the vendor for less than 6 months.
- ▶ Properties built within the last 10 years must benefit from an acceptable warranty scheme, please refer to page 19 for more information.

## Restricted Covenants

We are unable to consider any property that may have a restricted occupancy clause within the planning permission, e.g. it can only be occupied for a maximum of 11 months in any one year. Property with unrestricted occupancy can be considered provided our normal requirements are met.

Similarly, property that can only be used for retirement or sheltered accommodation is not accepted. This is the same for any property where a planning restriction (e.g. agricultural restriction) effectively limits a property's appeal on the open market.

Please note for new builds, we do consider Section 106 planning obligations please see page 16 for further information.

## Structural reports

Reports may be accepted from members of the following bodies:

- ▶ The Institution of Structural Engineers ([www.istructe.org.uk](http://www.istructe.org.uk)).
- ▶ The Institution of Civil Engineers ([www.ice.org.uk](http://www.ice.org.uk)).

The report must be referred to the valuer for comment. If the report is not addressed to the applicant, written confirmation must be obtained from the originator that its contents may be relied upon by the applicant.

We will not lend on any property with either ongoing movement or where monitoring is required, where this is identified by either the valuer, or where evident in the structural engineer's report.

## Specialist reports

On some occasions we may require a specialist's report for the property, these most commonly comprise of:

- ▶ Timber and damp, electrical, trees, cavity wall tie.
- ▶ Mining report (as these are obtained by the solicitors, a special condition is imposed at offer).

Any such reports should be prepared by a reputable firm and should be forwarded to us for review and referral to the valuer.

## Cladding

Where the valuation is returned with noted uncertainty regarding the building's cladding or external wall system an EWS1 certificate with supporting covering letter from the certificate provider will be requested for review by our Real Estate team. The Real Estate team may need to speak with the EWS1 certificate provider as part of their validation process.

## Other

We may consider, on an individual referral basis, properties with:

- ▶ 3 or more acres of land.
- ▶ Deck access providing the property is not ex local authority.
- ▶ Majority flat roof.
- ▶ Restrictive or unusual planning permission.
- ▶ Overriding interests.
- ▶ Timber framed period properties
- ▶ Post 1980 steel framed houses

## ID and Residency documents

If originals are not available, we are able to accept certified copies of any ID and Residency documents, subject to the following:

- ▶ The documents must be certified and dated within the last 3 months by an independent professional; e.g. Broker (if FCA regulated), Solicitor, Accountant etc. and not by an applicant, guarantor or close relative.
- ▶ Where an applicant has been seen on a *face to face* basis:
  - all submitted documents **must** be certified as follows '**I certify this is a true copy of the original**'.
  - if the document contains a photograph it must also be certified as '**a true likeness of the applicant**'.
- ▶ Where an applicant has been seen on a *non-face to face* basis:
  - all submitted documents **must** be certified as follows '**I certify this is a true copy of the original**'.
- ▶ The name of the person and employer/firm certifying the documents must be clear.

Where a copy of an applicant's ID documents have been obtained via a digital ID solution, we will require a copy of the broker's digital report showing the verified ID document from one of the following companies:

- ▶ Amiquis
- ▶ CallCredit / TransUnion
- ▶ Credas
- ▶ Experian
- ▶ Equifax
- ▶ GBGroup
- ▶ LexisNexis
- ▶ Onfido
- ▶ TrustID
- ▶ Yoti

Please refer to our **Anti Money Laundering Guidelines** for full details of our ID and Residency validation requirements.

## Supporting Documents (including Standard Declaration - both pages)

If originals are not available, the following are acceptable subject to the documents being fully legible and the underwriter having no concerns in respect of authenticity:

- ▶ Photocopies
- ▶ Scanned images
- ▶ Photographic images
- ▶ Digital images

Precise Mortgages retains the right to request original documentation when considered appropriate.

