

EXPAT MORTGAGES FOR UK BUY TO LET



Are you a British expat looking to purchase a buy-to-let property in the UK?

If you are seeking an investment property, perhaps as part of your pension planning, then Skipton International could help.

With UK housing demonstrating long-term price inflation, purchasing a property whilst living abroad often makes financial sense.

Skipton International is a leading Guernsey bank, and a subsidiary of Skipton Building Society. We are one of the Channel Islands' favourite lenders and serve savings customers resident in more than 100 countries around the world.

Skipton International prides itself on fast processing times and an understanding of the needs of British Expatriates. We offer a very personal service from experienced staff who will guide you through the house purchasing process.

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INTERNATIONAL**

Obtaining a mortgage as an expat isn't always easy, but if you're currently working and living outside of the UK, want to purchase a property back home as an investment and can say YES to all the following questions, then we would love to talk with you about your requirements:

- Are you or your joint applicant (if applicable) a British passport holder with 'British Citizen' noted in the nationality section of your passport?
- Are you or your joint applicant (if applicable) a UK expat and will you still be an expat at the time the mortgage draws down?
- Do you want to buy in England, Wales or the Scottish mainland*?"
- Is the property for buy-to-let purposes only and not for you or a family member to live in?
- Can you confirm that you do NOT plan to live in the property in the future?
- Are you looking to borrow between £100k and £3 million? The maximum lending amount for any individual, together with connected persons is £3 million.
- The type of property you're looking to purchase is not on our 'unacceptable properties list'? (as detailed on page 5)
- If in employment are you or your joint applicant employed by a clearly identifiable well established employer?
- Is your earned income (not including commission, overtime or bonuses) or pension income over £40k or the equivalent of £50k p.a. if paid in local currency? Certain guaranteed allowances may contribute towards this figure. Any probationary period must be passed prior to applying. Any earned income cannot be subject to UK income tax.
- If self employed, can you provide evidence that annual income is in excess of £60k p.a. sterling/ or equivalent of £75k p.a. if earned in local currency, and confirmed by one of Skipton's accountancy firms? (as detailed on page 3) Any earned income cannot be subject to UK income tax.
- Can you provide 3 months of payslips and a letter from your employer confirming main terms of employment or pension contract? All must be translated to English.
- Can you provide 3 months bank statements for all accounts held including the account into which your salary/pension is paid?
- Do you have a UK bank or building society account from which direct debits can be arranged to pay your mortgage
- Will the property be let on as suitable Assured Shorthold Tenancy agreement (or a Private Residential Tenancy agreement if in Scotland) and not used as a holiday let, House in Multiple Occupancy or bedsit/studio flat? Please refer to our property letting requirements document for further information.

England and Wales:

<https://www.skiptoninternational.com/sites/default/files/uploaded/forms/Property-Letting-Requirements.pdf>

Scotland:

<https://www.skiptoninternational.com/sites/default/files/uploaded/forms/Property-Letting-Requirements-Scotland.pdf>

- If you currently own other properties which are mortgaged, can you provide 12 months of mortgage statements for each property?
- Can you provide 5 years of consecutive address history and your last UK address?
- Have you never been declared bankrupt, insolvent, or equivalent or no such action is pending?
- Can you confirm that you have never entered into any arrangement with creditors or are party to a voluntary arrangement?
- Can you confirm that you have not had a Court Order (or equivalent) made against you for debt or that no such action is pending? If Court Order is satisfied, please contact us as we may be able to assist.
- Can you confirm that you have not (voluntary or otherwise) had a property repossessed by a lender or entered into an arrangement for mortgage arrears?
- Are you currently living or working in a country which does not appear on our restricted list? (as detailed on page 6)
- Has the property been owned by the existing owner for a minimum of 6 months (this applies to purchase/ remortgages and further borrowing)? This does not apply to inherited property.

If you can answer "yes" to all of the above and you would like a mortgage on a property with a maximum loan to value of 75%, which you want to rent out, the next step is to complete the mortgage application form, collate the supporting documentation and send to us at the address at the end of this leaflet.

*Please note Skipton International does not lend on properties located in Northern Ireland, Isle of Man or the islands of Scotland.

Portfolio Landlords

Once an applicant owns, or will own as a result of their proposed purchase(s), four or more mortgaged buy to let properties, they are classified as a "Portfolio Landlord" in accordance with the Prudential Regulation Authority definition. At this point lenders are required to apply enhanced affordability checks.

