

Important Information about our Buy to Let Mortgages

This information should be read together with the individual buy to let mortgage product features. Where the information differs, the individual mortgage product features will take precedence over the information stated below.

All applications are manually reviewed by our experienced underwriters and are subject to a full assessment against our lending criteria.

Please note that the information below does not constitute an exhaustive list of our lending criteria and borrowing requirements.

1. Buy to Let lending – Regulatory Status

Buy to let lending falls into three key regulatory areas:

- (i) **Standard Buy to Let** – for landlords operating a buy to let portfolio for business/investment purposes, including via a Special Purpose Vehicle (SPV) Limited Company (a non-trading company that exists solely for buying, selling and letting property).

For this lending, the mortgage is not regulated by the Financial Conduct Authority (FCA).

- (ii) **Regulated Mortgage Contract Buy to Let** – where the property is let to a close relative (e.g. spouse, civil partner, children, parents, brothers and sisters), or where the borrower(s) intend to occupy the property at a future date.

For this lending, the mortgage will be regulated by the FCA.

- (iii) **Consumer Buy to Let** - lending where the borrower(s) has acquired or already owns the property and is deemed not to be acting predominantly for business purposes.

Consumer Buy to Let mortgages are regulated by the Financial Conduct Authority under the Mortgage Credit Directive Order 2015.

2. Purpose of the Loan

Lending is available for applications on properties located in England, Wales and Scotland (excluding properties located in the Outer Hebrides ([postcodes HS1-9), Orkney Islands (postcodes KW15-17), Shetland Islands (postcodes ZE1-3) and postcodes IV41-48, IV51-56, KA27, PA20-49, PA60-78 and PH41-44.

Loans are available for the following purposes:

- House purchase
- Remortgage
- Raising funds on existing buy to let mortgages providing the money is used for property related purposes
- Raising funds on a mortgage free property providing the money is used for property related purposes
- Light refurbishment: allowing the loan to value to be based on the loan amount including any home improvements (subject to product availability)
- Consumer Buy to Let lending (as outlined above, subject to product availability)
- Regulated 'Family' Buy to Let lending (as outlined above, subject to affordability)

3. Loan Size, Portfolio Size and Loan to Value (LTV)

Minimum loan size: £50,000.

Maximum loan size: £1,000,000 for any single property, subject to maximum 70% LTV, maximum £750,000 over 70% and up to 75% LTV.

Maximum LTV: 80% for Standard Buy to Let (subject to product availability); 75% for Consumer Buy to Let, Regulated Buy to Let, Holiday Lets and Expats.

We will allow up to 5 mortgages (5 properties) per individual, as long as the overall buy to let borrowing does not exceed £1,000,000.

We will consider applications where the applicant has up to a maximum of 10 buy to let mortgages with other lenders.

4. Eligibility

First time buyer landlords considered, subject to status.

Lending to an SPV Limited Company with up to 4 UK resident directors or shareholders is allowed on properties located in England and Wales. SPV Limited Companies with shareholders or directors who are Expats or another Holding Company are excluded. The borrowing of any SPV Limited Company must be registered at Companies House within 21 days of mortgage completion. A guarantee from all directors/shareholders is required and all individuals providing a guarantee are required to take Independent Legal Advice. Guarantees may not be required up to 65% LTV, subject to product availability.

The Society will not lend on a House in Multiple Occupation (HMO).

The Society must be satisfied that the applicant's current and proposed overall financial situation can support the mortgage repayments in the event that there is a tenancy default or void payments. Minimum income of £25,000, excluding Top Slicing, expats, portfolio landlords and landlords of holiday let properties who must have a minimum earned income of £35,000.

Properties used for holiday lets must be located in England and Wales only and rented out as a Furnished Holiday Let in accordance with the HM Revenue and Customs (HMRC) rules. To qualify as a holiday let for HMRC purposes, the property must be available to rent for a minimum of 30 weeks of the year, and let out for at least 15 weeks of the year. Lending on holiday parks or complexes and B&Bs are excluded. No Assured Shorthold Tenancy (AST) agreements are allowed. Minimum property valuation of £200,000. Borrowers are permitted to occupy the property for up to 60 days per annum.

