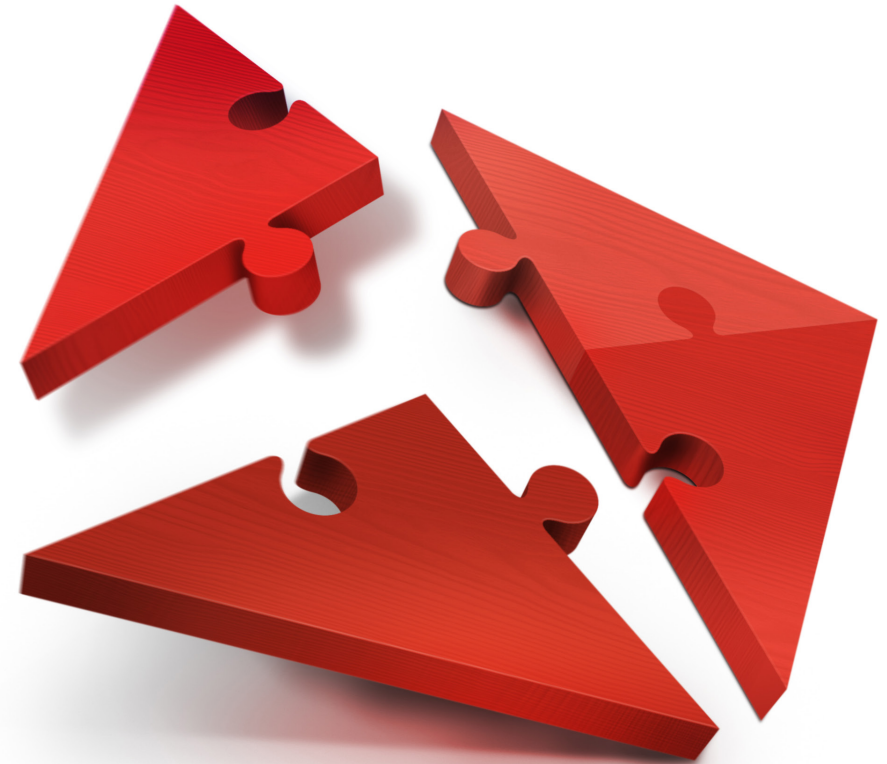




For intermediary use only



Buy-to-Let Criteria Guide

8th March 2024

chlmortgages.co.uk/intermediaries

Buy-to-Let Criteria Guide

Highlights



The Applicant

- Individual Buy-to-Let
- Limited Companies & LLPs
- Portfolio Landlords



The Property

- MUFB minimum value £100k
- Ex-local Authority (including deck access)
- Studio Flats less than 30m² by referral



The Rental Calculation

- Basic Rate & Ltd Co. at 125%
- Higher Rate tax payer at 140%
- Blended ICR available



The Loan

- Up to £1m to 75% LTV
- Up to £1.5m to 65% LTV
- Remortgage within 6 months

This guide is intended for guidance only and is supported by the full lending criteria.



For detailed criteria or to discuss a case please contact our team on **01252 365 888**, email sales@chlmortgages.co.uk or find your regional BDM at www.chlmortgages.co.uk/intermediaries/team



Criteria Search & FAQs

Have you tried the Criteria Search tool on our website? Check it out now!

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The Applicant

Applicants	<p>Up to 4 individual applicants <u>or</u> Limited Company Directors and/or Shareholders <u>or</u> LLP Members.</p> <p>Up to 4 Limited Company Guarantors. Guarantors must include all Directors. Guarantors must together hold a minimum of 75% or more of the controlling share capital.</p> <p>Up to 4 LLP Guarantors which must include all designated members and those members with management rights as detailed in the LLP agreement.</p>
Experience	<p>At least one applicant must have a minimum of 12 months as a current property owner • Portfolio landlords must have a minimum of 12 months landlord experience</p> <p>For HMO/MUFB at least one applicant must prove they have owned a minimum of 1 BTL property for 2 years</p>
Ltd Company / LLP	<p>All products are available to Limited Company and LLP borrowers • Property related SPV accepted</p> <p>New company incorporations accepted • Deposits from Inter-company/Director/Shareholder/Partner loans accepted</p> <p>A personal guarantee must be provided by Ltd Co. Directors and/or Shareholders with ≥20% shareholding, and all designated members and members with management rights of an LLP.</p> <p>Acceptable SIC codes: 168100 68209 68320 68201</p>
Age limits	<p>Minimum Age: Primary applicant: 21 Secondary applicants: 18 • Maximum Age: 85 at the end of term</p>
Minimum Income	<p>£20,000 combined income per application • Rental Income Accepted as per SA302</p>
Portfolio Exposure	<p>Up to £3m lending held within CHL Group with a maximum of 20 individual loans.</p>
Residency	<p>UK resident for at least the last 3 years with permanent right to reside</p>

