

Principality helping landlords with holiday and buy to lets

At Principality Intermediaries, we're aware of the challenges landlords are currently facing in the Buy to Let (BTL) sector.

In the last 12 months, investors have faced significant economic and political challenges. All of which has affected their potential return on investment (ROI). Key challenges include:


Rising mortgage rates: Affordability is a key factor, due, in part, to the 14 consecutive Bank of England (BoE) interest rate rises to 5.25% as it looks to manage inflation. From 2022 onwards, mortgage rates have increased at a record pace (Statista, 2023).

Stress test challenges: The rising rate environment has led many UK Lenders to change their stress rates, with a number increasing the rental coverage required. This has made borrowing inaccessible to some landlords.

UK cost of living crisis: A combination of inflation, escalating housing and energy costs and, for some, wage stagnation has led to significant financial challenges for borrowers.

During this period Principality Intermediaries has continued to work closely with brokers to help them deliver for their buy to let clients, and following broker feedback, have made some significant changes to their criteria in the last year.

How we're helping brokers support buy to let clients:

NEW: Latest Criteria Changes	 <u>First time buyers accepted</u>	 <u>First time landlords accepted</u>	 <u>No minimum income requirements</u>	 <u>Lend on flats (up to 10 storeys)</u>
---	--	---	---	--

- Loan to value (LTV up to 75%) including new build houses and flats
- Up to 4 applicants accepted
- Family gifted equity & deposits accepted
- Lend up to maximum age of 85

Our customer service standards and achievements in 2023

- Net Promoter Score (NPS) of over 80
- What Mortgage Award for Customer Service for the sixth year running
- Over £1Bn mortgage growth in 2023
- Online applications and updates using [MSO](#) with more features added

But don't just take our word for it!

What brokers are saying...	
<i>I had applied to 2 other lenders for a buy to let mortgage and after passing AIPs with both of them, they were declined on criteria at FMA stage, which as you can imagine was very annoying. I then turned to principality as the next best sourcing lender and found the application process really easy, Really happy with the service provided from Principality.</i>	<i>A client provided me with an application form and holiday let projections Tuesday afternoon. I submitted the application. Valuation was done yesterday and today we have had the formal mortgage offer issued. This is less than 48 hours. This was a lead via a third-party who has moved numerous properties to them and this particular loan is for his daughter who is both a first time buyer and landlord. They are delighted having previously spent 3 months with 2 other brokers looking to source a mortgage.</i>

Broker Case Study: HLTB Remortgage

Scenario

- Applicants Mr & Mrs Banks lived in a seaside town and wish to remortgage their existing house to raise deposit for onward residential purchase.
- They want to do this by converting existing residential mortgage to a Holiday Let to Buy (HLTB)
- This will increase their negotiating strength – no chain/effectively cash purchasers
- But, they have not yet found the onward residential property.

Solution

- Accepted HLTB application on HL rates
- Released additional funds for deposit upfront without need for onward residential address
- This was because applicants were able to move in with family
- When eventually found house, enabled successful negotiation and a favourable price
- Outcome: HLTB Remortgage approved

Get in touch

If you've a case relating to holiday lets or buy to lets you would like to discuss or if you would like to find out more about how we can help support your clients get in touch [your local BDM](#) or contact our broker support team on **0330 333 4021** or visit <https://www.principality.co.uk/Intermediaries/>