

For the use of Professional Mortgage Intermediaries only



Buy-to-Let criteria for UK residents

Shariah-compliant financing for UK Buy-to-Let residential investment property

Effective from 9 September 2020

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

BTLCUK090920v1



Why choose Gatehouse Bank?

- Dedicated, professional and experienced Business Development Managers
- Every application is individually assessed
- No early payment charges are payable
- 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 SPV structures



Buy-to-Let finance at a glance

FINANCE AVAILABLE FOR

- INDIVIDUALS
- PARTNERSHIPS
- LIMITED COMPANIES
- LLP'S
- SPV'S

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
CHARGES**

**PORTFOLIO
LANDLORDS - £5M
MAX**

NO LIMIT ON THE NUMBER
OF PROPERTIES

**MIN/MAX FINANCE
SIZE £250K-£5M PER
PROPERTY**

MAX FTV 65%

Buy-to-Let Product Criteria for UK residents



	BTL (Excluding Consumer BTL)	BTL Portfolio (Excluding Consumer BTL)	MUFB
Financing			
Purpose	<ul style="list-style-type: none"> • Purchase or Re-finance is allowed within 6 months of purchase but will be subject to extended underwriting checks • Capital raising for property investment allowed 	<ul style="list-style-type: none"> • Purchase or Re-finance is allowed within 6 months of purchase but will be subject to extended underwriting checks • Capital raising for property investment allowed 	<ul style="list-style-type: none"> • Purchase or Re-finance (not within 6 months of purchase) – unless financed via bridging finance) • Capital raising for property investment allowed
Max FTV	65% to £5m	65% to £5m	65% to £5M finance
Finance Basis	Finance offered will be based on the Purchase Price or Valuation, whichever is the lower	Finance offered will be based on the Purchase Price or Valuation, whichever is the lower	Finance offered will be based on the Purchase Price or Valuation, whichever is the lower
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"> • 125% if basic rate taxpayer • 125% if limited company • 145% if higher rate taxpayer • 145% if additional rate taxpayer <p>> The tax band for individuals is applicable to the applicant with the highest income</p> <p>> 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</p> <p>> National stress rate 5.5%</p> <p>> 5 year fixed rate applicants can be stress tested against initial pay rate</p>	<ul style="list-style-type: none"> • 125% if basic rate taxpayer • 125% if Limited company • 145% if higher rate taxpayer • 145% if additional rate taxpayer <p>> The tax band for individuals is applicable to the applicant with the highest income</p> <p>> 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</p> <p>> National stress rate 5.5%</p> <p>> 5 year fixed rate applicants can be stress tested against initial pay rate</p>	<ul style="list-style-type: none"> • 140% if basic rate taxpayer • 140% if Limited company • 145% if higher rate taxpayer • 145% if additional rate taxpayer <p>> The tax band for individuals is applicable to the applicant with the highest income</p> <p>> National stress test 5.5%</p> <p>> 5 year fixed rate applicants can be stress tested against initial pay rate</p>
BTL Supporting documents		<ul style="list-style-type: none"> • Property schedule • Business plan • Cash flow forecast 	<ul style="list-style-type: none"> • Property schedule (Portfolio landlords only) • Business plan (Portfolio landlords only) • Cash flow forecast (Portfolio landlords only) •
Applicant Type	<ul style="list-style-type: none"> • Individuals • Partnerships • Limited Companies/SPV • LLP's 	<ul style="list-style-type: none"> • Individuals • Partnerships • Limited Companies/SPV • LLP's 	<ul style="list-style-type: none"> • Individuals • Partnerships • Limited Companies/SPV • LLP's
Min/Max Finance size	£250K - £5M per property £5M – portfolios	£250K - £5M per property £5M - portfolios	£250K - £5M per property £5M – portfolios
Min/Max Term	Min: 5 years / Max: 30 years	Min: 5 years / Max: 30 years	Min: 5 years / Max: 30 years



