

Expat Buy to Let

Correct as of 20 June 2017

FOR INTERMEDIARY PROFESSIONALS ONLY

Applicant Details

Minimum age	25
Maximum Age	85 (at the end of the mortgage term) – please refer to our Maximum Mortgage Term Guidelines
Maximum Number of Applicants	2
Minimum Income	£37,500 per application
Unacceptable applicants	Lending to Companies or portfolio landlords is not accepted.
Applicant Nationality	Sole Application – Applicant must be a UK citizen Joint Application – 1 applicant must be a UK citizen and the other must be either an EU national or have permanent right to remain. Joint Application – The salaried applicant must be the UK citizen

Maximum Mortgage Term Guidelines

If earned income is being used to support mortgage payments, the mortgage must be repaid by the clients retirement date unless pension or savings income can be evidenced.

Age*	Term	Age*	Term
25	40	46	36
26	40	47	35
27	40	48	35
28	40	49	34
29	40	50	33
30	40	51	32
31	40	52	31
32	40	53	30
33	40	54	29
34	40	55	28
35	40	56	27
36	40	57	26
37	40	58	25
38	40	59	25
39	40	60	24
40	40	61	23
41	40	62	22
42	40	63	21
43	39	64	20
44	38	65	20
45	37		

Subject to minimum term of 5 years and maximum term of 40 years.

*Age of oldest borrower.

Source: Based on 2014 ONS Cohort Life Expectancy Tables based expectation of life, 1981-2064 principal projection, England and Wales.

Guidelines subject to review in December each year based on the age attained in the following year an bi-annual update of Cohort Life Expectancy Tables.

Credit Criteria

CCJ's & Defaults	CCJ's/Defaults within the last 3 years are not acceptable. CCJ's/Defaults => 3 years prior to application are acceptable up to a maximum £2,500, subject to an explanation and being cleared/satisfied 12 months prior to application. No other adverse entries must show on credit file. CCJ's / Defaults are not acceptable over 80% LTV
Missed/ Late Payments	Mortgage, Loan and HP arrears & missed payments => 3 years prior to application, status 1's and 2s are accepted – status 3 or above not accepted. Mortgage, Loan, HP arrears and missed payments within the last 3 years are not acceptable. Credit Card, Mail Order, Utility commitments => 3 years prior to application – Up to and including status 2's are acceptable. Credit Card, Mail Order, Utility <3 years prior to application – Status 2 – ok to proceed subject to the commitment being up to date for a minimum of 12 months prior to application. =<Status 3 are ok subject to commitments totalling less than £500 and being up to date for a minimum of 12 months prior to application.

Employment Status

Employed	<p>Minimum of 6 months in current job and not in probation.</p> <p>Evidence of employment history is requirement to cover the last 12 months.</p> <p>Applications will be accepted for contract workers, provided that the contract has been renewed at least once.</p> <p>Directors with a shareholding of more than 25% will also be classified as self employed.</p>
Self Employed	<p>Please refer- minimum of 5 years trading and English accounts.</p>

Income

Interest Coverage Ratio	<p>Interest Coverage Ratio (ICR) - 145% minimum rental cover based on reference rate of 5.5%.</p> <p>If there is a rental shortfall and your applicant is paid in a currency which is on our approved currency list, we will take a limited amount of earned income into our affordability assessment. The rental income must be 125% @ 5.5% as an absolute minimum, with the shortfall made up from earned income.</p>
Employed	<p>If earned income is being taken into account to support the loan, the mortgage term can only extend beyond the applicant's retirement age if pension income can be evidenced. Please see our maximum term guidelines on the following page for more information.</p> <p>There are <u>no</u> currency restrictions on Expat BTL applications if the rental income passed the 145% @ 5.5% stress test.</p>
Acceptable Currencies	<p>When calculating income, we use the worst case from the following 2 scenario's:</p> <ul style="list-style-type: none"> • The lowest exchange rate over the last 5 years. • Exchange rate on the date of application less 20% <p>Acceptable Currencies:</p> <ul style="list-style-type: none"> • US Dollar • Euro • Canadian Dollar • Norwegian Krone • Swiss Franc • Danish Krone • Swedish Krona • Chinese Yuan Renminbi • Emirati Dirham (United Arab Emirates) • Saudi Arabian Riyal • Hong Kong Dollar • Kuwaiti Dinar • Singapore Dollar • Bermudian Dollar (if pegged to the USD)

Deposit Details

Evidence of Deposit	<p>Evidence of the source of deposit is required</p>
Gifted Deposit	<p>Applicants' own deposit or gift from an immediate family member is acceptable</p>

Mortgage Details

Mortgage size	Minimum £100,000 product dependent Maximum £750,000 – if above, please refer.
Mortgage Term	Minimum 5 years Maximum 40 years
Remortgage Applicant's	We will consider remortgage applications where the applicant has been the registered owner for the past 12 months.
Repayment	Your client can apply for a mortgage on a wholly repayment basis, wholly interest only basis or a mixture of the two. BTL's will be stressed on I/O even if the application is on a repayment basis, providing the applicant appears to have the means to support the higher monthly payment (monthly surplus and a good credit file/ evidence maintained a repayment mortgage with their current lender).
Let to Buy	A new residential mortgage can be considered where the applicant wishes to retain their current property on a BTL basis. We need to be satisfied that the existing mortgage will be converted to a permanent letting arrangement and we require: Rental coverage of 145% of the mortgage commitment based on 5.5%. If there rental coverage is less than 145% @ 5.5%, any shortfall will be included in affordability on the new residential mortgage. Anticipated rental income must be confirmed and may be required to be evidenced by a letting agent.
Maximum number of properties	A maximum of 3 mortgaged BTL's can be held across any number of lenders. We do not accept portfolio landlords, which applies if an applicant holds 4 mortgaged BTL's
Unacceptable Tenants	No family members, DWP, multiple tenancies, holiday lets, House with Multiple Occupancies, company lets or student lets.
Tenancy Agreement	All subject to assured shorthold tenancy agreements. 12 months maximum term for a tenancy agreement.
Sale and Leaseback	Not acceptable

Property Criteria

Minimum Property Value	£134,000
Locations	England and Wales
Acceptable Property	Properties must be of traditional construction. Timber framed properties may be considered if brick clad. New build houses (subject to NHBC/Local Authority Building Control Scheme/Premier/Checkmate Castle 10 or Architect Certificates) – maximum 80% LTV. Purpose built and converted flats and maisonettes are acceptable (new builds not acceptable) up to 75% LTV and must be leasehold. Flats/apartments more than 4 storeys – if above 4 storeys, they must be serviced by at least 1 lift. If above 10 storeys, referral to underwriting required.
Unacceptable Property	Any construction covered by Housing Defect Legislation such as High alumina cement, prefabricate reinforced concrete, large panel system, BISF. Prefabricated properties. Holiday homes. Flats above commercial properties are not accepted. Ex social housing flats/maisonettes.

Tenure

Freehold	Both freehold and leasehold are acceptable for houses Freehold flats/maisonettes are not acceptable- leasehold only. Flying freeholds – refer.
Leasehold	For leasehold, there must be a minimum of 85 years unexpired lease at the start of the mortgage and 55 years remaining at the end.

Case outside of criteria? We will always take a look

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