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Buy to Let: Criteria Guide



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Criteria Guide

Finance requirements:

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Minimum Finance amount - £60,000

Maximum Finance amount - £1,500,000

Aggregate Finance - £3,500,000

Max Finance	HMO	MUFB	Individuals	Limited Co/LLP	First Time Landlord	New Build
£1,500,000	75% (FTV)	75% (FTV)	80% (FTV)	80% (FTV)	80% (FTV)	80% (FTV)

(Product restrictions may apply) *FTV = Finance to value)

Refinance

Refinance applications will be considered where an existing bridge/ any other finance agreement has been in place with another provider for less than 6 months. We will allow capital raising up to the maximum normal range of the products.

Offa will accept refinance or purchase applications including day one refinance where the ownership is less than 3 months. In these cases, we will consider the original purchase price plus cost of improvement for the purpose of FTV or the current open market value as given by the valuer, whichever is lower.

Finance Purpose

Capital Raising acceptable
Excludes tax and gambling.

Applicant Background

Exposure

Unlimited - number or value of properties

Minimum Term

7 years

Maximum Term

Single household dwellings
40 years, subject to maximum age restrictions.
Maximum term (HMO & MUFB) – 25 years.

Minimum Property Value

Type	Minimum Value
Residential dwelling for single household	£80,000
Ex-local authority flats/maisonettes.	£80,000
Multi-unit residential properties in rental use or houses in multiple occupation – up to 12 units/rooms, £100,000.	£100,000; more than 12 units/ rooms the greater of £100,000 or £50,000 per unit.

Properties valued in excess of £5,000,000 will not be considered as suitable security

Payment Type

Rent Only (A viable repayment strategy has been proposed) or Acquisition.

Evidence of source will be required.

Family Gifted Deposits Deposits

Gifted deposits will be considered in purchase transactions only where the deposit is, wholly or in part, being provided as a non-repayable gift from a related person or extended family member.

Under value family gift: Applications to fund the purchase of a property from a related person or extended family member at less than open market value will be considered, with the FTV being based on the lower of the contracted purchase price or the open market value. The vendor must not reside in the security property. No applicant deposit contribution required.

Affordability

Product initial benefit period
<5 Years

Product initial benefit period 5
Years or more

Pay rate plus 1%

Pay Rate

Pay Rate is the initial rate applicable on a finance agreement.

Individual Applicants who are Basic Rate taxpayers will be required to meet a rental income coverage ratio of 125% at the applicable stress rate.

Individual Applicants who are Higher /Additional Rate taxpayers will be required to meet a rental income coverage ratio of 140% at the applicable stress rate.



Number of Applicants

Maximum 2 applicants on an individual application.

SPV application maximum 4 applicants.

First-time Landlord

First-time landlords who have not previously owned a property are allowed, including HMO/MUFB applications

First-time Buyers

First-time buyers are allowed and can apply independently.

Top slicing is available to first-time buyers.

Minimum Age

18 years at application.

Maximum Age

None, provided finance proposition is self-sufficient and retirement income is sufficient to meet minimum income requirements

Residency

We will consider UK citizens and non-UK citizens who have been a continuous resident in the UK for at least 6 and 12 months prior to application respectively.

A visa must have a minimum 12-month validity remaining at the time the proof is received in support of the application.

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Visa Requirements for Non-UK Citizens

Applicants must have indefinite leave to remain in the UK, or have an acceptable visa type:

- A. EU Settlement Scheme (EUSS) – Pre-Settled Status.
- B. EU Settlement Scheme (EUSS) – Settled Status.
- C. EU Settlement Scheme (EUSS) – Family Permit.
- D. EU Settlement Scheme (EUSS) – Applied and awaiting decision.
- E. Family Visa (capped at 65% FTV)
- F. Skilled Worker Visa.
- G. UK Ancestry Visa.
- H. Health and Care Worker Visa.
- I. British National (Overseas) Visa.
- J. Intra-company Transfer Visa.

Tolerances for CCJs or Defaulted Finance:

Any CCJ or Defaulted account has been satisfied before a binding Offer can be issued.

Total Default value of less than £500.

Maximum of 1 default within the last 36 months.

No other evidence of adverse credit conduct, and a satisfactory explanation of the default event being provided by the customer.

Tolerances for Missed Payments on Unsecured & Secured Finance:

Unsecured:

A 'worst status' of no more than 1 in the last 12 months.

A 'worst status' of no more than 3 in the last 24 months.

Secured:

A 'worst status' of no more than 0 in the last 12 months.

A 'worst status' of no more than 1 in the last 36 months.

A 'worst status' of no more than 3 in the last 72 month.



Top Slicing

Top Slicing is available to individual and SPV Applications.

Income

At least one customer per application must have a minimum of £18,000 gross annual income.

Employment status

Declared income will be verified electronically wherever possible and this is expected to apply in the majority of cases. Where electronic verification is not available, supporting documentation will be requested

Rental Income Coverage

The security property will be required to meet a minimum rental income coverage ratio of 110% at the applicable stress rate. Applicants surplus income will be used to cover the shortfall of the Rental Coverage Ration (RCR).

Note: Rental income can be included in combination or isolation.

Property

Freehold

Flying freeholds will be considered if not exceeding 15% of the total area. Freehold flats cannot be considered (unless MUFBs).

Student Lets

Student lets are acceptable for HMO applications.

England and Wales Tenure

Leasehold properties should have a minimum unexpired lease of 45 years after the end of the Finance term.

Houses in Multiple Occupation (HMO)

HMOs are acceptable subject to meeting all the following: - Multiple Lets – acceptable. - Maximum Number of 12 Bedrooms. - HMO Licence (if applicable) – prior to completion the conveyancer to confirm that an application of the licence has been made.

HMO & MUFB Application will be required to meet a rental income coverage ratio of 145% at the applicable stress rate. Limited Company application – acceptable.

Valuations

Where the valuer confirms that specialist reports are required, Offa will require the applicant to arrange the reports, which will be sent to the valuer for comment. Valuations are usually valid for 6 months.



Expat

Expatriates (Ex-Pats), defined as UK citizens who have been resident in the UK and who are now living and working abroad. BTL financing application (either as individuals, or as a director of a body corporate) will be considered.

Applications from USA citizens (including dual citizenship) will not be considered regardless of their UK residency status, and no exceptions will be granted.

Customers must have a UK bank account held in their name, from which the contracted payments will be made.

Expats from the following countries are eligible:



New Zealand	Australia	Brunei	United Arab Emirates	Oman	Canada	Malaysia
Singapore	Bahrain	Saudi Arabia	Kuwait	Qatar	EEA Countries	Hong Kong

Limited Company and LLP

Limited Companies must be registered in England or Wales.

SPV Companies must have been established for property rental only and will only be accepted with the following SIC codes: 68100, 68209, 68320.

Max 4 Directors/Members.

All directors must be listed on the application. At least 75% of shareholders must apply for the Buy-to-Let.

Limited Company & LLP Application will be required to meet a rental income coverage ratio of 125% at the applicable stress rate.

Insurance

It will be a condition of Offa financing contracts that every property taken as security must be insured by the customer for the full reinstatement value.

Legals

Offa will take a charge over the lease and release charge once the finance is fully repaid.

Offa operate a 'closed and qualified' panel of conveyancers (dual representation). Offer expires 90 days.

Extensions beyond this must be agreed by Offa.

We reserve the right to decline any Finance application.

Exclusions

Portability.

Further Advances.

2nd Charges.

Part and part payments.

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