

**FOR THE USE OF PROFESSIONAL MORTGAGE INTERMEDIARIES ONLY**

# CRITERIA GUIDE FOR EXPATS/INTERNATIONAL RESIDENTS

SHARIAH-COMPLIANT FINANCING FOR UK BUY TO LET RESIDENTIAL INVESTMENT PROPERTY

EFFECTIVE FROM 13/02/18



This criteria is to provide guidance on the main policy and is not exhaustive. Our experienced underwriters endeavour to make cases work, and will make the final decision based on all obtained facts and information on the applicants and property.

**CGENUKR13/02/18vF9**

# WHY CHOOSE GATEHOUSE BANK?



- No early payment charges are payable
- Dedicated, professional and experienced Business Development Manager
- Every application is individually reviewed
- Fast decision in principle
- A range of financing options, from simple single residential investment finance, to more complex structures including property portfolios.
- Finance to individuals, sole proprietors/partnerships, limited companies and on and off-shore SPV structures
- No requirement for Assets Under Management

# BUY TO LET FINANCE AT A GLANCE



## FINANCE AVAILABLE FOR

- INDIVIDUALS
- PARTNERSHIPS
- LIMITED COMPANIES
- LLP'S
- OFF-SHORE & ON-SHORE SPV

## RENTAL TOP-UP

SURPLUS INCOME TO TOP UP RENTAL INCOME SUBJECT TO 110% RENTAL COVERAGE RATIO FOR CORPORATE STRUCTURE & 115% FOR PRIVATE INDIVIDUALS

**NO EARLY PAYMENT  
OR EXIT FEE  
CHARGES**

## PROPERTY TYPES INCLUDE

- NEW BUILD FLATS
- HOUSE IN MULTIPLE OCCUPANCY (HMO)
- MULTI FREEHOLD UNITS (MFU)
- HOUSES & FLATS

**MIN/MAX FINANCE  
SIZE £75K-£5M**

**£100,000**

MINIMUM PROPERTY VALUE

**MAX FTV 75%**

**MINIMUM  
INCOME £25,000**

**PORTFOLIO  
LANDLORDS**

NO LIMIT ON THE NUMBER OF  
PROPERTIES



# PRODUCT CRITERIA

	BTL	BTL Portfolio	HMO/MFU
<b>Financing</b>			
Purpose	<ul style="list-style-type: none"> <li>• Purchase or Re-finance</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase or Re-finance</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase or Re-finance</li> </ul>
Max FTV	75%	75%	75%
Payment	Acquisition & Rent or Rent Only	Acquisition & Rent or Rent Only	Acquisition & Rent or Rent Only
Portfolio Size	Maximum 3 properties within BTL portfolio	No limit	No limit
Affordability Test	<ul style="list-style-type: none"> <li>• Individual = 145%</li> <li>• Limited Company = 125%</li> <li>• Stress at pay rate if 5 year fixed, and stress at 5.5% if lower than 5 years</li> <li>• Rental top-up – surplus income to top up rental income is acceptable subject to the rental income being 110% of corporate structure and 115% for private individual</li> <li>• Net disposable income and overall net-worth will be considered</li> </ul>	<ul style="list-style-type: none"> <li>• Individual = 145%</li> <li>• Limited Company = 125%</li> <li>• Stress at pay rate if 5 year fixed, and stress at 5.5% if lower than 5 years</li> <li>• Rental top-up – surplus income to top up rental income is acceptable subject to the rental income being 110% of corporate structure and 115% for private individual</li> <li>• Net disposable income and overall net-worth will be considered</li> <li>• Stress test existing portfolio</li> </ul>	<ul style="list-style-type: none"> <li>• Individual = 145%</li> <li>• Limited Company = 125%</li> <li>• Stress at pay rate if 5 year fixed, and stress at 5.5% if lower than 5 years</li> <li>• Rental top-up – surplus income to top up rental income is acceptable subject to the rental income being 110% of corporate structure and 115% for private individual</li> <li>• Net disposable income and overall net-worth will be considered</li> <li>• Stress test existing portfolio</li> </ul>
BTL Supporting documents	<ul style="list-style-type: none"> <li>• Tenancy Agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Tenancy Agreements</li> <li>• Property schedule</li> <li>• Business plan</li> <li>• Cash flow forecast</li> </ul>	<ul style="list-style-type: none"> <li>• Tenancy Agreements</li> <li>• Property schedule</li> <li>• Business plan</li> <li>• Cash flow forecast</li> <li>• HMO licenses</li> </ul>
Customer Type	<ul style="list-style-type: none"> <li>• Individuals</li> <li>• Partnerships</li> <li>• Limited Companies</li> <li>• LLP's</li> <li>• Off-shore &amp; On-shore SPV</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals</li> <li>• Partnerships</li> <li>• Limited Companies</li> <li>• LLP's</li> <li>• Off-shore &amp; On-shore SPV</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals</li> <li>• Partnerships</li> <li>• Limited Companies</li> <li>• LLP's</li> <li>• Off-shore &amp; On-shore SPV</li> </ul>
Min/Max Finance size	£75K - £5M <ul style="list-style-type: none"> <li>• &lt;£1m = Max 75%</li> <li>• &lt;£5m = Max 70%</li> </ul>	£75K - £5M <ul style="list-style-type: none"> <li>• &lt;£1m = Max 75%</li> <li>• &lt;£5m = Max 70%</li> </ul>	£75K - £5M <ul style="list-style-type: none"> <li>• &lt;£1m = Max 75%</li> <li>• &lt;£5m = Max 70%</li> </ul>
Min/Max Term	Min: 5 years Max: <ul style="list-style-type: none"> <li>• Rent Only = 15 years</li> <li>• Acquisition = 25 years</li> </ul>	Min: 5 years Max: <ul style="list-style-type: none"> <li>• Rent Only = 15 years</li> <li>• Acquisition = 25 years</li> </ul>	Min: 5 years Max: <ul style="list-style-type: none"> <li>• Rent Only = 15 years</li> <li>• Acquisition = 25 years</li> </ul>



