

PORTFOLIO LANDLORD

Background

The Prudential Regulatory Authority (PRA) issued Underwriting Standards for BTL mortgage contracts in September 2016. These Standards require lenders to implement a specific underwriting treatment for Portfolio Landlords from 30th September 2017. This means lenders will consider the individual transaction and the overall customer portfolio position.

A Portfolio Landlord application is where the customers have 4 or more mortgaged BTL properties including the new transaction. This is based on the total number held by all customers party to the application.

E.g. Applicant 1 has 2 mortgaged BTL properties and applicant 2 has 1 mortgaged BTL property – they are buying a new property together and so have 4 in total and the application is classified as a Portfolio Landlord.

What is classed as a BTL property?

- Consent to let
- Single title multi units
- BTL property purchases in process – Properties that are held in company name or any other legal entity.

What isn't classed as a BTL property?

- Holiday homes
- Properties that are being developed and have development/commercial finance.

Process

- All applications are submitted via our online mortgage application
- All applications will be asked to determine the number of mortgaged and total BTLs on application
- Details of all existing BTL mortgages held will need to be keyed on the application including value of property, any outstanding mortgage balance, monthly rent, and which applicant is party to each property
- The system will apportion the monthly rent equally between the number of parties to each property
- The system will check the declared information against our Portfolio Landlord criteria (see below) and will allow qualifying applications to continue
- Portfolio Landlord applications outside criteria will be unable to proceed
- 3 or less, including the new application will continue as current process
- 4-10, including the new application, will require a “Customer Profile Form”, proof of income and supporting documentation
- You will be advised of the “Customer Profile Form” requirement at DIP and full application
- Import “Customer Profile Form” and upload proof of income to the Mortgage Portal
- Our experienced underwriters will review, instruct valuation on acceptable applications, or contact you if further information required
- We will only instruct valuation after the underwriting process.

Key criteria for Portfolio Landlords

- 11 or more BTL mortgaged properties held by a customer will not be considered
- Unencumbered let properties must not be included in the count of mortgaged BTL/LTB properties. They must be declared on the Customer Profile Form and will be included within the assessment of aggregate LTV and rental cover ratio
- Minimum earned income of 30k – Income defined as; earned income from employment or self-employment (including taxable profit from the property portfolio); pension income; investment income
- Income is measured as the sum of income from applicants 1 and 2; this should total at least 30k
- Maximum aggregate portfolio* of 75% LTV
- Minimum aggregate portfolio Rental Cover Ratio of 145% stressed at 5.5%.

For support please visit BMSolutions.co.uk or speak to your Business Development Manager.

For the use of mortgage intermediaries and other professionals only.

* Based on the entire portfolio including acquiring property and any unencumbered let property.

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