## Fees that may be added to the loan

The product and telegraphic transfer fees can be added to the loan amount. Any fees added will not be incorporated into the LTV calculation but will be included in our affordability assessment.

## Product switching fee

If the applicant decides to change the product on the application after the mortgage product has been offered, the below non-refundable administration fee is payable prior to the amended mortgage offer being issued.

**£70**

## Valuation fee

Please see our dedicated web page for details of our valuation fees.

## Property re-inspection fee

Where a reinspection is necessary after the initial valuation is carried out, the following fee is payable.

**£100**

## Telegraphic transfer fee

**£25**

## Redemption administration fee

**£114**

- ▶ Please refer to the 'Tariff of mortgage charges' document for full details. A downloadable version is available on the Precise Mortgages' website under 'Document downloads'.
- ▶ All fees include VAT (where applicable).

## Refund of Valuation and Assessment Fee

Where a mortgage product includes a refund of the valuation and/or the assessment fee this will be refunded on completion of the mortgage. If a Homebuyer's Report was selected, we will refund an amount equivalent to our standard valuation and assessment fee.

Any refund will be included in the funds sent to the conveyancer or, if you have appointed your own conveyancer to act for you separately, the funds will be sent to **our** conveyancer. Applicants should contact their conveyancer to find out how fee refunds will be distributed.

## Conveyancer fees

Full details of our conveyancing options can be found at [precisemortgages.co.uk/Residential/Conveyancer](https://precisemortgages.co.uk/Residential/Conveyancer).

# Submission requirements

Document	Loans less than £1,000,000	Loans more than £1,000,000
Standard declaration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Direct debit mandate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Proof of income	<input checked="" type="checkbox"/> If ICR less than 145% <input checked="" type="checkbox"/> Basic rate tax payers <input checked="" type="checkbox"/> Top slicing <input checked="" type="checkbox"/> First-time buyers	<input checked="" type="checkbox"/>
Bank statements	<input checked="" type="checkbox"/> For Tier 1 and Lifetime Tracker products <input checked="" type="checkbox"/> For Tier 2 and 3 products <input checked="" type="checkbox"/> Top slicing <input checked="" type="checkbox"/> First-time buyers	<input checked="" type="checkbox"/>
Proof of deposit (savings/other)	Underwriter discretion	<input checked="" type="checkbox"/>
Gifted Deposit Form	<input checked="" type="checkbox"/> Where gift is over £50,000. A Gifted Deposit Form is available on our website.	<input checked="" type="checkbox"/> Where gift is over £50,000. A Gifted Deposit Form is available on our website.
Asset and liabilities form	<input checked="" type="checkbox"/> If 5 year Fixed rate	<input checked="" type="checkbox"/>
Identification	If applicant fails electronic identification check.	
Proof of address	Where applicant has not been on the electoral register in the last 12 months.	
Mortgage conduct	Only if conduct is not on the credit search.	
UK Finance Disclosure of incentives form	Required for new build.	
5 year fixed rate products	For cases at 60% LTV or greater Existing Property Portfolio Details form and/or Five year+ fixed rate assets & liabilities statement.	
Anticipated exchange and completion dates	Information required for new build.	
Portfolio Landlord	<ul style="list-style-type: none"> <li>▶ Existing Property Portfolio details.</li> <li>▶ Business plan, cash flow and assets and liabilities form.</li> <li>▶ Latest 1 months' bank statements showing rental income and mortgage repayments.</li> </ul> This information can be provided using our forms, the landlords forms or in any other format.	

You must provide this information when submitting the application. You must notify the applicant(s) of these requirements and that they need to provide correct and complete information. Our ability to make a full assessment and proceed with an application may be affected if we do not receive all required information.

Please note that further documents may be requested at the discretion of our underwriters if required to approve the mortgage. Where additional documentation is required, our underwriters will communicate these requirements to you and the associated time scale for their submission.

Please refer to our handy [Document Submission Form](#) for further details.