	BTL	BTL Portfolio	HMO/MFU
<b>Applicant</b>			
Applicant Experience	First time landlords will be considered	Must have own property and existing BTL financing and a minimum 2 years lettings experience	Must have own property, existing BTL financing
Maximum Numbers	<ul style="list-style-type: none"> <li>• Individuals – 4 applicants</li> <li>• SPV Limited companies = 4 directors/Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals – 4 applicants</li> <li>• SPV Limited companies = 4 directors/Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals – 4 applicants</li> <li>• SPV Limited companies = 4 directors/Shareholders</li> </ul>
Minimum Age	21	21	21
Maximum Age	85 years at end of finance term	85 years at end of finance term	85 years at end of finance term
Additional Requirements	Applicant must have and hold a UK current account for the duration of the financing to enable Direct Debit payments.	Applicant must have and hold a UK current account for the duration of the financing to enable Direct Debit payments.	Applicant must have and hold a UK current account for the duration of the financing to enable Direct Debit payments.
<b>Employment</b>			
Employed Income Verification	<ul style="list-style-type: none"> <li>• Employment Reference/Salary Certificate &amp; 3 most recent payslips</li> <li>• OR Bank Statement showing salary credits for last 12 months</li> </ul>	<ul style="list-style-type: none"> <li>• Employment Reference/Salary Certificate &amp; 3 most recent payslips</li> <li>• OR Bank Statement showing salary credits for last 12 months</li> </ul>	<ul style="list-style-type: none"> <li>• Employment Reference/Salary Certificate &amp; 3 most recent payslips</li> <li>• OR Bank Statement showing salary credits for last 12 months</li> </ul>
Employed Acceptable Income	<ul style="list-style-type: none"> <li>• Basic pay</li> <li>• Housing allowance</li> <li>• Car allowance</li> <li>• 50% of average bonus over the previous 2 years</li> <li>• Second job</li> <li>• Child benefit / school allowance</li> <li>• Maintenance</li> <li>• Travel allowance</li> </ul>	<ul style="list-style-type: none"> <li>• Basic pay</li> <li>• Housing allowance</li> <li>• Car allowance</li> <li>• 50% of average bonus over the previous 2 years</li> <li>• Second job</li> <li>• Child benefit / school allowance</li> <li>• Maintenance</li> <li>• Travel allowance</li> </ul>	<ul style="list-style-type: none"> <li>• Basic pay</li> <li>• Housing allowance</li> <li>• Car allowance</li> <li>• 50% of average bonus over the previous 2 years</li> <li>• Second job</li> <li>• Child benefit / school allowance</li> <li>• Maintenance</li> <li>• Travel allowance</li> </ul>
Self Employed Income Verification	<ul style="list-style-type: none"> <li>• SA302 (or foreign equivalent).</li> <li>• 12 months most recent personal bank statements</li> <li>• Sole trader/Partnership/Company Director: <ul style="list-style-type: none"> <li>- If trading for less than 2 years, minimum 1 year accounts with management accounts and/or cash flow forecasts</li> <li>- If trading for longer than 2 years, min 3 year accounts.</li> <li>- 3-6 months most recent business bank statements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• SA302 (or foreign equivalent).</li> <li>• 12 months most recent personal bank statements</li> <li>• Sole trader/Partnership/Company Director: <ul style="list-style-type: none"> <li>- If trading for less than 2 years, minimum 1 year accounts with management accounts and/or cash flow forecasts</li> <li>- If trading for longer than 2 years, min 3 year accounts.</li> <li>- 3-6 months most recent business bank statements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• SA302 (or foreign equivalent).</li> <li>• 12 months most recent personal bank statements</li> <li>• Sole trader/Partnership/Company Director: <ul style="list-style-type: none"> <li>- If trading for less than 2 years, minimum 1 year accounts with management accounts and/or cash flow forecasts</li> <li>- If trading for longer than 2 years, min 3 year accounts.</li> <li>- 3-6 months most recent business bank statements</li> </ul> </li> </ul>
Retired	Evidence of pension income and 12 months bank statements (showing pension credits)	Evidence of pension income and 12 months bank statements (showing pension credits)	Evidence of pension income and 12 months bank statements (showing pension credits)