Adverse

	Unsecured Arrears	Secured Arrears	Default	CCJs	Debt Mgmt. Plan	IVA/Bankruptcy	Repossessions
Accept	0 in 36 months						
By referral only	<p>Status 1 in 12 months (Max. 1 instance)</p> <hr/> <p>Status 1 in 36 months (Max. 3 instances)</p>	<p>0 in 12 months</p> <hr/> <p>Status 1 in 36 months (Max. 1 instance)</p>	<p>0 in 24 months</p> <hr/> <p>Max. 1 in 36 months</p>		0 in 36 months	Satisfactorily completed / discharged over 6 years	Not accepted

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The Property

Criteria which apply to all types of property including HMO / MUFB

Location	Mainland England and Wales only.
Tenancy	Single or Multiple AST from 6 to 36 months • Student lets • Corporate lets considered • Housing Association / Local authority lets considered
Acceptable Construction Types	Standard brick and breeze block construction • Modern timber framed construction post 1960 (including space4) with masonry outer skin Stone built or brick and mortar built walls • Modern steel framed property with brick or block and rendered walls • Modern methods of construction subject to referral
Acceptable Roof Types	Standard roof construction from slate or tile
Acceptable Exposure	Blocks of up to 6 units: Maximum 6 units per block • Blocks of 7 to 20 units: Maximum 10 units per block • Blocks of more than 20 units: Highest of 10 units <u>or</u> 20% per block
Energy Performance	Minimum EPC rating: E

	Standard Property	Studio Flat	New Build	Above/Adjacent to Commercial	Former Local Authority
Definition	Single family dwelling or existing shared accommodation where no HMO licence required	A small flat with one room for living and sleeping in, a kitchen, and a bathroom	A property built or converted within the last 12 months	A property above or adjacent to a commercial property considered	Previously owned by the local authority/housing association
Rooms / Units	Max. 5 Bedrooms Shared accommodation acceptable	Max. 1 main room	Max. 5 Bedrooms	Max. 5 Bedrooms	Max. 5 Bedrooms
Minimum Property Value*1	£75,000	£100,000	£75,000	Min. value £250,000 within M25 (£150,000 elsewhere)	£100,000
Property Notes	Shared Houses considered with rental assessment on a single family unit basis	Units with floor area below 30m ² by referral only.	All properties less than 10 years old must hold an adequate warranty	Positive valuer comments required. Subject to restrictions, please refer	Max. 10 storeys in a block inside M25 (5 elsewhere) Areas with medium / high levels of private ownership
Maximum LTV*2	75%	75%	Houses: 75% • Flats: 70%	75%	Houses: 75% • Flats: 70%
Tenure & Leasehold	Freehold and Leasehold Leasehold terms of less than 76 years remaining at application considered at underwriter discretion and are subject to a maximum LTV of 60%. Minimum 51 years remaining at maturity.				

