5 year+ Fixed Rate Assessment Guide

If a customer has chosen a 5 year+ Fixed rate mortgage, it is necessary to establish that they will be in a position to manage any potential payment changes at the end of the product term. We do this by making a simple assessment of the customer's overall financial position. When submitting an application on one of our 5 year+ Fixed rate products, please follow the chart below for details of any additional information we may require.

Five year+ Fixed rates

Assessed at **pay rate**. Additional underwriting checks may be required. Is the LTV less than or greater than 60%?

If the LTV is **greater than** 60%, a simple refinancing assessment will be required.

If the LTV is 60% or less, no further information required, submit online.

If rental coverage already exceeds ICR x 5.50%, then no further information is required.

Where an application fails to meet the minimum ICR at a rate of 5.50%, we need to verify that at the end of the fixed rate period applicants (or guarantors in the case of Ltd company applications) have sufficient financial stability to withstand any potential payment changes. The customer will need to demonstrate one of the following to ensure they are able to meet any difference:

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 property investment portfolio.

We will require a fully completed **Existing Property Portfolio Form**.

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 Publically listed Stocks & Shares.

Please provide a fully completed
5 year+ Fixed rate Assets &
Liabilities statement together
with supporting validation
demonstrating a sufficient
level of assets to support any
difference.

Excess disposable income

We are able to consider a customer's income in support of the Buy to Let mortgage, providing that this is sufficient to meet their own commitments as well as the investment property. 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.

Please note that no additional funds will need to be made available as a result of this refinancing assessment. The customer only needs to be able to provide evidence of their ability to meet any difference between the pay rate and the assessment rate of 5.50%.

All forms can be found in the documents section of our website. For further details please refer to our relevant criteria and product guides.

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