If you are a Portfolio Landlord as defined above, Skipton requires any properties within your portfolio, that are mortgaged via other lenders, to meet Skipton International's BTL affordability criteria. This means that rental income must provide a minimum of 125% interest cover, when interest is calculated on total borrowings at a rate of 6%. This calculation is applied to all BTL properties mortgaged outside Skipton International on a collective basis. In the event of a rental shortfall, the application will be declined. In addition;

- Skipton International can offer a maximum of 5 BTL properties to any one client
- On completion of any Skipton mortgage application(s), the total number of BTL properties held by all borrowers cannot exceed 10.
- Skipton International will allow a maximum of 3 BTL properties, within the whole portfolio, to be held within any 1 post code district, eg. SW1, in the event of more being held the application would be a decline

The above is not exhaustive, it's just a guide. If you require any further assistance please feel free to call us on 0044 (0)1481 730 730 and a member of our sales team will be able to help you.

Self employed

If you are self employed, verification of your income is required. This can be completed by one of the 13 leading accountancy firms and networks which are listed below:

- Baker Tilly International
- BDO
- Crowe Horwath International
- Deloitte
- Ernst & Young (EY)
- Grant Thornton International
- HLB International
- KPMG International
- Moore Stephens International
- PKF International
- Price Waterhouse Coopers (PwC)
- RSM International
- UHY International

Please see below for the link to the template to be completed by one of these accountancy firms.

<https://www.skiptoninternational.com/sites/default/files/uploaded/forms/Accountants%20Certificate.xlsx>

Three years accounts will be required and an average figure will be taken. However, if the third year's income figure is lower than previous year's income figure, then the lower figure will be used for the mortgage application.

Loan to value parameters

Our criteria on maximum loans for buy to let properties are as follows (subject to product conditions):

Loan Amount	Maximum LTV
Up to £450,000	75%
£450,001 - £750,000	70%
£750,001 - £1,000,000	60%
£1,000,001 – £3 million	50%

Example:

Graeme and Sally Clark are currently living in Germany where Graeme works for a large international car manufacturer.

At present they don't have a property in the UK and although Graeme has some pension plans in place, he's keen to purchase a house which will acquire rental income and hopefully appreciate in value providing a good investment for his retirement.

They want to purchase a house in Cardiff for £200,000 to rent out. To purchase this property with a Skipton International mortgage of £150,000 (75% LTV) will require an annual rental income of £11,250 per annum to cover mortgage payments. If the rental was lower a smaller mortgage would be available or a 5 year fixed rate mortgage might be suitable, as its interest rate may support a larger mortgage (please ask for details).

They will also need deposit of at least 25% or £50,000 (or more if the rent was insufficient to support a loan of 75% LTV).

Prior to purchase, the property value and rental yield will be confirmed by a Skipton International surveyor and a full application pack and supporting documentation will also be needed, translated into English if a foreign language document.

(A calculation rate of 6.0% and a rental cover of 125% was used, eg: £150,000 x 6.0% x 125% = £11,250. On the 5 year fixed, a calculation rate using the interest rate and rental cover of 125% will be used).

Unacceptable properties

- **Energy Performance Certificate (EPC) for properties in England and Wales only**

From the 1st April 2018, all Landlords will have to ensure rental properties meet a minimum Energy Performance Rating of E in order to be able to create a tenancy (unless exempt under the current regulations). Properties that are graded F or G are classed as substandard under the legislation and cannot be let.

As such, Skipton International will only be able to provide mortgages against rental properties with an EPC of A to E inclusive.

Skipton International will require applicants to supply a copy of a current EPC relating to the security property at the time of the Mortgage Application.

Skipton International reserves the right to request the provision of an EPC at any point during the life of your mortgage.

For further information and guidance, please visit the UK Government web site;

<https://www.gov.uk/government/publications/the-non-domestic-private-rented-property-minimum-standard-landlord-guidance>

To check if your property meets the required standards, simply click on the following link, enter the postcode and download the Energy Performance Certificate in PDF format.