5. Rental Income Requirements* or Interest Coverage Ratio (ICR)

The following requirements outline our typical rental income calculations for our buy to let lending types, however the ICR may change subject to product availability, please check individual product details for confirmation. All of the following rental income requirements are based on the mortgage being on an interest only basis.

Standard Buy to Let	<p>Basic Rate Taxpayers, Expats and Limited Companies Rental income must be 125% of the monthly mortgage payment calculated at 6.50% or 2% above the product pay rate (whichever is the higher).</p> <p>Higher rate taxpayers For house purchase or remortgage with further borrowing, rental income must be 145% calculated at 6.50% or 2% above the product pay rate (whichever is the higher).</p>
Consumer Buy to Let & Regulated Buy to Let	<p>Rental income must be at least 125% of the monthly mortgage payment calculated at 6.50 or 2% above the product pay rate (whichever is the higher) on an interest only basis.</p>
Holiday Lets (England and Wales)	<p>A holiday letting agent or valuer is required to provide Low, Mid and High Season rental figures for the property. Agents' letting fees should be deducted, or assumed as 20% of the gross rents if not confirmed. We will then take the annual average of the 3 seasons' income (after agents' fees) and use 70% of this figure to allow for rental voids when calculating the ICR.</p> <p>This figure must cover 125% of the monthly mortgage payments calculated at 6.50% or 2% above the product pay rate (whichever is the higher) on an interest only basis.</p> <p>Assessments using earned income or other personal wealth (Top Slicing) are allowed on one holiday let property per borrower (see below).</p>

Assessments using earned income or other personal wealth (Top Slicing)

Subject to product availability, landlords may use earned income or other personal wealth in addition to rental income (Top Slicing) when assessing affordability. In such circumstances, rental income alone must be at least 100% of the product pay rate on an interest only basis.

*Written confirmation of the actual or anticipated rental income from a recognised reputable professional letting agent may be required for certain mortgage types. Details of the actual rental income requirements are displayed on our product web pages.

6. Term and Age Limits

Minimum age: 21 years at the time of application (25 years for holiday lets).

Maximum age: Prior to age 85 (of the oldest applicant) at the end of the mortgage term.

The maximum mortgage term is 40 years, subject to your age at the time of application. The minimum mortgage term is the initial product term (e.g. two years, three years, five years, etc).

7. Repayment Options

- Capital repayment.
- Interest only.
- Part capital repayment and part interest only.

What is interest only?

Interest only means that you only pay the interest in the monthly repayments leaving you to repay the capital balance (the initial mortgage required) at the end of the mortgage term. You must have an acceptable strategy in place (such as savings) to repay the capital balance.

Acceptable repayment strategies include:

- Sale of the mortgaged property.
- Savings and investments (including endowment policies and existing Personal Equity Plans).
- Pension lump sums.
- A portfolio of stocks and shares or a stocks and shares ISA/NISA.
- The sale of a mortgage/debt free UK located buy to let or holiday property that is owned by the mortgage applicant(s) on a Joint Tenant basis.

You are responsible for any shortfall should your repayment strategy fail to repay the capital borrowed at the end of the term and you should therefore check the performance of any investment, where appropriate, on a regular basis. If you are not in a position to repay the capital when you reach the end of the term you will be in breach of the mortgage conditions and this could result in further action being taken by us to protect our interest in the property.

The Mansfield Building Society is not authorised to give advice in respect of repayment strategies relating to an interest only mortgage and will not provide any advice concerning the adequacy or suitability of your chosen repayment strategy.

8. Mortgage Rate Types

Subject to product availability, we offer a range of mortgages with summary details of the types below:

Fixed Rate Mortgage	The interest rate is fixed for a specified number of years and will stay the same even if other rates change during that time.
Discounted Variable Rate Mortgage	The interest rate is discounted from our SVR for a specified number of years. The rate is variable and can go up or down. A minimum rate will apply during the discounted term and will be specified on the product details.
Standard Variable Rate (SVR)	An internal rate of interest set by the Society to reflect market conditions. The rate is variable and can go up or down. At the end of a fixed rate, discounted rate or tracker product period the interest rate will revert to our SVR if you do not switch to another product with us or remortgage to another lender.
Follow-on Rate	A follow-on rate is available on selected products at the end of the initial fixed rate or discounted rate period. The follow-on rate is a discount from our SVR and is therefore a variable rate and may go up or down.
Tracker Mortgage	The interest rate tracks an externally referenced rate - normally the Bank of England Base Rate for a specified number of years. The rate is variable and can go up or down.