	BTL	BTL Portfolio	HMO/MFU
<b>Income</b>			
Minimum income	Equivalent of £25,000 gross	Equivalent of £25,000 gross	Equivalent of £25,000 gross
Maximum Finance to income	N/A	N/A	N/A
Additional Income	Additional income can be considered, but must be verifiable	Additional income can be considered, but must be verifiable	Additional income can be considered, but must be verifiable
<b>Deposit Details</b>			
Evidence of Deposit	Evidence of the source of deposit is required	Evidence of the source of deposit is required	Evidence of the source of deposit is required
Deposits	<ul style="list-style-type: none"> <li>• Proof of deposit required</li> <li>• Builder vendor deposits considered up to 5%</li> <li>• Gifted deposits accepted from family members subject to interested party waiver.</li> </ul>	<ul style="list-style-type: none"> <li>• Proof of deposit required</li> <li>• Builder vendor deposits considered up to 5%</li> <li>• Gifted deposits accepted from family members subject to interested party waiver.</li> </ul>	<ul style="list-style-type: none"> <li>• Proof of deposit required</li> <li>• Builder vendor deposits considered up to 5%</li> <li>• Gifted deposits accepted from family members subject to interested party waiver.</li> </ul>
<b>Property</b>			
Location	England & Wales	England & Wales	England & Wales
Tenure	<ul style="list-style-type: none"> <li>• Freehold or Leasehold</li> </ul>	<ul style="list-style-type: none"> <li>• Freehold or Leasehold</li> </ul>	<ul style="list-style-type: none"> <li>• Freehold or Leasehold</li> </ul>
Property Type	Standard Residential only	Standard Residential only	HMO/Multi Freehold Unit
Lease Type	AST, Corporate leases, local authority and housing associations (contract up to a maximum of 5 years).	AST, Corporate leases, local authority and housing associations (contract up to a maximum of 5 years).	AST, Corporate leases, local authority and housing associations (contract up to a maximum of 5 years).
Valuation Basis	Market Value (VP)	Market Value (VP)	<ul style="list-style-type: none"> <li>• &lt;7 letting rooms (C4 planning use) located outside an Article 4 Direction Area – Market Value</li> <li>• &gt;6 letting rooms or any HMO located within an article 4 direction area (Sui Generis planning use) Investment value can be considered</li> </ul>
Minimum value	£100,000	£100,000	£100,000
Unacceptable Property Type	Please contact us for more information.		