<https://www.epcregister.com/reportSearchAddressTerms.html?redirect=reportSearchAddressByPostcode>

- Properties which will not be completed (ready for tenant occupation) within 6 months of application.
- Properties less than 10 years old without a building warranty certificate. A list of acceptable providers is available on request. Architects' certificates are only acceptable on developments with less than 15 units.
- Large Houses under Multiple Occupancy (HMO) - i) England and Wales – properties that have 5 or more unrelated tenants residing in them and require specific licensing. Cases where up to 4 unrelated tenants are occupying the same property will be considered (unregistered HMO).
ii) Scotland – properties that have 3 or more unrelated tenants residing in them and require specific licensing. Cases where up to 2 unrelated tenants are occupying the same property will be considered.
- Properties with five or more bedrooms will be assessed on a case by case basis.
- Cladded properties not meeting current fire regulations. Please contact us for further clarification and details of the evidence required to confirm compliance.
- Grade A / Grade 1 Listed properties.
- Any properties affected by invasive plant species e.g. Knotweed.
- Flats over 5 floors with no access to a lift.
- Leasehold properties with less than 85 years to run at the point of application.
- Ex-local Authority flats exceeding 5 floors or exceeding 48 units in the block.
- Studio flats / Deck Access flats / gallerised (mezzanine) flats / bed sits / student lets / holiday lets / Air bnb
- Bespoke properties or properties in a rural location will be assessed on a case by case basis.
- Thatched properties.
- Non standard construction or conversions will be assessed on a case by case basis.
- Properties that comprise more than one independent unit of accommodation (annexes, wings and duplex properties etc).
- LPS (large panel systems) and PRC (precast reinforced concrete) properties. **However, some modern building construction types will be acceptable.**
- Properties directly above a commercial premise need to be agreed prior to an application being submitted.
- Flats with a leasehold and where the client owns the full freehold.
- Freehold and flying freehold (or part thereof) flats in England or Wales.
- If you own a house that is leasehold we will need to understand the terms of the leasehold interest prior to an application being received. Please call us to discuss.
- Properties being purchased at auction.

This list is not exhaustive. Please contact us directly with any queries.

Skipton will not accept applications from clients resident in the following countries:

Afghanistan	Egypt	Madagascar	South Africa
Albania	Eritrea	Malawi	Sri Lanka
Algeria	Ethiopia	Maldives	Sudan
Angola	Gabon	Mali	South Sudan
Argentina	Gambia	Marshall Islands	Swaziland
Armenia	Gaza	Mauritania	Syria
Australia	Georgia	Mexico	Tajikistan
Azerbaijan	Ghana	Moldova	Tanzania
Bahamas	Guatemala	Morocco	Timor-Leste
Bangladesh	Equatorial Guinea	Mozambique	Tobago
Belarus	Guinea (Republic of)	Myanmar	Togo
Belize	Guinea – Bissau	Namibia	Trinidad
Benin	Guyana	Nepal	Tunisia
Bolivia	Haiti	Nicaragua	Turkmenistan
Borneo	Honduras	Niger	Uganda
Bosnia	Indonesia	Nigeria	Ukraine
Botswana	Iran	Pakistan	Uzbekistan
Burkina Faso	Iraq	Palau	Vanuatu
Burundi	Ivory Coast	Palestine	Venezuela
Cambodia	Kazakhstan	Panama	Vietnam
Cameroon	Kenya	Papua New Guinea	Yemen
Cape Verde Islands	Kiribati	Paraguay	Zambia
Central Africa	Kosovo	Russia	Zimbabwe
Chad	North Korea	Rwanda	
Comoros	Kyrgyzstan	Sao Tome & Principe	
Democratic Republic of Congo	Lao PDR	Senegal	
Cuba	Lebanon	Serbia	
Djibouti	Lesotho	Seychelles	
Dominican Republic	Liberia	Sierra Leone	
Ecuador	Libya	Solomon Islands	
		Somalia	

Skipton reserves the right to adjust the restricted country list as necessary.

+44 (0) 238 045 6999
www.complete-fs.co.uk



PO Box 509, Tudor House, The Bordage, St Peter Port, Guernsey, GY1 6DS

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

This mortgage is for British nationals living abroad only; residents of the UK are not permitted to obtain a mortgage from Skipton International but should apply to Skipton Building Society (www.skipton.co.uk). Also, Skipton International cannot provide mortgages where the applicants are planning to occupy the property on a future return to the UK, even if it is held as a Buy to Let investment in the interim. Registered Office: Tudor House, The Bordage, St. Peter Port, Guernsey, GY1 6DS. Minimum age 18 years. All mortgages are subject to status and valuation. Skipton International Limited requires a first charge on the property. To help maintain service and quality, telephone calls may be recorded and monitored.