

Buy to Let criteria guide



Correct as of:
09.10.2015

ENHANCED Our new build criteria has been improved! See page 4 for further details.

Applicant criteria		
Customer profile		
Minimum age	25	
Maximum age	85 (at the end of the mortgage).	
Maximum number of applicants	2	
Minimum earned income	<ul style="list-style-type: none"> › No minimum income requirements on loans under £1,000,000. For loans over £1,000,000 a sole minimum income of £100,000 is required and proof of income must be provided. All borrowers must be employed/self employed. 	
Guarantors	Not allowed.	
First time buyers	First time buyers not acceptable. First time landlords are acceptable.	
Allowable adverse		
Defaults	0 in 12 months, no more than 2 in 24 months (unlimited).	
CCJs	0 in 12 months, no more than 1 in 24 months (max £2,500).	
Mortgage arrears (worst status)	0 in 12 months, no more than 1 in 36 months.	
IVA and debt management plans	Not allowed.	
Bankruptcy	Not allowed.	
Repossessions	Not allowed.	
Nationality and residency		
Residential status	In all cases we require a 3 year residential address history.	
All UK / EEA Nationals	<p>Must have been resident in the UK for the last 3 years.</p> <p>EEA Nationals: Austria, Belgium, Bulgaria, Croatia, Cyprus (Greek Cypriots only), Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland.</p>	
Non EEA Nationals	Must have been resident in the UK for the last 3 years and have permanent rights to reside in the UK.	
Diplomatic immunity	Unacceptable if diplomatic immunity applies to immunity from UK law.	
Portfolio		
Portfolio	<ul style="list-style-type: none"> › A single customer can have up to 10 individual Precise Mortgages buy to let loans (including buy to let second charge loans) with a maximum combined value of £5,000,000. › Applications which increase the number of buy to let loans held with Precise Mortgages beyond 5 will be restricted to a maximum LTV of 75%. › Unlimited with other lenders › Portfolio criteria will be assessed at underwriting stage. 	
Loan to value and maximum loan size limits		
Loan to value and maximum loan size limits	Loan amount	LTV limit
	Up to £500,000	80%
	Up to £1,000,000	70%
	Up to £3,000,000	60%
Maximum loan size varies by product. Refer to product guide for more details		
Rental calculation		
Rental calculation	125% of interest payment, calculated on the higher of pay rate or revert rate.	

Validation	
Mortgage conduct	Proof of the most recent 12 months' mortgage payments is required for all current mortgages.
Employment	<ul style="list-style-type: none"> › PAYE applicants must normally have been in their current job for a minimum of 3 months, with 12 months' continuous employment. Underwriters are able to approve cases where applicants have been in their current job for less than 3 months if they have been in a similar line of work for a minimum of 12 months and the overall quality of the case is acceptable. The reason for the latest change of employment should be established and confirmation of dates must be obtained from current / previous employers. › Employment must be permanent. Probation periods are not acceptable.
Self-employment	<ul style="list-style-type: none"> › Self-employed applicants must have been trading for a minimum of 1 year unless their primary business is property letting and then we require full 3 years trading.
Contractor	Applicants employed on a fixed term contract basis are acceptable. A copy of the existing contract should be obtained. Where there is less than 6 months left to run, the employer must confirm in writing that it is the intention for the contract to be renewed. Zero hour contracts are not permitted. If the applicant(s) are responsible for their overall payment of tax and National Insurance, we consider these as self-employed and will confirm income to a minimum 1 years accounts or SA302, if required.
Company directors	Where a company director owns 25% or more of the company shares they must be treated as self-employed.
Limited companies	Precise Mortgages will only lend to individuals. Lending to limited companies is not acceptable.
Pension	Personal/occupational pension income can be considered as the sole source of income, subject to full underwriter review of the application.
Bank statements	<p>Buy to let product tier 1 including Lifetime Trackers</p> <p>Bank statements are not required for BTL cases which fit our tier 1 product requirements. The underwriter retains the right to request bank statements if it is considered that these are necessary to approve the loan.</p> <p>Please note, bank statements and an asset and liability statement will be required for loan sizes over £1,000,000.</p> <p>Buy to let products tiers 2 and 3</p> <p>3 months' bank statements will be required in order to establish that the applicant can manage their finances satisfactorily and have sufficient income to adequately cover expenditure. It is then the underwriter's discretion if further verification is required.</p>

