

# tipton intermediaries



talk to...

the  
**tipton**  
& coseley building society

## buy to let criteria guide

september 2016

## THIS DOCUMENT IS RESTRICTED TO MORTGAGE INTERMEDIARY USE ONLY

This document is a general guide to our full lending policy and details our key lending criteria to help you understand the type of business we will consider. If more details are required please contact us.

### INTERMEDIARY CONTACTS

We are committed to offering a highly efficient and personal service, and developing strong working relationships with our intermediaries. To discuss a potential mortgage application, our lending criteria or current mortgage product range please contact our Business Development team.



**Nicola Southall**  
**Business Development  
Manager**

Mobile: 07736 887155

Email: [nicola.southall@thetiptonmortgages.co.uk](mailto:nicola.southall@thetiptonmortgages.co.uk)



**Richard Groom**  
**Head of Mortgage Sales  
(Intermediary & Direct)**

Direct line: 0121 521 4028

Mobile: 07768 174421

Email: [new.business@thetipton.co.uk](mailto:new.business@thetipton.co.uk)



**Faye Sheldon**  
**Business Development  
Administrator**

Direct line: 0121 521 4045

Email: [new.business@thetipton.co.uk](mailto:new.business@thetipton.co.uk)

Before you submit an application it's always beneficial to complete a decision in principle application form. You can download a copy of this form from our [website](#). All applications are subject to individual circumstances, assessment and underwriting.

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Lending Area	
<b>Loans up to and including 70% LTV</b>	Applications accepted up to 70% LTV across England and Wales. Properties located in Scotland, Northern Ireland, Channel Islands or the Isle of Man will not be accepted.
Loan Criteria	
<b>Purpose</b>	Purchase or remortgage (maximum 70% LTV).
<b>Minimum loan</b>	£50,000.
<b>Minimum property valuation</b>	£75,000 (increasing to £250,000 for properties located within the M25 corridor).
<b>Maximum loan and LTV</b>	Maximum £350,000 to 70% LTV.
<b>Minimum term</b>	5 years.
<b>Maximum term</b>	35 years. The term must not extend beyond the oldest borrower's 85 <sup>th</sup> birthday.
Applicants	
<b>Maximum number of applicants</b>	Applications will be considered with up to four borrowers.
<b>Minimum age</b>	25 years.
<b>Maximum age</b>	The term must not extend beyond the oldest borrower's 85 <sup>th</sup> birthday.
<b>Residential status</b>	Applications from non-EEA applicants will only be considered where each applicant provides a passport together with a valid visa that gives <i>indefinite leave to reside</i> (previously termed indefinite right to reside and work) in the UK. Applicants must own their own residential property on an owner occupier basis, and have lived in the UK for at least two years prior to making an application.
<b>Married applicants</b>	Applications are considered in a single name where an applicant is in a legally sanctioned relationship (i.e. married or in a civil partnership).
<b>Inter-family transactions</b>	Not accepted.
Landlord Types	
<b>Self-employed professional landlords</b>	Accepted.
<b>Experienced landlords</b>	Accepted. Must currently hold, or have held during the previous 12 months, at least one property on a BTL basis.
<b>First time landlords</b>	Accepted. Applicant's main residential property must be the highest valued property asset. Applications where all borrowers are first time buyers will not be considered. A first time landlord is defined as any landlord that has not held a property on a BTL basis during the previous 12 months.
<b>Limited companies</b>	Not accepted.
Affordability	
<b>Rental assessment</b>	Experienced landlords - Minimum rental coverage of 140% at a reference rate of 5.5%. First time landlords - Minimum rental coverage of 145% at a reference rate of 5.5%.
<b>Minimum income</b>	£20,000. For self-employed professional landlords, rental income can be accepted as a suitable source of income. For all other landlord types, the minimum income requirement <b>excludes</b> rental income. In the case of joint applications, at least one applicant must earn £20,000. Proof required.
Tenancy	
<b>DSS Tenants</b>	Not accepted.
<b>Holiday let</b>	Not accepted.
<b>Sub-letting</b>	Not accepted.
<b>Student let</b>	Not accepted.
<b>Assured shorthold tenancy</b>	Accepted with a maximum 12 month tenancy agreement.
<b>Corporate let</b>	Not accepted.
<b>Person with Diplomatic immunity</b>	Not accepted.
<b>Multiple occupancy</b>	Not accepted.
<b>Local authority tenants</b>	Not accepted.
<b>Assured tenancy</b>	Not accepted.
<b>Regulated tenancy</b>	Not accepted.
Repayment Methods	
<b>Accepted types</b>	Repayment or interest only.
<b>Interest only</b>	Proof of repayment plan is not required.
<b>Part repayment and part interest only</b>	Accepted.
<b>Direct Debit</b>	Payments to the mortgage are to be made monthly by Direct Debit.