9. Interest Calculation

Interest is calculated daily.

10. Early Repayment Charge (ERC)

An early repayment charge can be applied in the event that the mortgage is repaid in full or in part during the initial fixed rate or discounted rate period.

The early repayment charge is a percentage of the mortgage balance at the point the repayment is made.

If a new mortgage for at least the same amount as the total mortgage balance outstanding is taken out simultaneously with us then the Society, in its discretion, may waive any early repayment charge. If a new mortgage for at least the same amount as the total mortgage balance outstanding is taken out within 3 months of full repayment then the Society, in its discretion, may refund any previously paid early repayment charge.

11. Lump sum or overpayments

Payments in excess of the required monthly mortgage payment can be made in the form of lump sum payments or regular overpayments.

A repayment of up to a maximum of 10% of the original loan amount will be allowed each calendar year during the product term without incurring an early repayment charge. Any lump sum payments or regular overpayments received in a single calendar year, which in total exceed 10% of the original mortgage amount, will incur an early repayment charge on the amount of the excess.

12. Fees and Charges

For full details of fees and charges please see our 'Tariff of Charges' available on our website www.mansfieldbs.co.uk or on request.

Application Fee	A non-refundable application fee is payable on application.
Completion Fee	<p>A non-refundable completion fee is payable before completion. The fee may be paid by debit or credit card without incurring additional charges.</p> <p>Where product features allow, customers may choose to add the completion fee to the loan amount. If the completion fee is added to the loan amount this will be charged interest and will be reflected in the monthly repayment over the term of the mortgage.</p>
Chaps / Telegraphic Transfer Fee	A charge which covers the cost of transferring funds to you, your bank or solicitor.
Valuation Fee	<p>Unless otherwise stated in the product features a basic valuation fee is payable by the applicant(s). The fee charged is normally based on the purchase price or full market value. For a full list of mortgage valuation fees, please see our Mortgage Valuation Fees leaflet.</p> <p>The valuer must be informed that the property is to be used as a buy to let property. The valuers report is required to include comment on the projected rental income and the likelihood of this from local demand.</p>
Legal Fees	<p>Legal fees are payable to your / our legal advisor on or before completion for carrying out work in relation to you taking out a mortgage with us.</p> <p>For remortgage applications in England and Wales, a simplified "basic legal fees" package is available and you can opt to use our nominated legal advisor. However, where there are additional legal requirements, this process may not be available or may incur additional costs to the applicants.</p> <p>Examples of these include the requirement for face to face or independent legal advice as a mortgage or product condition, changing names on title deeds, correcting title defects, postponement of charges and additional searches. Please contact us if you require more information on the circumstances where "basic legal fees" will not apply.</p> <p>Under the "basic legal fees" package the legal advisor will be acting on behalf of the Society.</p>
Redemption Administration Fee	When closing your mortgage account we will ensure enough money is received to clear the outstanding balance and return any overpayments made to you. We will arrange for our interest to be removed from any assigned policies, complete the legal discharge paperwork and release our legal charge over the property. We also release the Title Deeds. The Redemption Administration Fee covers the work involved in these tasks.

13. Direct Debits

Monthly mortgage payments are made by Direct Debit and are due on the 25th of each month.

14. Portability

Our mortgages are not portable to another property.

15. Maintaining Mortgage Repayments

Your home or property could be at risk if you fail to maintain your mortgage payments on time and in full. Failure to meet these requirements may adversely affect your credit information and impact future credit applications.

YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Contact Us

If you have any questions or comments about the information above then please feel free to contact us at our registered office in Mansfield. We have fully qualified mortgage advisors who will be happy to help you with your query.

Mortgage Enquiries: 01623 676340 (Mortgage Intermediaries 01623 676360). Telephone lines are open six days a week, Mon to Fri 9.00am* - 5.00pm (*Weds from 10.00am), Sat 8.45am - 12.15pm.

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