	BTL	BTL Portfolio	HMO/MFU
<b>Finance Criteria</b>			
Credit History	<ul style="list-style-type: none"> <li>• No Bankruptcy /IVA in last 3 years</li> <li>• No CCJs in last 3 years</li> <li>• No missed mortgage payments or other property finance in last 12 months</li> <li>• No voluntary enforced possession</li> <li>• Up to date UK credit report required</li> </ul>	<ul style="list-style-type: none"> <li>• No Bankruptcy /IVA in last 3 years</li> <li>• No CCJs in last 3 years</li> <li>• No missed mortgage payments or other property finance in last 12 months</li> <li>• No voluntary enforced possession</li> <li>• Up to date UK credit report required</li> </ul>	<ul style="list-style-type: none"> <li>• No Bankruptcy /CVA or IVA in last 3 years</li> <li>• No CCJs in last 3 years</li> <li>• No missed mortgage payments or other property finance in last 12 months</li> <li>• No voluntary enforced possession</li> <li>• Up to date UK credit report required</li> </ul>
Existing mortgage/ Financing	Proof of conduct for all mortgages / home finance / BTL finance	Proof of conduct for all mortgages / home finance / BTL finance	Proof of conduct for all mortgages / home finance / BTL finance
<b>Residency</b>			
Applicant Residency Status	<ul style="list-style-type: none"> <li>• Non-resident in the UK</li> <li>• Expats (UK Nationals resident abroad)</li> </ul>	<ul style="list-style-type: none"> <li>• Non-resident in the UK</li> <li>• Expats (UK Nationals resident abroad)</li> </ul>	<ul style="list-style-type: none"> <li>• Non-resident in the UK</li> <li>• Expats (UK Nationals resident abroad)</li> </ul>

## PROCURATION FEES

	BTL	BTL Portfolio Landlord	HMO/MFU
Broker or Intermediary	0.50%	0.65%	0.65%
Approved Network or Club	0.55% (Net 0.50%)	0.70% (Net 0.65%)	0.70% (Net 0.65%)

Net = Paid to broker

All fees are based on the finance amount



## FEES & RATES

Property Value	BTL -Single Dwelling Valuation Fee (Excluding VAT)	HMO/Multi Freehold Unit Valuation Fee* (Excluding VAT)
£50,000 - £100,000	£302	£690
£100,001 - £150,000	£329	£700
£150,001 - £200,000	£345	£725
£200,001 - £250,000	£385	£750
£250,001 - £300,000	£395	£775
£300,001 - £350,000	£450	£800
£350,001 - £400,000	£455	£825
£400,001 - £500,000	£485	£850
£500,001 - £600,000	£505	£900
£600,001 - £700,000	£535	£1000
£700,001 - £800,000	£570	£1100
£800,001 - £900,000	£625	£1200
£900,001 - £1,000,000	£670	£1250
£1,000,001 - £1,250,000	£700	£1500
£1,250,001 - £1,500,000	£725	£1650
£1,500,001 - £1,750,000	£825	£1900
£1,750,001 - £2,000,000	£925	£2400
£2,000,001 - £3,000,000	£1625	By agreement
£3,000,001 - £5,000,000	£2625	By agreement
Re-inspection	£180	By agreement

\* Valuation fees for HMO/Multi Freehold Units > 6 letting rooms/bedrooms are by agreement.

Expats BTL Finance Rates		
PRODUCT (CODE)	RENTAL RATE	THEREAFTER
Fixed for 2 years (FN003)	3.49%	Reverting to our bench mark, which is Bank of England Base Rate plus 4.75% margin
Fixed for 5 years (FN005)	3.99%	

  

HMO/Multi Freehold Unit		
PRODUCT (CODE)	RENTAL RATE	THEREAFTER
Fixed for 2 years (FN007)	3.99%	Reverting to our bench mark, which is Bank of England Base Rate plus 4.75% margin
Fixed for 5 years (FN009)	4.25%	

  

Application fee	1.50% of the finance amount
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• The above is subject to change due to market conditions and rates; however, correct at the time of writing. The Bank reserves the right to withdraw these rental rates at any time.

• No early repayment charges are payable.