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Applicant			
Applicant Experience	First Time Buyers (FTBs) / Landlords Allowed	Must have 2 years letting experience and financing experience on property transaction, be it repaid or current financing	Must have 2 years letting experience and financing experience on property transaction, be it repaid or current financing
Applicant Types and Maximum Numbers	<ul style="list-style-type: none"> • Individuals – 4 applicants • Partnerships, limited companies, LLPs, and onshore and offshore SPVs • Special Purpose Vehicles and trading companies – 4 directors / shareholders 	<ul style="list-style-type: none"> • Special Purpose Vehicles and trading companies – 4 directors / shareholders 	<ul style="list-style-type: none"> • Special Purpose Vehicles and trading companies – 4 directors / shareholders
Minimum Age	21	21	21
Maximum Age	99 years at end of finance term (for cases where there is reliance on income to support the affordability, the maximum age is 85)	99 years at end of finance term (for cases where there is reliance on income to support the affordability, the maximum age is 85)	99 years at end of finance term (for cases where there is reliance on income to support the affordability, the maximum age is 85)
Employment			
Employed Income Verification	<p>Employed – permanent employment over 3 months at same employer.</p> <ul style="list-style-type: none"> • the latest P60 or March year end payslip(to evidence total earnings for previous) year and payslips covering the last month (subject to YTD figure evidencing last 3 months) • In the event that the latest payslip doesn't provide evidence of the past 3 months income, then additional payslips/evidence of income will be required to support the application such as salary certificates • a reference from current employer • 3 months most recent personal bank statements 	<p>Employed – permanent employment over 3 months at same employer.</p> <ul style="list-style-type: none"> • the latest P60 or March year end payslip(to evidence total earnings for previous) year and payslips covering the last month (subject to YTD figure evidencing last 3 months) • In the event that the latest payslip doesn't provide evidence of the past 3 months income, then additional payslips/evidence of income will be required to support the application such as salary certificates • a reference from current employer • 3 months most recent personal bank statements 	<p>Employed – permanent employment over 3 months at same employer.</p> <ul style="list-style-type: none"> • the latest P60 or March year end payslip(to evidence total earnings for previous) year and payslips covering the last month (subject to YTD figure evidencing last 3 months) • In the event that the latest payslip doesn't provide evidence of the past 3 months income, then additional payslips/evidence of income will be required to support the application such as salary certificates • a reference from current employer • 3 months most recent personal bank statements
Employed Acceptable Income	<ul style="list-style-type: none"> • Basic pay • 100% of car allowance, second job (must be evidenced for the past 12 months and proven will be continuing) net rental income, occupational pension income and housing allowance • 50% of child benefit, maintenance and travel allowance <p>Overtime, bonus and commission will currently be accepted from 'essential workers' only and on a case by case basis</p>	<ul style="list-style-type: none"> • Basic pay • 100% of car allowance, second job (must be evidenced for the past 12 months and proven will be continuing) net rental income, occupational pension income and housing allowance • 50% of child benefit, maintenance and travel allowance <p>Overtime, bonus and commission will currently be accepted from 'essential workers' only and on a case by case basis</p>	<ul style="list-style-type: none"> • Basic pay • 100% of car allowance, second job (must be evidenced for the past 12 months and proven will be continuing) net rental income, occupational pension income and housing allowance • 50% of child benefit, maintenance and travel allowance <p>Overtime, bonus and commission will currently be accepted from 'essential workers' only and on a case by case basis</p>