# Documentation guidelines

If original documents are not available we will accept copies subject to the documents being fully legible and the underwriter having no concerns in respect of authenticity. Please see page 22 for full details.

<b>Standard declaration</b>	Must have both pages uploaded and be signed and dated.
<b>Proof of income - employed</b>	<ul style="list-style-type: none"> <li>▶ Most recent 3 months' payslips and P60.</li> <li>▶ If weekly – 12 weeks required.</li> <li>▶ If employed by a family member – Letter from accountant to support.</li> <li>▶ Fixed term contract – A copy of contract (if fewer than 6 months to run, evidence of contract extension is required).</li> <li>▶ Zero hour contracts - payslips covering the last 6 months and the latest P60 (this will only be considered for secondary applicant).</li> </ul>
<b>Proof of income - self-employed</b>	<p>Latest 1 or 2 years' tax calculations PLUS corresponding tax year overview. OR Latest 1 or 2 year's accounts.</p> <p>We only accept accounts prepared by accountants with the following qualifications: ACA/FCA, CA, ACCA/FCCA, AAPA/FAPA, CIMA, CIPFA.</p> <p>SA302s will be accepted as verification for previous years.</p>
<b>Proof of income/other income</b>	<ul style="list-style-type: none"> <li>▶ Tax credits - All pages of award letter and age(s) of children.</li> <li>▶ Pension - Confirmation from pension provider.</li> <li>▶ Second job - 3 months' payslips and P60.</li> <li>▶ Maintenance - Court order and 3 months' bank statements.</li> <li>▶ Rental income - tax calculation and corresponding tax year overview OR 3 months' bank statements/AST.</li> </ul>
<b>Bank statements</b>	<ul style="list-style-type: none"> <li>▶ Latest 3 months' required.</li> <li>▶ Must show - Salary/self-employed income, household utilities, daily expenditure, current mortgage or rent payments.</li> <li>▶ Statements always required for the account nominated for Precise Mortgages Direct Debit.</li> </ul>
<b>Gifted deposit</b>	For gifts over £50,000, a Gifted Deposit Form is available on our website.
<b>Proof of deposit (savings/other)</b>	<ul style="list-style-type: none"> <li>▶ Regular savings - 3 months' bank statements to evidence build up of funds.</li> <li>▶ Lump sum - Latest statement plus evidence of the originating source.</li> <li>▶ Forces Help to Buy - Personal information note.</li> </ul>
<b>Identification</b>	<ul style="list-style-type: none"> <li>▶ Refer to Anti-Money Laundering Guidelines available at <a href="http://precisemortgages.co.uk">precisemortgages.co.uk</a> for certification requirements and acceptable documents.</li> <li>▶ Confirmation face to face identification has taken place. Where not face to face, 2 forms of identification are required from Group A/B.</li> </ul>
<b>Proof of address</b>	▶ Bank statement/utility bill/council tax bill/mortgage statement (see list C in our Anti-Money Laundering Guidelines).
<b>UK Finance Disclosure of Incentives form</b>	To confirm full details of all incentives being received.
<b>Let to buy</b>	Buy to let remortgage - Copy of the mortgage offer for the onwards residential purchase.

Get in touch with our intermediary support team

 0800 116 4385 9am to 6pm, Mon to Fri

 0800 131 3180

  Follow us

 [enquiries@precisemortgages.co.uk](mailto:enquiries@precisemortgages.co.uk)

 [precisemortgages.co.uk](http://precisemortgages.co.uk)

**We can provide literature in large print, Braille and audio tape. Please ask us for this leaflet in an alternative format if you need it.**

The products and/or services featured in this communication are not regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Precise Mortgages is a trading name of Charter Court Financial Services Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register Firm Reference Number 494549). Registered in England and Wales with company number 06749498. Registered office: 2 Charter Court, Broadlands, Wolverhampton WV10 6TD.