

Buy-to-let Mortgages Expat Product Guide

Purchase and Remortgage for individuals
- valid from April 2018

Property type		Single residential investment properties		Multi-unit freehold (up to 4 units) HMOs (up to 6 bedrooms)		Affordability calculation
Maximum loan size		£600k	£400k	£600k	£400k	
Maximum LTV		70%	75%	70%	75%	
Purpose		Purchase and Remortgage products				
2 year fixed	Initial rate	4.18%		4.38%		Higher of the (initial pay rate + 2%) or 5.5%
	Product fee	2.00%		2.00%		
Reversion rate		4.98% AMR+ 0.00%	5.48% AMR+ 0.50%	5.50% LIBOR +4.95%		
5 year fixed	Initial rate	4.58%		4.78%		Higher of pay rate or reversion rate +0.75%
	Product fee	2.00%		2.00%		
Reversion rate		3.83% AMR -1.15%		4.03% LIBOR +3.48%		
Term variable	Initial rate	4.08% AMR -0.90%		4.28% LIBOR +3.73%		Higher of the (initial pay rate + 2%) or 5.5%
	Product fee	2.00%		2.00%		

Submission route	Residential portal	Commercial portal
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Early repayment charges	Year 1	Year 2	Year 3	Year 4	Year 5
2 year fixed	2.50%	2.00%			
5 year fixed	4.50%	4.00%	3.50%	3.00%	2.50%
Term variable	2.00%	2.00%	2.00%		

Overpayments of up to 10% of the outstanding mortgage balance can be made each year without incurring an early repayment charge.

^The AMR is a variable rate set by Aldermore.

*LIBOR will be re-set on 15th February, May, August and November.

Aldermore Managed rate (AMR)^	4.98%
LIBOR*	0.55%
Procuration fee	0.75%

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Buy-to-let Mortgages Expat Packaging Guide

- valid from April 2018

Key Lending Criteria	
Minimum term	6 years
Maximum term	35 years
Minimum loan	£25,000
Repayment types accepted	Capital Repayment & Interest Only
Rental affordability	Rental is required to meet the standard affordability calculations based on rental income alone: 145% ICR for standard units (including multi-unit freehold) and 185% for HMOs.
Personal income	No surplus personal income can be used in either the individual standard affordability calculation or the portfolio affordability assessment.
Residency	Applicants must be British Citizens who have been resident and liable to pay income tax in the United Kingdom within the last 5 years and who are now working abroad. Applicant(s) must be residing in a Financial Action Task Force (FATF) member country or confederation. Proof of residency is required from applicants overseas address dated within the last three months.
Employment	Applicants must provide a copy of their current employment contract or, if self-employed, provide accounting information.
Property types	Single residential investment units, HMOs (up to 6 bedrooms) and Multi-unit freeholds (up to 4 units)

To check other criteria not listed here, please refer to our **Buy-to-let Mortgages Full Lending Criteria** which is available on our website.

Applicant(s) must be residing in a Financial Action Task Force (FATF) member country or confederation. Aldermore will not lend to residents in the following countries (even if a FATF member):				
Afghanistan	Egypt	Iraq	Russia	Uganda
Belarus	Eritrea	Korea (North)	Somalia	Ukraine
Burundi	Ethiopia	Laos PDR	South Sudan	Vanuatu
Central African Republic	Guinea	Lebanon	Sudan	Venezuela
Congo Republic	Guinea-Bissau	Libya	Syria	Yemen
Cuba	Iran	Myanmar (Burma)	Tunisia	Zimbabwe

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In order for us to process your Expat application as quickly as possible, please supply us with the following documentation.

Item	Notes
A completed application form (including the supplementary information requirements form)	<ul style="list-style-type: none"> This is required to ensure we have captured any intermediary details for packaged applications
A completed Application Declaration	<ul style="list-style-type: none"> Contained within the application form
A completed Direct Debit instruction	<ul style="list-style-type: none"> Contained within the application form Must be a UK bank account in the applicant's name (Isle of Man and Channel Islands accepted).
Passport	<ul style="list-style-type: none"> To be valid and in date. Certified by a suitable person e.g. Embassy, accountant, legal professional The certifier, should sign, state their name, profession, business address and state they have "seen the original". With anything containing photographs they must also confirm "it is a true likeness" of the individual.
2 X Proof of residency dated within the last 3 months	<ul style="list-style-type: none"> This can be addressed to a PO BOX address, if this is confirmed via the employer The certifier, should sign, state their name, profession, business address and state they have "seen the original".
A copy of the applicants' current employment contract or accounting information if self-employed	<ul style="list-style-type: none"> This must be in English
Portfolio Schedule	<ul style="list-style-type: none"> Should include details of any properties currently owned. Please refer to the Portfolio Schedule document for full requirements
Business Plan	<ul style="list-style-type: none"> To be provided for any applicant who will have 4 or more mortgaged investment properties on completion
Proof of Deposit	<ul style="list-style-type: none"> If purchasing, a full build up should be provided, and evidence that it is held in a UK bank account should be supplied prior to completion
HMO Licence / ASTs	<ul style="list-style-type: none"> May be required for remortgage applications
Correspondence Address Declaration	<ul style="list-style-type: none"> Completed post offer via the acting solicitors The declared correspondence address must be different from the security address.