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<b>Consumer buy to let</b>	
<b>Consumer buy to let applications</b>	Accepted. You must have the required permissions of Principle to carry out consumer buy to let business.
<b>Deposit</b>	
<b>Family gifted deposit</b>	Acceptable from an immediate family member. An immediate family member is defined as a spouse, parent, grandparent, sibling or child.
<b>Builder's gifted incentive</b>	For new-build properties, the Society will accept a builder gifted incentive of up to 5% of the lower of purchase price or valuation to be deducted from the loan amount. The applicant must still provide a minimum 30% deposit from their own resources. For incentives greater than 5%, the excess will be deducted from the purchase price.
<b>Vendor gifted deposit</b>	Not accepted.
<b>Remortgage</b>	
<b>Remortgage period</b>	Property must have been owned for a minimum of 6 months and must be an existing buy to let. Property cannot be let to a family member.
<b>Maximum LTV</b>	70% LTV.
<b>Home improvements</b>	Where the improvements exceed £20,000 or involve structural alterations, the advance will be restricted to 70% LTV at each stage, until final completion of the works. Stage payments will be subject to a re-inspection at the appropriate fee. Estimates are required to support application.
<b>Capital raising</b>	The maximum loan including any element of capital raising cannot exceed 70%. Must be used to fund the purchase of a subsequent buy to let property.
<b>Property Portfolios</b>	
<b>Tipton &amp; Coseley portfolios</b>	No limit on the number of buy to let properties held with the Society subject to a maximum overall exposure, including residential owner occupier borrowing, of the applicant(s) to the Society of £1million.
<b>Portfolios held with other lenders</b>	No specific limit on portfolio size, each application assessed individually with overall portfolio size part of this assessment.
<b>Rental coverage</b>	Minimum rental coverage of 140% across the existing portfolio.
<b>Credit Status</b>	
<b>Credit search</b>	A credit search will be carried out using an approved Credit Reference Agency.
<b>Bankruptcy/IVA</b>	Must be discharged/satisfied for a minimum of six years prior to application. Trustee in Bankruptcy must confirm that there are no further claims against the applicant. Subject to 100% subsequent record of prudent financial management.
<b>CCJ's</b>	None in the last three years. Registered and satisfied more than three years ago, will be considered, subject to a maximum three CCJ's to a total value of £500.
<b>Defaults</b>	The following policy applies: <ul style="list-style-type: none"> <li>• One default up to £250 registered by a <b>mobile phone</b> provider will be considered.</li> <li>• A maximum of three defaults, to a total value of £250, registered over two years ago, and satisfied 12 months prior to application will be considered subject to a satisfactory explanation.</li> </ul> A maximum of three defaults, to a total value of £500, registered over two years ago, and satisfied 12 months prior to application may be considered subject to a satisfactory explanation and credit committee approval.
<b>Mortgage repossession</b>	Not accepted.
<b>Mortgage arrears</b>	Maximum two missed payments within the last two years may be considered, subject to satisfactory explanation.
<b>Late payments</b>	Within last two years late payments on a credit agreement cannot exceed '2' at any point. (e.g. '1' or a '2' on a credit agreement will be considered but a '3' within the last two years will not be accepted).
<b>Payday loans</b>	Not accepted
<b>Bank overdraft limits</b>	Account must not exceed an agreed overdraft limit for more than seven consecutive days within the last three months preceding the application.
<b>Self-Employed Applicants</b>	
<b>Professional landlords</b>	Minimum two years trading as a professional landlord. Previous two years HMRC self-assessment tax return (SA302) and tax year overview. Last three months bank statements.
<b>Sole traders/Partners</b>	Latest certified accounts, or latest HMRC self-assessment tax return (SA302) and tax year overview. Income will be derived from the net profit figures.
<b>Sub-contractors</b>	Reference required from contractor which confirms start date, weekly earnings and that the services of the sub-contractor will continue for the foreseeable future.
<b>Limited company directors</b>	If the applicant's shareholding does not exceed 25% they will be classified as being an employee of the company and the employed applicants criteria will apply. If the applicant's shareholding exceeds 25% they will be classified as being self-employed and the Society will require the latest certified accounts, or latest HMRC self-assessment tax return (SA302) and tax year overview.