Loan criteria	
Minimum loan term	5 years.
Maximum loan term	30 years.
Minimum loan	£25,001
Maximum loan	<ul style="list-style-type: none"> › All buy to let products: £1,000,000, except; › Lifetime trackers: £3,000,000 (0% product fee lifetime trackers: £500,000) › Maximum loan size in Scotland is £1,000,000
Portable	All products are non-portable.
Remortgage applications	We will not accept remortgage applications within 6 months of either the original purchase date or the last remortgage date. Precise Mortgages' bridging borrowers can remortgage after 1 month.
Repayment method	<ul style="list-style-type: none"> › Capital and Interest › Interest only
Maximum LTV for flats	<ul style="list-style-type: none"> › 80% for buy to let
Interest only and repayment vehicles	Sale of property Endowment, stocks & shares isa, unit trusts / OEICs, pension, UK stocks & shares, savings (inc. peps/tessas), premium bonds.
Offer validity	3 months from date of valuation.

Property criteria

New build ENHANCED	<p>Precise Mortgages define 'new build' as a property that has never been occupied.</p> <p>Maximum LTV: 80% LTV, minimum customer contribution 20% for both houses and flats.</p> <p>Flats:</p> <ul style="list-style-type: none"> > Borrowing is available on flats up to 20 storeys. > New builds flats with a commercial ground floor are accepted. <p>Source of deposit: Where the builder is offering any cash-based incentive e.g. discounted purchase price, stamp duty paid, legal fees paid, cash-back after completion, mortgage paid etc, this must be deducted from the lower of the purchase price/valuation and the maximum LTV calculated from this net figure.</p> <p>Offer validity: All new build property offers are valid for 6 months – there is an option to extend for a further 3 months where required.</p> <p>We can consider extending the offer by a further 3 months subject to the following:</p> <ul style="list-style-type: none"> > Confirmation in changes of circumstance are received in month 5 of the mortgage offer. > 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 £95 fee). <p>Section 106 planning obligations are accepted as detailed below:</p> <ul style="list-style-type: none"> > 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. <p>For any other planning obligation, please contact us.</p> <p>Acceptable new build warranty providers:</p> <ul style="list-style-type: none"> > Building Life Plans > Checkmate (Castle 10) > CRL Management Ltd > LABC > N.H.B.C. Guarantee > Premier Guarantee Scheme > Professional Consultants Certificate > Zurich Municipal "New build" (valid until 30/09/09) <p>Any second charge lending will be included for affordability purposes.</p>
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Property criteria continued																					
Minimum property value	£75,000 or £150,000 in London postcode districts.																				
Allowable locations	<p>Mainland England, Wales and selected postcodes in Scotland.</p> <p>The following locations will not be accepted:</p> <table border="0"> <tr> <td>Aberdeen City & Shire</td> <td>AB - All</td> </tr> <tr> <td>Dumfries & Galloway</td> <td>DG - All</td> </tr> <tr> <td>Western Isles</td> <td>HS - All</td> </tr> <tr> <td>Highlands</td> <td>IV - All</td> </tr> <tr> <td>Ayrshire</td> <td>KA - KA27 and KA28</td> </tr> <tr> <td>Orkney</td> <td>KW - All</td> </tr> <tr> <td>Renfrewshire & Argyll</td> <td>PA - PA20 to PA78</td> </tr> <tr> <td>Perthshire</td> <td>PH - All</td> </tr> <tr> <td>Borders</td> <td>TD - All</td> </tr> <tr> <td>Shetland</td> <td>ZE – All</td> </tr> </table>	Aberdeen City & Shire	AB - All	Dumfries & Galloway	DG - All	Western Isles	HS - All	Highlands	IV - All	Ayrshire	KA - KA27 and KA28	Orkney	KW - All	Renfrewshire & Argyll	PA - PA20 to PA78	Perthshire	PH - All	Borders	TD - All	Shetland	ZE – All
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Retentions	Not allowed.																				
Acceptable tenancies	<p>Properties in England and Wales must be let under a single assured shorthold tenancy (up to a maximum of 36 months) or a common law tenancy (i.e. a company let or where the annual rent is greater than £100,000).</p> <p>Properties in Scotland must be let under a single short assured tenancy.</p>																				
Unacceptable tenancies	<p>Tenancy agreements for tenants in the following categories are not acceptable:</p> <ul style="list-style-type: none"> › DWP supported tenants; › Asylum seekers; › Tenants who have the benefit of diplomatic immunity; › Rental guarantee schemes; › Student lets. <p>Please contact us for full details of unacceptable tenancies.</p>																				
Flats / maisonettes / apartments	Must be self-contained with private facilities and direct access to the highway via covered common parts. Flats which are ex-local authority or above commercial premises may be considered on an individual basis.																				
Buildings insurance	Suitable buildings insurance should be in place at completion (remortgage) or at exchange (purchase) and will be a condition of the offer that the solicitor must address. The sum assured should be index-linked.																				