	BTL (Excluding Consumer BTL)	BTL Portfolio (Excluding Consumer BTL)	MUFB
Self Employed Income Verification	<p>Evidence - One of the following will be required:</p> <ul style="list-style-type: none"> • 2 years annual company accounts certified by an Accountant are required although an applicant with 1 year's accounting information can be considered • Accountants letter confirming all tax liabilities for both personal and business are up to date or • 2 years HMRC approved Self assessments - SA302 or copies of contracts if applicant is contracting / locum • All applicants will need to provide the following, in addition to the above criteria: <ul style="list-style-type: none"> - 3 months Bank statements for personal banking - 3 months Bank statements for business banking 	<p>Evidence - One of the following will be required:</p> <ul style="list-style-type: none"> • 2 years annual company accounts certified by an Accountant are required although an applicant with 1 year's accounting information can be considered • Accountants letter confirming all tax liabilities for both personal and business are up to date or • 2 years HMRC approved Self assessments - SA302 or copies of contracts if applicant is contracting / locum • All applicants will need to provide the following, in addition to the above criteria: <ul style="list-style-type: none"> - 3 months Bank statements for personal banking - 3 months Bank statements for business banking 	<p>Evidence - One of the following will be required:</p> <ul style="list-style-type: none"> • 2 years annual company accounts certified by an Accountant are required although an applicant with 1 year's accounting information can be considered • Accountants letter confirming all tax liabilities for both personal and business are up to date or • 2 years HMRC approved Self assessments - SA302 or copies of contracts if applicant is contracting / locum • All applicants will need to provide the following, in addition to the above criteria: <ul style="list-style-type: none"> - 3 months Bank statements for personal banking - 3 months Bank statements for business banking
Income Verification for Medical Professionals	<p>Medical field professionals with less than 1 year in self-employment may provide - If joining an established practice 2 years accounts and confirmation by the practice accountant of the applicants share of income, if providing locum type of work then evidence of 6 months income through accounts, contracts or bank statements</p>		
Contractors	<ul style="list-style-type: none"> • Current contract must have been in force for a minimum of 6 months and applicant has proof of contracting for a minimum of 2 years • Minimum 12 months employment prior in the same line of work if the contract has more than 6 months to run • Minimum 2 years employment prior in the same line of work if contract has less than 6 months to run • Applicants being paid via an umbrella company and their tax and national insurance are acceptable • Evidence – certified copy of contract, evidence of same line of work (e.g. bank statements, contract, payslips), most recent bank statements are showing some credit 		
Retired	Evidence of pension income	Evidence of pension income	Evidence of pension income
Income			
Minimum Income	£18,000	£20,000	£25,000
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



	BTL (Excluding Consumer BTL)	BTL Portfolio (Excluding Consumer BTL)	MUFB
Deposit Details			
Evidence of Deposit	Evidence of the source of deposit is required Source of wealth may be requested	Evidence of the source of deposit is required Source of wealth may be requested	Evidence of the source of deposit is required Source of wealth may be requested
Deposits	<ul style="list-style-type: none"> • Proof of deposit required • Builder vendor deposits considered up to 5% • Gifted deposits accepted from family members subject to interested party waiver • For more information on gifted deposits, please refer to the following documents on the Bank's website: Gifted Deposit Guidance and Gifted Deposit Declaration of Source of Funds. 	<ul style="list-style-type: none"> • Proof of deposit required • Builder vendor deposits considered up to 5% • Gifted deposits accepted from family members subject to interested party waiver • For more information on gifted deposits, please refer to the following documents on the Bank's website: Gifted Deposit Guidance and Gifted Deposit Declaration of Source of Funds. 	<ul style="list-style-type: none"> • Proof of deposit required • Builder vendor deposits considered up to 5% • Gifted deposits accepted from family members subject to interested party waiver • For more information on gifted deposits, please refer to the following documents on the Bank's website: Gifted Deposit Guidance and Gifted Deposit Declaration of Source of Funds.
Finance Criteria			
Credit History	<ul style="list-style-type: none"> • No Bankruptcy / CVA or IVA in last 3 years / repossessions or debt relief orders • No CCJs in last 3 years (outstanding CCJs must be satisfied) • No missed mortgage or other property finance payments in last 12 months • No voluntary enforced possession • Up to date UK credit report required from all applicants with a UK footprint • Default - none in the 12 months prior to application, maximum of one default of up to £300 between month 13 to 36 and must be satisfied before submitting an application for finance. Where defaults, whether settled or not, relate to Communication companies these will be disregarded as part of the underwriting credit assessment up to a maximum of £300 in total regardless of when they were registered. 	<ul style="list-style-type: none"> • No Bankruptcy / CVA or IVA in last 3 years / repossessions or debt relief orders • No CCJs in last 3 years (outstanding CCJs must be satisfied) • No missed mortgage or other property finance payments in last 12 months • No voluntary enforced possession • Up to date UK credit report required from all applicants with a UK footprint • Default - none in the 12 months prior to application, maximum of one default of up to £300 between month 13 to 36 and must be satisfied before submitting an application for finance. Where defaults, whether settled or not, relate to Communication companies these will be disregarded as part of the underwriting credit assessment up to a maximum of £300 in total regardless of when they were registered. 	<ul style="list-style-type: none"> • No Bankruptcy / CVA or IVA in last 3 years / repossessions or debt relief orders • No CCJs in last 3 years (outstanding CCJs must be satisfied) • No missed mortgage or other property finance payments in last 12 months • No voluntary enforced possession • Up to date UK credit report required from all applicants with a UK footprint • Default - none in the 12 months prior to application, maximum of one default of up to £300 between month 13 to 36 and must be satisfied before submitting an application for finance. Where defaults, whether settled or not, relate to Communication companies these will be disregarded as part of the underwriting credit assessment up to a maximum of £300 in total regardless of when they were registered.
Existing Mortgage/ Home Finance	Proof of conduct for all mortgages / home finance	Proof of conduct for all mortgages / home finance	Proof of conduct for all mortgages / home finance
Residency			
Applicant Residency Status	UK or EEA citizens	UK or EEA citizens	UK or EEA citizens