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<b>Employed Applicants</b>	
<b>Document requirements</b>	Latest P60 and last three months payslips.
<b>Retired Applicants</b>	
<b>Criteria</b>	Retired applicants must be in receipt of personal/company pension. State pension will be considered but only as a secondary income source.
<b>Verification</b>	Income will be verified via the latest pension statement or P60.
<b>Maximum age</b>	The term must not extend beyond the oldest borrower's 85 <sup>th</sup> birthday.
<b>Properties With An Adverse Coal Authority Report</b>	
<b>Coal Authority Reports</b>	Applications on properties with an adverse Coal Authority Report will be considered for mortgage subject to normal underwriting terms and a satisfactory valuation report. Please forward a copy of the Coal Authority Report prior to application for further consideration. NOTE: Procurator fees are not paid on properties with an adverse Coal Authority Report.
<b>Property Type</b>	
<b>Location</b>	Refer to page 2 for our lending area.
<b>Property exposure limits</b>	The Society will consider its overall exposure by applicant, geographical location and development when assessing applications. Exposure limits per applicant include properties held with other lenders.
<b>Tenure</b>	Freehold (excluding flats and maisonettes). Leasehold (minimum 85 year unexpired term on completion and 60 years at the end of the mortgage term). Flying Freehold (specific to access between two properties). Commonhold.
<b>New build houses</b>	Accepted.
<b>New build apartments</b>	Within a block of no more than five storeys. Limited to a single unit within an apartment block.
<b>New build incentives</b>	Refer to page 3 for our new build incentives.
<b>Construction type</b>	Standard construction only. Properties must be of brick or stone wall with a tiled or slated roof with the exception of the following which will also be considered subject to valuation: <ul style="list-style-type: none"> <li>• Timber framed with brick cladding;</li> <li>• Thatched properties;</li> <li>• Grade 2 listed (subject to valuer's comments).</li> </ul>
<b>Unacceptable property types</b>	Ex-local authority flats or maisonettes. One bedroom flats or apartments. Flats or apartments in a block of more than five storeys. Flats above any commercial properties. Freehold flats or maisonettes. Any properties with a restrictive covenant (e.g. retirement homes). Any property with an invasive plant species infestation. Self-build properties. Second home. Shared Ownership or Shared Equity. Any non-standard construction types, to include the following (full list of unacceptable property types available on request): <ul style="list-style-type: none"> <li>• Prefabricated buildings;</li> <li>• Unrepaired and repaired PRC constructions;</li> <li>• Wimpey No-Fines;</li> <li>• Laing Easiform;</li> <li>• Steel framed constructions.</li> </ul>
<b>Valuation</b>	All properties subject to valuation instructed by the Society. Pre-prepared valuations are not accepted. A table detailing our valuation fee scale can be found on our <a href="#">website</a> .
<b>Minimum property valuation</b>	£75,000 (increasing to £250,000 for properties located within the M25 corridor).
<b>Solicitors</b>	
<b>Panel</b>	To be considered they must have a minimum of two partners in the firm, be registered on the Law Society of England & Wales website, and hold the Conveyancing Quality Scheme (CQS).
<b>Free legal fees</b>	From time to time we may offer free standard legal fees on certain products, through our nominated solicitor. This is restricted to the costs of the legal work necessary to move the mortgage to us. Costs incurred for any additional work must be paid by the applicants.

Supporting Documents	
<b>Acceptable proof of ID</b>	<p>Certified copies of the following are acceptable:</p> <ul style="list-style-type: none"> <li>• Valid passport (recording country of issue and date of issue);</li> <li>• Photocard driving licence;</li> <li>• Valid full UK driving licence (old version);</li> <li>• National identity card;</li> <li>• Recent evidence of entitlement to state or local authority funded benefit (including housing benefit and council tax benefit), tax credit, pension, educational or other grant;</li> <li>• Shotgun licence or firearms certificate;</li> <li>• Confirmation of verification of identity introduced by a regulated firm.</li> </ul>
<b>Acceptable proof of residence</b>	<p>Minimum three years proof of residency. The following items are acceptable if the applicant is not listed on the electoral register at any point during the last three years:</p> <ul style="list-style-type: none"> <li>• Utility bill;</li> <li>• Current bank/building society statement;</li> <li>• Current council tax demand letter;</li> <li>• House or motor insurance certificate;</li> <li>• Vehicle licence reminder;</li> <li>• TV licence;</li> <li>• HMRC PAYE coding notice;</li> <li>• HMRC Statement of account.</li> </ul>
<b>Mandatory requirements</b>	<p>Last three months consecutive bank statements. Last three months consecutive payslips and most recent P60. OR Latest certified accounts or latest HMRC self-assessment tax return (SA302) and tax year overview.</p>
<b>Additional documents (where applicable)</b>	<p>Proof of deposit. Schedule of existing BTL portfolio including:</p> <ul style="list-style-type: none"> <li>• Property address;</li> <li>• Date of purchase;</li> <li>• Purchase price;</li> <li>• Tenancy type;</li> <li>• Monthly rental income;</li> <li>• Current property valuation;</li> <li>• Balance outstanding;</li> <li>• Name of lender; and</li> <li>• Lender reference number.</li> </ul> <p>Shorthold tenancy agreement for the proposed property. Letter confirming anticipated rental income from:</p> <ul style="list-style-type: none"> <li>• Residential Landlords Association (RLA);</li> <li>• Association of Residential Letting Agents (ARLA); or</li> <li>• National Landlords Association (NLA).</li> </ul> <p>Validation of anticipated rental income will be confirmed on valuation. Home improvement estimates.</p>