

# Holiday buy to let *Criteria & Affordability* Guide



## Holiday Let Criteria

Loan size	Min £50,000 Max £2m up to 80% LTV
Property value	Min £100,000 Max £10m
Term	Min 5 years Max 40 Years
Min/max term	5 - 40 years
Borrower age at application	21 - 88
Number of borrowers	Max 2
Residency	UK resident for at least 3 years with indefinite leave to remain.
Repayment types	C&I or I/O
LTV	C&I max 80% I/O max 80%
Debt consolidation	Allowable up to a maximum of 75% LTV.
Portfolio lending	Max total mortgaged properties upon completion, 4 (including primary residence).
LTD company	We only accept applications from individuals.
Min personal income	No minimum - Assessment will be based on the rental yield of the property.
Affordability	Affordability is based on rental income, and assessed as being sufficient to cover 140% of stressed mortgage payments on an Interest Only basis.

## Income

ICR calculation	<p>A minimum rental income of 140% of interest payments at the higher rate of pay +2% or 5.5%.</p> <p>We take an average of 30 weeks rental income using an average of the weekly high, medium and low season rental income figures.</p>
Occupancy	Up to 90 days personal occupancy allowed.
Loan Purpose	<p>Purchase.</p> <p>Remortgage of existing Holiday Let.</p> <p>Remortgage of existing residential to convert to a Holiday Let.</p>

## Property

Acceptable Locations	England (Including Isle of Wight), Wales, and Scotland (including islands linked by road bridge to the mainland).
Unacceptable locations	<p>Northern Ireland, Isle of Man, Channel Islands.</p> <p>Islands not accessible by road bridge with the exception of the Isle of Wight are unacceptable.</p> <p>Properties on sites of Holiday parks/complexes.</p> <p>Holiday Lets in London are unacceptable due to the capital wide ban on using properties as short term lets for longer than 90 days.</p>
Unacceptable property types	Retirement, sheltered or age restricted properties, park homes, mobile homes, caravans, and houseboats.

## Property

Condition	The property must be in a readily lettable condition with allowance for furnishing, decorating and small amounts of updating.
Min property values	£100,000. £150,000 if above or adjacent to commercial premises. Ex-public sector, £150,000 Houses, £250,000 flats, and maisonettes.
Number of bedrooms	No maximum, however property must not be an HMO or multi-unit and subject to valuers comments.
Number of kitchens	Two kitchens are acceptable.
Annexes	Properties with one fully self-contained annexe are acceptable providing they are only let on a short-term basis.
New build	New build properties and Flats are acceptable (Defined as any property built or converted within the last 12 months). Developers must be signed up to the New Homes Ombudsman Service (NHOS). Individual subject to suitable construction and Professional Consultants Certificates. Properties which are on a development of more than three units must meet the requirement of Registration with the New Homes Quality Board.
New build cash incentives	Max 5% include cashback, deposit payments, stamp duty payments or covering of legal fees. Incentives are not required to be deducted from the valuation figure or purchase price but must be matched as a minimum by the applicant.
Ex public sector	Acceptable subject to minimum value of: <ul style="list-style-type: none"> <li>• £150,000 Houses</li> <li>• £250,000 flats, and maisonettes.</li> </ul> Ex public-sector flats and maisonettes are acceptable if <ul style="list-style-type: none"> <li>• No more than 4 storeys</li> <li>• Do not have communal balconies</li> <li>• Do not have open communal access</li> </ul> Ex Public Sector properties purchased under the "Right to Buy" scheme and still within the pre-emption period are unacceptable.

## Property cont.

<b>Non standard construction</b>	<p>Single skin/half brick walls are only acceptable if the walls are within a single storey structure and only contain non habitable rooms.</p> <p>Modern timber framed houses built after 1950 in Scotland and 1970 in England &amp; Wales are acceptable.</p> <p>Timber framed properties retrospectively filled with insulation to the cavity are unacceptable.</p> <p>Modern Methods of Construction (MMC) may be considered subject to individual review.</p>
<b>Above or adjacent to commercial premises</b>	<p>Properties above or adjacent to restaurants, snack bars, cafes, drinking establishments and take-aways may be considered. Please refer in advance of submission.</p> <p>Properties above/adjacent to commercial uses are subject to a minimum value of £150,000 (£250,000 in Greater London).</p>

## Flats and maisonettes

<b>Maximum storey</b>	<p>6 as standard.</p> <p>Private flats in England and Wales in excess of 6 storeys can be considered if the developer is signed up to the Developer Remediation Contract (England) or the Welsh Government contract (Wales).</p> <p>If the flat is above the third storey, the block must have a lift (Except Scottish Tenements).</p> <p>Flats of a non-standard construction are limited to 4 storeys.</p>
<b>Service charge and ground rent</b>	<p>Annual Service charge must not exceed 1% of the property value.</p> <p>Annual Ground rent must not exceed 0.1% of the property value.</p> <p>Escalating ground rents shall not double more frequently than 20 years and shall not be geared to the value of the building/property.</p>

## Flats and maisonettes cont.

<p><b>New build flats</b></p>	<p>Acceptable - All flats in the block must be completed and fully habitable, including all communal areas in the block, and have appropriate warranty or certification.</p>
<p><b>Lease hold/free hold</b></p>	<p>Acceptable subject to a minimum lease of 85 years on completion of the mortgage.</p> <p>Freehold flats &amp; Maisonettes are unacceptable.</p>
<p><b>SCOTTISH TENEMENT FLATS</b></p>	<p>Traditional Scottish Tenement flats will be acceptable if they meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Minimum Value £100,000 (£120, 000 if above commercial)</li> <li>• Built prior to 1915</li> <li>• Constructed of masonry walls with pitched roofs</li> <li>• No more than 5 storeys</li> <li>• Do not have communal balconies or access.</li> </ul>
<p><b>Scottish Licencing</b></p>	<p>Holiday lets in Scotland may require a licence to operate, please refer in the first instance for individual review.</p>
<p><b>Covenants</b></p>	<p>Properties with restrictive covenants around use of property are likely to be unacceptable.</p> <p>If you feel there is reason to consider please refer.</p>

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