

# PRA CHANGES

Portfolio landlords with four or more mortgaged buy to let properties










# Complete<sup>FS</sup>





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LENDER	STRESS TEST	REQUIREMENTS
	<p>125% @ 5.5%</p>	<ul style="list-style-type: none"> <li>○ New application form which includes Asset &amp; Liability Statement / Portfolio Spreadsheet / Business Plan. Paper app to be uploaded to Axis system</li> <li>○ Last tax return &amp; tax overview along with the SA302 or tax calculation on all occasions</li> <li>○ Portfolio stress tested on Etech system</li> </ul>
	<p>See requirements</p>	<ul style="list-style-type: none"> <li>○ <b>Limited Companies</b>      125% @ 5.5%</li> <li>○ <b>Individual applicants</b> <ul style="list-style-type: none"> <li>1 - year term - 130% @ 5.5%</li> <li>2 - year term - 135% @ 5.5%</li> <li>3 - year term - 140% @ 5.5%</li> <li>4 - year term - 145% @ 5.5%</li> <li>5 - year term - 145% @ 5.5%</li> </ul> </li> </ul>
	<p>145% @ Initial rate + 2% or 5.5%</p>	<ul style="list-style-type: none"> <li>○ Will only lend on one or two of the properties within the portfolio</li> <li>○ Business Plan Checklist</li> <li>○ Applicants Assets &amp; Liabilities form</li> </ul>

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	<p>125% @ 5.5%</p>	<ul style="list-style-type: none"> <li>Will not accept any new application where the underlying portfolio rental coverage is below 125% or where there are individual loans in the portfolio below 100% coverage – regardless of the aggregate portfolio coverage</li> <li>Portfolio spreadsheet</li> </ul>
	<p>125% @ 5%</p>	<ul style="list-style-type: none"> <li>Portfolio landlords will be categorised as 'complex' and therefore the asset(s) being financed will need to meet an Interest Cover Ratio threshold of 150% for a Ltd Company, or 160% for Personal applicants</li> <li>Applicants to have a minimum 2 years sector experience</li> <li>Portfolio Schedule</li> <li>Business Plan</li> <li>Cash Flow Forecast</li> </ul>
	<p>125% - 180% @ 5.5% Based on individual circumstances</p>	<ul style="list-style-type: none"> <li>Business Plan</li> <li>Asset &amp; Liability Statement</li> <li>Cash Flow Statement</li> <li>Portfolio stress tested on Etech system</li> </ul>
	<p>125% @ 5.5%</p>	<ul style="list-style-type: none"> <li>Business Plan</li> <li>Portfolio Summary</li> <li>New Buy To Let calculator</li> </ul>

LENDER	STRESS TEST	REQUIREMENTS
	<p>125% @ 5%</p>	<ul style="list-style-type: none"> <li>○ Business Plan</li> <li>○ Asset &amp; Liability Statement</li> <li>○ Cash Flow Statement</li> <li>○ Portfolio stress tested on Etech system</li> </ul>
	<p>125% @ 5.5%</p>	<ul style="list-style-type: none"> <li>○ Business Plan</li> <li>○ Will allow one property where the ICR at the stressed rate will be 100%</li> <li>○ Income from unencumbered properties will be considered</li> <li>○ Portfolio stress tested on Etech system</li> </ul>
	<p>140% On the security property &amp; portfolio. Minimum ICR on any individual property 100%</p>	<ul style="list-style-type: none"> <li>○ Masthaven <b>will not</b> lend if the applicant owns more than 8 mortgaged BTL properties. The applicant must have owned at least 2 BTL's for minimum 1 year</li> <li>○ If over 50% of the portfolio was purchased in the last 12 months the application must be referred to the Mortgages Team for approval</li> <li>○ Asset &amp; Liability Summary</li> <li>○ Business Plan</li> <li>○ Cash Flow Forecast</li> <li>○ Property Portfolio Summary</li> </ul>
	<p>ICR based on individual circumstances</p>	<ul style="list-style-type: none"> <li>○ Business Plan</li> <li>○ Personal Assets &amp; Liabilities Statement</li> <li>○ Residential Property Portfolio Form (to include unencumbered properties)</li> <li>○ 3 months bank statements showing portfolio cashflow (i.e. rental receipts and mortgage payment debits)</li> <li>○ New Buy To Let calculator</li> </ul>

LENDER	STRESS TEST	REQUIREMENTS
 <p><b>Saffron</b> For Intermediaries Special Situations. Everyday</p>	<p>125% Of pay rate, both individually &amp; collectively</p>	<ul style="list-style-type: none"> <li>○ Business Plan</li> <li>○ Cash Flow Forecast</li> <li>○ Property Portfolio Schedule</li> <li>○ Statement of Assets &amp; Liabilities</li> </ul>
 <p><b>Shawbrook Bank</b></p>	<p>No changes to current criteria &amp; process</p>	<ul style="list-style-type: none"> <li>○ Portfolio schedule</li> </ul>
 <p><b>together.</b> Common sense lending</p>	<p>125% Limited company &amp; basic rate taxpayer 145% Higher rate taxpayer 165% Addition rate taxpayer</p>	<ul style="list-style-type: none"> <li>○ If the customer has had secured arrears in the last 12 months Together will apply an overall portfolio ICR and require proof of rental income. If there are no secured loan arrears in the last 12 months this will not apply</li> <li>○ Updated Property Schedule document</li> </ul>
 <p><b>Vida</b> Homeloans</p>	<p>Rental Stressing will continue to only be applied to the mortgages held with Vida, e.g. assessed to a notional rate or 5-year fixed rate. Other properties will be assessed by comparing their rental income to the mortgage payment.</p>	<ul style="list-style-type: none"> <li>○ Vida consider a portfolio case to be a borrower with 4 properties, <b>applying for their 5th</b></li> <li>○ Portfolio Schedule</li> <li>○ Business Plan Questionnaire</li> <li>○ Cashflow statement &amp; Asset &amp; Liability statement will be requested by the Vida underwriter on a small number of cases. These are not a standard requirement</li> </ul>