Property criteria continued	
<p>Unacceptable property types (if the construction is non traditional contact us for acceptability)</p>	<ul style="list-style-type: none"> › Studio flats. › 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). › Properties constructed with high-alumina cement, timber framed property with no brick skin or 100% steel or timber framed property. › Property where material environmental hazards are present. › Property where commercial usage exceeds 20%. The commercial element should not extend to light engineering, manufacturing, livestock, rearing or caring for domestic animals. "Home" office usage is acceptable however, such use should not include circumstances where clients are seen on the premises on a regular basis (e.g. dental surgery would not be acceptable). › Live/works units. › Any property deemed unsuitable security by the valuer. › Any property deemed in multiple occupation (HMO). › Any property where there is ongoing movement/monitoring is required. › Flats or maisonettes in blocks exceeding 20 storeys. › Mobile homes and houseboats. › Grade 1 listed buildings in England and Wales. Grades A and B in Scotland. › Property where saleability may be adversely affected by local planning or by an unsatisfactory mining search. › Any property of modern method of construction (MMC) e.g. a POD type construction where units are built off site, craned onto site and secured and serviced connected etc, then externally clad. › Any property containing mundic concrete. › Any property affected by Japanese knotweed.
<p>Restrictive covenants</p>	<p>We are unable to consider any property that may have a restricted occupancy clause within the planning permission, for example, 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.</p> <p>Similarly, property that can only be used for retirement or sheltered accommodation is unacceptable, as is any property where a planning restriction (e.g. agricultural restriction) effectively limits a property's appeal on the open market.</p>
<p>Property assessment</p>	<p>In all instances the property assessment will be instructed by Precise Mortgages.</p>
<p>Structural reports</p>	<p>Reports may be accepted from members of the following bodies:</p> <ul style="list-style-type: none"> › The Institution of Structural Engineers (www.istructe.org.uk) › The Institution of Civil Engineers (www.ice.org.uk) <p>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(s).</p> <p>Specialist reports most commonly comprise of:</p> <ul style="list-style-type: none"> › 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.
Tenure	
<p>Freehold (except in Scotland)</p>	<p>Unacceptable for flats / maisonettes.</p>
<p>Leasehold</p>	<p>Minimum remaining lease term is 70 years at completion.</p>
<p>Flying freehold</p>	<p>Considered provided it does not exceed 10% of the total area. The valuer must comment and confirm total percentage.</p>
<p>Commonhold</p>	<p>Not allowed.</p>

Important Information

- › Properties built within the last 10 years must benefit from an acceptable warranty scheme, please refer to The Council of Mortgage Lenders handbook for the currently acceptable schemes:
<http://www.cml.org.uk/lenders-handbook/englandandwales/question-list/1913/>
- › We will not lend where the property is subject to either a back to back or sub sale agreement or subject to a Finder's Fee.
- › Precise Mortgages will not consider any property being purchased under any social housing schemes (e.g. Right to Buy, Shared Ownership, Key Worker etc.). Additionally, we cannot 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 may consider, on an individual referral basis, properties with:
 - 3 or more acres of land;
 - Deck access;
 - Majority flat roof;
 - Restrictive or unusual planning permission;
 - Overriding interests

