

LANDBAY



# Buy-to-let Criteria Guide

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## Criteria guide – portfolio

### 1.0 Loan requirements

- Minimum loan amount - £30,000
- Maximum loan amount - £2,000,000

Max Loan	Individuals	Limited Co / LLP	Small HMO	Small MUFB	Large HMO/ Large MUFB	Above Commercial	New Build
£750,000	80%	80%	75%	75%	75%	75%	75%
£1,000,000	75%	75%	75%	75%	75%	75%	75%
£1,500,000	75%	75%	75%	75%	75%	75%	65%
£2,000,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### 11 Purchase

- The loan amount will be based upon the lower of purchase price or current valuation

### 12 Remortgages

- We will consider re-mortgage applications including when applicant(s) have been the registered proprietor(s) for less than six months
- If there is an uplift in property value within six months of ownership, LTV may be restricted to 75%
- In all instances, the ownership of the property must be registered at the Land Registry as owned by the applicant(s) at the date of completion

### 13 Loan purpose

- Capital Raising acceptable – Excludes tax and gambling

### 14 Borrower exposure (with Landbay)

- £5,000,000 (When borrower and related parties reach £2,000,000 an interview will be required)

### 15 Borrower background exposure

- Unlimited – whether number or value of property
- Underlying background portfolio will be required to meet minimum ICR rate 125% @5%. Introducers will need to provide portfolio information via the [BTL hub](#).

### 16 Minimum term

- 5 years

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## 17 Maximum term

- 30 years

## 18 Minimum property value

Single self-contained units	£65,000
HMOs and MUFBs	£120,000
HMOs in qualifying postcodes (BB, BD, CA, CW, DH, DL, FY, HD, HX, L, LA, M, NE, OL, PR, SK, TS, WA, WF, WN, YO)	£75,000

## 19 Repayment type

- Interest only

## 110 Deposits

- Evidence of source will be required

## 111 Family gifted deposits

- Direct family (Mother, Father, Grandparents, or siblings) who gift cash to their family are allowed subject to maximum LTV 75%.

## 2.0 Affordability

### 2.1 ICR Rules for 2-year fixed rate and tracker products stressed at the greater of either 5.50% or pay rate + 2%

	Individuals	HMO/MUFB	First-time landlord/buyer	Above/adjacent commercial
Individual	140%	140%	140%	140%
Limited company/LLP	125%	125%	125%	125%

### 2.2 ICR rules for 5-year fixed rate products stressed at pay rate

	Individuals	HMO/MUFB	First-time landlord/buyer	Above/adjacent commercial
Individual	140%	140%	140%	140%
Limited company/LLP	125%	130%	135%	130%

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## 3.0 Borrower

### 3.1 Maximum applicants

- Maximum 4 applicants

### 3.2 First-time landlord

- At least one applicant must be a residential or property owner

### 3.3 Minimum age

- 21 years at application

### 3.4 Maximum age

- 85 at the end of mortgage (95 for Limited Companies if one director is under 85 at end of term)

### 3.5 Residential status

- Applicants must be resident in the UK for the last 24 months and have permanent rights to remain or settled status

### 3.6 Borrower exclusions

- Non-UK Diplomats
- PEPs
- Accredited embassy staff of foreign nations
- Convictions (spent or unspent) following which insurers may impose special terms

### 3.7 Consumer buy-to-let

Can only be considered if meets two of three criteria;

- Existing landlord away from subject property
- Subject property being let for >24 months
- Onward residential purchase

### 3.8 Credit status

- Landbay uses Equifax as its primary credit search provider. See our privacy policy for what we check.

### 3.9 Adverse credit

- Landbay will not generally consider adverse credit, applicants that have made arrangements with creditors or been made bankrupt. Landbay will also not normally consider directors of a company that have a history of making arrangements with creditors or been directors of any company that has been liquidated.

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## 4.0 Income

- At least one applicant must be employed, or self-employed

### 4.1 Minimum income – combined:

- £25,000 (landlord experience < 24 months)
- There is no minimum for landlords with more than 24 months experience
- Note that all income must be proved.