### For any queries, please contact:

#### Faisal Dar

Head of Specialist Finance

T: +44 (0) 20 7070 6038

M: +44 (0) 7885 969858

E: faisal.dar@gatehousebank.com

#### Simranjeet Gill

BDM - Specialist Finance

T: +44 (0) 20 7070 6039

M: +44 (0) 7715 078 264

E: simranjeet.gill@gatehousebank.com

#### Rajesh Lola

BDM - Specialist Finance

T: +44 (0) 20 7070 6035

M: +44 (0) 7803 409 086

E: rajesh.lola@gatehousebank.com





## HOW DOES IT WORK?

We offer a range of financing options, from simple single residential investment finance, to more complex corporate structures including property portfolios.

### RENT ONLY DIMINISHING MUSHARAKAH

Our Rent Only Diminishing Musharakah product is an arrangement between the Bank and the applicant. Both the applicant and the Bank will each contribute a percentage towards the purchase or refinancing of a residential property. For example, the Bank may contribute 75% and the applicant 25% of the purchase price (for refinances, the applicant's contribution is the equity in the property).

The Bank will lease its share in the property to the applicant for the duration of the finance term.

Over the finance term, the applicant will make monthly payments to the Bank which will comprise of rent only. This means that during the term of the agreement, the applicant is not acquiring any shares of the property from the Bank and as a consequence the applicant's share in the property during the term will remain the same. In addition, the applicant's monthly payments will also be lower when compared to our Acquisition Diminishing Musharakah product.

To acquire the Bank's share in the property, the applicant will either need to pay part lump sum instalments prior to each rent review and/or make a full lump sum instalment at any time or at the end of the agreed term.

Until the Bank's share had been acquired by the applicant, the Bank will charge the applicant rent for the use of its share of the property. The rent is calculated according to the respective shares owned.

Following the applicant's acquisition of all the Bank's share, either at the end of the agreed term or upon early purchase of the Bank's share of the property, whichever is earlier, the Bank will transfer the full ownership of the property to the applicant.

Our Rent Only Diminishing Musharakah product is higher risk than our Acquisition Diminishing Musharakah product as the monthly payments under the Rent Only structure only consist of rent, whereas under the Acquisition Diminishing Musharakah product the applicant's monthly instalment consists of both acquisition instalments and rent payment.

It is the applicant's responsibility to make sure that they put in place, maintain and regularly monitor, any financial arrangement that is expected to provide a lump sum sufficient to acquire the Bank's share at the end of the agreed finance term.

### ACQUISITION DIMINISHING MUSHARAKAH

Our Acquisition Diminishing Musharakah product is an arrangement between the Bank and the applicant. Both the applicant and the Bank will each contribute a percentage towards the purchase or refinancing of a residential property. For example, the Bank may contribute 75% and the applicant 25% of the purchase price (for refinances, the applicant's contribution is the equity in the property).

The Bank will lease its share in the property to the applicant for the duration of the finance term.

Over the finance term, the applicant will make monthly acquisition instalments through which the Bank will sell its share of the property to the applicant. With each acquisition instalment, the Bank's share in the property diminishes while the applicant's share increases.

While the acquisition instalments are being made, the Bank will charge the applicant rent for the use of its share of the property, the rent is calculated according to the respective shares owned.

Following the applicant's acquisition of all the Bank's share, either at the end of the agreed term or upon early purchase of the Bank's share, whichever is earlier, the Bank will transfer the full ownership of the property to the applicant.

### NOTES:

- At the end of the term, administration fees are payable in accordance with the Bank's standard Tariff of Fees & Charges to cover the Bank's administration costs.
- No early settlement penalties are payable when the Bank's Share is purchased by the Customer before the end of the agreed term.
- The Customer is responsible for their own solicitor costs, stamp duty and other conveyancing charges (such as land registry fees) at outset and on settlement.

## FOR THE USE OF PROFESSIONAL MORTGAGE INTERMEDIARIES ONLY

Gatehouse Bank plc (“**Gatehouse**”) is a public limited company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and incorporated under the laws of England and Wales with registered number 06260053 having its registered office at 14 Grosvenor Street, London, W1K 4PS United Kingdom.

T +44 (0) 20 7070 6000 | E [info@gatehousebank.com](mailto:info@gatehousebank.com) | W [www.gatehousebank.com](http://www.gatehousebank.com)

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