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Property			
Location	England & Wales	England & Wales	England & Wales
Tenure	Freehold or Leasehold	Freehold or Leasehold	Freehold or Leasehold
Property Type	Standard Residential only	Standard Residential only	Multi-Unit Freehold Blocks
Valuation Basis	Market Value (VP)	Market Value (VP)	• Market Value (VP)
Minimum value	£385,000	£385,000	£385,000
Property types acceptable as security	For more information on the property types acceptable as security, please refer to our document Home Finance Property Types – Guidance Notes for Intermediaries on the Bank's website . Please note this list is not exhaustive and if unsure about the suitability of any property as security, you should contact the Bank or your BDM.		

Valuation fees

Property Value	BTL -Single Dwelling Valuation Fee (Including VAT)	Multi-Unit Freehold Blocks Valuation Fee* (Including VAT)
£50,000 - £100,000	£192	£690
£100,001 - £150,000	£230	£700
£150,001 - £200,000	£252	£725
£200,001 - £250,000	£308	£750
£250,001 - £300,000	£322	£775
£300,001 - £350,000	£364	£800
£350,001 - £400,000	£406	£825
£400,001 - £500,000	£448	£850
£500,001 - £600,000	£476	£900
£600,001 - £700,000	£518	£1000
£700,001 - £800,000	£567	£1100
£800,001 - £900,000	£644	£1200
£900,001 - £1,000,000	£707	£1250
£1,000,001 - £1,250,000	£735	£1500
£1,250,001 - £1,500,000	£770	£1650
£1,500,001 - £1,750,000	£910	£1900
£1,750,001 - £2,000,000	£1050	£2400
£2,000,001 - £2,500,000	£1,200	£2,850
£2,500,001 - £3,000,000	£1,700	£3,250
£3,000,001 - £4,000,000	£2,200	£4,250
£4,000,001 - £5,000,000	£2,900	£5,250
Re-inspection	£180	By agreement

*Valuation fees for HMO/Multi-Unit Freehold Blocks >6 letting rooms/bedrooms are by agreement



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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 refinance 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 compromise 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 (this is not possible during a fixed term period) 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 & Rent Diminishing Musharakah product as the monthly payments under the Rent Only structure only consist of rent, whereas under the Acquisition & Rent 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 & Rent Diminishing Musharakah

Our Acquisition & Rent Diminishing Musharakah product in an arrangement between the Bank and the applicant. Both the applicant and the Bank will each contribute a percentage towards the purchase or refinance 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 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 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 The Helicon, One South Place, London, EC2M 2RB, United Kingdom.

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IMPORTANT NOTICE

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Prospective clients should make their own independent assessment when considering the products described in this document. In reaching a decision, prospective clients should discuss their options with an independent financial adviser and seek independent professional tax and legal advice.

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