### 4.2 Employment status

Employment status	Self-employed	Employed/retired
Minimum duration	2 years	3 months (non-probationary)
Documentation	2 years SA302's and overview 3 months bank statements	3 months' payslips 3 months bank statements
Exclusions	Foreign income State benefit income (Inc State Pension)	Foreign income, seasonal work or probational. Notice of redundancy or termination. State benefit income (Inc State Pension).

Note - Rental income can be included in combination or isolation

## 5.0 Property

England and Wales

### 5.1 Tenure

- Freehold
- Leasehold properties should have a minimum unexpired lease of 55 years after the end of the mortgage term.
- Absolute title only (possessory title not acceptable)
- For properties built after 2018, the ground rent must be < 0.1% of the property value.
- For properties outside of the M25, the maximum ground rent is £250 P.A. and £1000 P.A. for properties inside of the M25.

### 5.2 Property exposure

- No more than 25% or 2 units (whichever is the greater) exposure within a block of flats over 4 units
- For blocks of flats of 4 units or less we can look up to 100% exposure within the block

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- A charge on the freehold maybe required in all cases where the applicant has a interest in the freehold and is looking to purchase/re-mortgage a leasehold unit within the block
- We will also monitor postcode exposure and will decline applications where either the applicant or Landbay are exposed to concentration risk

## 5.3 Acceptable properties

All properties must be suitable for let upon completion

House and Flats including new builds and conversions	Ex-local authority properties (Flats must have more than 50% private ownership)	Laing Easiform built after 1945
HMOs up to 12 beds	MUFBs up to 12 units	All flats must be > 30sqm
Properties above/adjacent commercial properties (see exclusions)	Units within an MUFB must be > 25sqm	Prefabricated Reinforced Concrete (PRC) dwellings which have been repaired under the PRC (Homes) Ltd licensed repair scheme
Properties that require EWS1 form must be grade A1 standard	EPC rating E or above	

## 5.4 Houses in multiple occupation (HMO)

- A property is a HMO if at least three tenants live there, forming more than one household, and sharing toilet, bathroom or kitchen facilities
- The applicant must have a minimum of one year lettings experience as a landlord
- The maximum number of rooms we can consider is 12
- All HMO's must have appropriate licences if required
- At our discretion and where considered appropriate, an investment valuation may be obtained

## 5.5 Multi-unit property

- The applicant must have a minimum one year's lettings experience as a landlord
- A single property may be divided into a maximum of 12 units
- Each unit should be fully self-contained and have its own utilities and larger than 25sqm

## 5.6 All properties

- Where a property has been subject to alteration, conversion or change of use, the following items will be required to be forwarded with the deeds, unless the property is a HMO, when copies will be required prior to release of funds
- Applications may be limited by risk and exposure limits

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- A copy of the current HMO licence, if applicable (for property purchases a copy of the new HMO licence will also be required after completion)
- Evidence that the property has the benefit of planning permission for its current layout and use.
- Evidence may be in the form of a copy of the planning consent(s) for the current configuration/ use, permitted development for change from Class C3 to C4 of the Town and Country Planning (Use Classes) (Amendments) (England) Order 2010, assuming no Article 4 Direction Order in place at the time of the change, or sui generis (as appropriate); an established use certificate or a certificate of lawfulness of existing use or development
- Evidence that the property has the benefit of appropriate building regulations approval and a copy of the building regulations completion certificate

## 5.7 Property exclusions

Properties with low demand as a result of location/ condition/ maintenance	New build properties with the benefit of a Rental Guarantee incentive	Properties with Local Authority approval for uses other than residential
Ex-council or housing association properties where the majority are not privately owned.	Non-traditional construction e.g. pre 1970 Timber frame, concrete or any designated defective under the housing act	Converted properties where the applicant is resident in a different unit in the building
Properties which are subject to any restrictions (occupancy/use/resale), e.g. Agricultural restrictions	Properties subject to adverse notices, mineral extraction, contaminated land, landfill, mining subsidence. Also properties with Japanese Knotweed excluded	Properties located adjacent to an electrical sub-station (small substations will be acceptable subject to valuer's comments) or communication mast or within 100m of overhead high voltage cables/pylons
Properties held in Trust	Right to buy scheme or subject to a pre-emption clause. Properties which are, or have been shared ownership	Built within the last 10 years without an NHBC certificate or other guarantee acceptable to us
Properties with solar panels which are subject to a lease agreement	Properties adjacent to commercial premises which could materially impact marketability, e.g. Pubs, takeaways and petrol stations	Properties being purchased at under market value, will be assessed at purchase price
Grade I & Grade II* listed properties	Properties that have cladding and do not have an acceptable cladding fire test certificate	Flying freehold greater than 15% of the total property area
Freehold Flats	Ex-local authority properties with deck access	New Build Flats where the ground rent exceeds 0.10% of the property value