* 1. All flats above 10 storeys require a minimum property value of £250,000 | 2. For CHL1 products the total LTV inclusive of fees cannot exceed 80%

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The Property

	HMO	MUFB
Definition	<p>At least 3 tenants reside there forming more than 1 household</p> <p>Tenants share a lavatory, bathroom or kitchen facilities with other tenants</p> <p><u>and</u> a HMO licence is required</p>	<p>A block of up to 6 self-contained units on a single freehold title.</p>
Minimum Property Value	<p>Inside M25: £150,000 • Elsewhere: £100,000</p>	<p>Inside M25: £150,000 • Elsewhere: £150,000 (£100,000 up to 65% LTV)</p>
Acceptable Classes	<p>C3 • C4</p>	
Rooms / Units / Storeys	<p>Max. 6 bedrooms</p> <p>Max. 8 lettable rooms</p> <p>Max. 2 kitchens*</p> <p>Max. 4 habitable storeys</p>	<p>Max. 6 self-contained units in the block</p>
Property Notes	<p>Shared Houses considered with rental assessment on a room-by-room basis</p> <p>Must need minimal adaption to sell as a family home.</p> <p>The Solicitor will be required to ensure all relevant Planning/Change of Use requirements for its proposed use are in place on Completion</p>	<p>Each unit must have separate services</p> <p>Any element of commercial usage is unacceptable</p> <p>Any MUFB which is 'hybrid' (containing a HMO element) is unacceptable</p>
Maximum LTV	75%	
Tenure & Leasehold	<p>Freehold and Leasehold</p> <p>Leasehold terms of less than 76 years remaining at application considered at underwriter discretion and are subject to a maximum LTV of 60%. Minimum 51 years remaining at end of term.</p>	<p>Freehold Only</p>

* 2 kitchens accepted only where valuer comments confirm no impact on saleability

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The Rental Calculation

Tax band	ICR
Basic Rate	125%
Ltd Companies / LLP	125%
Higher Rate	140%

Blended ICR: For applications including a combination of Additional Rate/Higher Rate/Basic Rate borrowers, we can apply a Blended ICR to determine loan affordability based upon each borrower's tax status and their individual share of ownership/rent. Please refer to the affordability calculator held on the Documents page of our website to calculate how much your clients can borrow.

	Assessment Rate
Initial product term less than 5 years	Highest of 5.50%; or the initial pay rate + 2.00%.
Initial product term less than 5 years* where a historic borrower is looking to remortgage without capital raising	Highest of 5.00%; or the initial pay rate + 1.00%.
5 year fixed or more	The initial pay rate.

* **Historic Borrower:** A borrower who owned their BTL property before 6th April 2017

NOTE: Should a borrower choose a Capital & Interest repayment mortgage then, in addition to the Interest Cover Ratio test above, the gross monthly rental income must be equal to or greater than the monthly payment.

Security Type	Basis of rental income	Basis of Valuation
Single self-contained unit	Single tenancy	Comparable
Shared House	Single tenancy	Comparable
HMO	Tenancy per room	Comparable
MUFB	Tenancy per unit	Comparable

The Loan

Minimum loan	£25,001
Maximum loan	£1m up to 75% LTV £1.5m up to 65% LTV
Minimum Loan Term	5 years
Maximum Loan Term	30 years
Remortgage within 6 months	Lending based on market value where uplift explained by works/changes to the property/title, otherwise value limited to original Purchase Price/pre-works value.
Porting	Not portable
Offer Validity	3 months

Capital Raising

Capital raising is permitted for any legal purpose except for:

- Tax liabilities (excluding Capital Gains and Inheritance tax)
- Gambling debts
- Consumer buy-to-let
- Any business purpose that is not property investment.

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Competitive rates. Flexible criteria. Common sense.

At CHL Mortgages we take a common sense approach to buy-to-let. That means flexible criteria and experienced people who will consider each case on its own merit, working with you to provide specialist solutions for your landlord clients, at competitive prices.

To discuss a case or for further information
get in touch with the CHL Mortgages team

 01252 365 888  sales@chlmortgages.co.uk

chlmortgages.co.uk/intermediaries

Here are just some areas we may be able to help you with*...



First Time Landlords



Up to 4 applicants



Portfolio Landlords



Blended ICR



Studio Flats from 30sqm



Intercompany Loan Deposits



Directors Loans



Limited Companies & LLPs



Gifted Deposits



New Companies



Local Authority Leases



New Builds



Shared Accommodation



Above/Adjacent to Commercial



Student Lets



Ex-local Authority

* Subject to detailed criteria and underwriting