Fees and deposit

Fees that may be added to the loan	Product fee and telegraphic transfer fee up to 88% LTV (any fees added will not be incorporated into LTV calculation, but will be included in our affordability calculation).
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. £120
Property re-inspection fee	Where a reinspection is necessary after the initial valuation is carried out, the following fee is payable. £95
Telegraphic transfer fee	£35
Source of deposit	The following forms of deposit / incentive are not acceptable: <ul style="list-style-type: none"> › Family gift (If the property is being purchased from a family member). › Vendor's deposit/discounted purchase price. › Purchase from family at discounted purchase price. › All deposit monies must have originated within the EEA.
Valuation and assessment fee	Standard valuation and assessment fee payable on application. The valuation fee is refundable if the valuation is not carried out; the assessment fee of £180 is non-refundable.

Valuation and assessment fee scale

Valuation up to	Valuation and assessment fee	Homebuyers report and assessment fee	Valuation up to	Valuation and assessment fee	Homebuyers report and assessment fee
£100,000	£370	£570	£3,000,000	£2,050	£3,750
£150,000	£410	£600	£3,200,000	£2,165	£3,955
£200,000	£445	£650	£3,400,000	£2,275	£4,155
£250,000	£465	£705	£3,600,000	£2,390	£4,360
£300,000	£485	£770	£3,800,000	£2,500	£4,560
£350,000	£525	£815	£4,000,000	£2,615	£4,760
£400,000	£560	£900	£4,200,000	£2,725	£4,965
£450,000	£590	£955	£4,400,000	£2,840	£5,165
£500,000	£630	£1,045	£4,600,000	£2,975	£5,370
£600,000	£695	£1,105	£4,800,000	£3,090	£5,595
£700,000	£750	£1,155	£5,000,000	£3,200	£5,800
£800,000	£810	£1,205	£5,500,000	£3,480	£6,305
£900,000	£920	£1,255	£6,000,000	£3,765	£6,810
£1,000,000	£975	£1,405	£6,500,000	£4,045	£7,315
£1,250,000	£1,090	£1,655	£7,000,000	£4,325	£7,820
£1,500,000	£1,200	£1,955	£7,500,000	£4,610	£8,325
£1,750,000	£1,315	£2,055	£8,000,000	£4,890	£8,830
£2,000,000	£1,540	£2,205	£8,500,000	£5,170	£9,335
£2,200,000	£1,600	£2,945	£9,000,000	£5,450	£9,840
£2,400,000	£1,715	£3,145	£9,500,000	£5,730	£10,350
£2,600,000	£1,825	£3,345	£10,000,000	£6,015	£10,855
£2,800,000	£1,940	£3,550	£10,000,000+	On referral	On referral

Precise Mortgages' conveyancer fees

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



Roger Morris Director of Sales

Call Roger if you would like to discuss our wide range of residential and buy to let mortgages, bridging and second charge loan products.

✉ roger.morris@precisemortgages.co.uk

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Jamie Pritchard Head of Sales

Call Jamie if you are a member of a Network or Club and would like to discuss our wide range of residential and buy to let mortgage products.

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☎ 07931 172422



Richard Keen National Sales Manager - Networks & Clubs

Call Richard if you are a member of a Network or Club and would like to discuss our wide range of residential and buy to let mortgage products.

✉ richard.keen@precisemortgages.co.uk

☎ 07930 236340



Kevin Beale National Sales Manager - New Builds

Call Kevin, or our **New Build Priority Processing Service** on **0330 024 0349** to discuss new build specific enquiries.

✉ kevin.beale@precisemortgages.co.uk

☎ 07901 712467

Get in touch with our intermediary support team

☎ 0800 116 4385 (9am to 6pm, Mon to Fri)

✉ enquiries@precisemortgages.co.uk

🌐 precisemortgages.co.uk

🖨 0800 131 3180

🐦 [Precise_Mtgs](https://twitter.com/Precise_Mtgs)

📍 [Precise Mortgages](https://www.google.com/search?q=Precise+Mortgages)

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.