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Properties liable to flooding	Properties with non-standard insurance terms	Properties that require an EWS1 form and do not meet grade A1 standard
Purchases involving property clubs or syndicates	Properties which include rental guarantees. (this also includes developments as a whole	Flats above 5 storeys must have a lift

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## 5.8 Acceptable tenancies

Housing association	Local authority	Student lets
Company lets (where company is registered in England, Wales or Scotland)	DSS/Universal credit	Assured Shorthold Tenancy up to 36 months

Maximum tenancy is 3 years in all circumstances

## 5.9 Unacceptable tenancies

Common tenancies (where the rental income is > £100,000)	Property owned by family, vendor or employee	Holiday lets e.g., AirBnB properties
Asylum seekers	Vulnerable tenants	Defective tenancies e.g., sub-let clauses or missing notices

## 6.0 Valuations

- Where the valuer confirms that specialist reports are required Landbay will require the applicant to arrange the reports which will be sent to the valuer for comment, please note that the specialist reports must be completed by the recognised contractors identified by Landbay or the surveyor
- No monies will be released until essential repairs have been undertaken, we do not consider part retentions
- Upon completion of the works, the original valuer will be required to reinspect the property to confirm its suitability for mortgage purposes and provide a revised valuation figure where applicable
- Valuations are usually valid for 120 days

## 7.0 Limited Company and LLP

- Limited Companies must be registered in England, Wales or Scotland
- SPV Companies must have been established for property rental only and will only be accepted with the following SIC codes: 68100, 68201, 68209, 68320, 7012, 7020, 7032 – clarify SIC starting with 7. Especially 7032
- Trading Limited Companies are acceptable; however the company must have the related SIC code for property rental and must have been trading for at least two years. Please refer if less than two years
- Max 4 Directors/Members (must be resident within the UK for the last 2 years)
- All directors regardless of shareholding must be subject to the mortgage
- Any shareholder of 25% shares or more must be subject to the mortgage
- Any shareholder with 24.9% or lower does not have to be subject to the mortgage
- Full Personal Guarantees required on a joint and several liability basis from all mortgage applicants

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- Layered Limited Companies can be considered by referral (common directors and ultimate beneficial owners being subject to the mortgage application)
- All members of an LLP must be designated members
- LLPs with corporate member would not be acceptable
- Please note that trusts & charities are excluded

## **8.0 Exclusions**

- Portability
- Further Advances
- 2nd Charges
- Overpayments
- Capital and interest/part and part repayments

## **9.0 Legals**

- Landbay require a first legal charge on all properties
- Landbay's panel is available on the website
- Dual and separate representation instructions are acceptable
- In each instance the applicant will be liable for the fees of both lender and themselves
- Unable to change solicitors post offer
- Offer expires 90 days
- Extensions beyond this must be agreed by Landbay
- We reserve the right to decline any mortgage application

## **10.0 Insurance**

- Applicant must make own arrangements for insurance
- Policy must be standard terms with no exclusions
- Landbay must be named in policy

## Criteria guide – non-portfolio

### **11.0 Non-Portfolio Product Criteria - applies to non-portfolio products only**

How does Landbay determine if a case should be treated as a non-portfolio application?

If the combined number of mortgaged buy-to-let properties owned by the applicants is three or less at the time of underwriting, then we deem the landlord to be a non-portfolio landlord.

- Minimum loan size £75,000
- Maximum loan size £750,000
- Maximum 75% LTV
- Available to limited companies and individuals
- Exclusions: Properties above or adjacent to commercial premises (applies to flats & houses), ex-local authority properties and new build properties
- Excludes HMOs and MUFBs
- Maximum two borrowers (individuals or directors)
- Minimum combined income £25,000