Buy-to-let Mortgages Expatriate Packaging Guide

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Houses in Multiple Occupancy (HMOs)		
Definitions	England & Wales	<p>A HMO is defined as a property occupied by at least 3 tenants, forming more than 1 household and toilet, bathroom or kitchen facilities are shared.</p> <p>Mandatory HMO licence is required if:</p> <ul style="list-style-type: none"> the property is rented to 5 or more people who form more than 1 household; and the property is at least 3 storeys high; and tenants share toilet, bathroom or kitchen facilities. <p>In addition, there may be areas of Selective Licensing. Selective Licensing are usually required where Local authorities have the power to selectively licence any privately rented properties, including HMOs not subject to mandatory licensing, in designated areas suffering from low housing demand and/or significant and persistent anti-social behaviour. All privately rented properties within a selective licensing zone must be licensed, regardless of their occupation and size.</p>
	Scotland	A HMO is defined as a property occupied by 3 or more persons from 3 or more families, which is occupied by them as their only or main residence and basic amenities are shared. Mandatory licence is required for all HMOs.
	The Licence	<ul style="list-style-type: none"> Typically lasts for 5 years and the licence will only be issued to a fit and proper person A fit and proper person usually means no unspent convictions The licence is not transferable The HMO must be operated per HMO Act 2004 and must not breach terms within the licence (fines likely if in breach). <p>The licence must be in place on completion of the mortgage. Aldermore will consider applications if this is not possible (purchase transactions) where documentation has been applied for but not yet received.</p>
	Article 4 Direction (A4D)	<ul style="list-style-type: none"> > An A4D is whereby the local authority is looking to restrict the number of HMOs and restrict permitted development in a geographical area. > This may effect valuation in the sense that if a HMO has the benefit of SG planning in an A4D area then there is a value in the scarcity of the HMO. > Valuers must definitively confirm whether a property sits within an A4D area, and if so, how much proportion of the market valuation is in essence 'scarcity value'.
Planning Use	C4 (with A4D) - Max 70% LTV	<ul style="list-style-type: none"> A HMO with C4 planning use specifically relates to smaller HMOs. The classification of C4 originates from C3 with the added benefit of permitted development. Permitted development allows for a change of use from C3, up to a maximum of 6 occupants, without a full planning application. Valued on a "market valuation" (yield or vacant possession) basis: the property is valued in its present condition with the benefit of current/potential rental income. If there is strong market (a number of HMOs) in the area, the valuer has the option to value on a vacant possession basis.
	C4 (without A4D) - Max 75% LTV	<ul style="list-style-type: none"> A HMO with C4 planning use specifically relates to smaller HMOs. The classification of C4 originates from C3 with the added benefit of permitted development. Permitted development allows for a change of use from C3, up to a maximum of 6 occupants, without a full planning application. Valued on a "vacant possession" basis: the property is valued in its present condition with full benefit of vacant possession. The surveyor uses comparable evidence to fully support the valuation figure.
	Sui Generis (with A4D) - Max 70% LTV	<ul style="list-style-type: none"> HMOs with 7 or more occupants are required to operated with the benefit of Sui Generis planning approval. Aldermore will not lend on any HMO with 7 or more occupants where is SG planning approval is not in place. Valued on a "market valuation" (yield) basis: the property is valued in its present condition with the benefit of current/potential rental income.
	SuiGeneris (without A4D) - Max 70% LTV	As above but valued on a vacant possession basis.
	Sui Generis (with or without A4D)	Any property with 7 or more occupants should be referred to Aldermore for consideration prior to submission. Please note that additional criteria will apply.
	HMOs in Scotland	<ul style="list-style-type: none"> Up to 6 bedrooms 75% LTV 7 or more bedrooms 70% LTV All properties valued on a vacant possession basis
Valuation Report	Type	<ul style="list-style-type: none"> RICS Red Book Valid for 3 months (1 month extension at the discretion of the surveyor if required).
	Transcripts	<p>Considered subject to the following:</p> <ul style="list-style-type: none"> A panel firm undertook the valuation and they are approved to value HMOs The valuer is based in the geographical area and has local representation The valuation is in date.
Fees	Illustrative Fee Scale	See "Mortgage Valuation Fees" document and note that the costs may differ.
General Criteria	Minimum Valuation	£75,000
	Room Size	Minimum 6.5 sq metres / 70 sq feet
	Experience	Applicants must be existing landlords with at least 3 years' experience of letting residential property. For joint applications one of the applicants must be an existing landlord with at least 3 years' experience of letting residential property.
	Remortgages	Applicants should supply a copy of the existing HMO Licence.
	Adding Fees	Accepted but additional review is conducted by the underwriter where the gross LTV exceeds 75%.

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