



## What's New:

- ▶ Market leading BTL leverage
- ▶ New fixed rates
- ▶ Get a 2 or 3-year fix without rate stressing
- ▶ Fixed pay rates start from 5.19%

# Buy-To-Let Lending Guide

## Q1 2024

## Contact Us

Get in touch below about your query,  
however complex it might be.

T: +44 (0) 20 7060 5678  
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Get in touch >



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## About Us

MFS are an experienced property finance provider, having been in the industry for over 16 years. Initially focusing on bespoke bridging finance, we are now using our extensive knowledge to provide Buy-To-Let (BTL) mortgages to the market. Our aim is to provide fast, tailored BTL mortgages to those who are having trouble finding finance to suit their requirements, have complex or professional landlord circumstances, or need to move quickly.



### Direct access:

4 Hour response times and dedicated underwriter assigned to every case from day one.



### Round the clock processing:

We have offices in London and Singapore.



### Funding strength:

We are backed by several international and UK institutions.



### Willingness to lend:

We judge each case on its merits rather than using tick-box criteria.



### Speed for tight deadlines:

Complete with the same speed as bridging.

## How We Operate

Our process is simple for you, and we can move as quickly as your solicitors to make sure that you meet your property deadlines.

1 |



### Loan enquiry and indicative terms

Enquire your way – phone, email or online. The underwriter will require a few details before providing an indicative tier, rate & loan size. We have various tools to make the ICR fit.

We respond in under 4 hours.



2 |



### Underwrite & Issue DIP

To proceed we need a small number of documents. Once received, usually within 24 hours, we then issue credit-approved terms/Decision in Principle (DIP), verified by our Credit team so a yes means yes.

DIP usually issued less than 24 hours after obtaining the documents we need.



3 |



### Valuation instructed

Signed the DIP & paid admin/valuation fee? Within 24 hours we'll select the best surveyor for the case.

Instructed usually less than 24 hours after fees being cleared.



4 |



### Lawyers issue legal paperwork

Time for the solicitors to do their thing, issuing contracts, and progressing the case towards completion.

We instruct quickly and only use firms we know can handle specialist cases within the completion timescales required.



5 |



### Loan drawn down

Great, the loan is ready to go and be put to use.

Depending on the circumstances, this can be in as little as a week from enquiry.

# Who We Help



## Applicants:

- £10m with MFS for Portfolio & Professional Landlords
- Individuals
- Self-employed
- First time landlords
- Limited & Trading Companies
- LLPs
- SPVs
- Trusts
- Ages 21 – 75+
- Adverse and impaired credit of any size



## Nationality:

We lend to borrowers from anywhere in the world other than a sanctioned/ blacklisted country, including:

- Expats
- Foreign Nationals
- Offshore Companies
- Offshore Trusts



## Affordability/ICR:

- Target ICR:
  - 125% for fixed rates
  - 130% for trackerscomparing rent over the initial period to the total interest payable.
- Can defer up to 2% interest until redemption to boost the loan size
- Roll-up 1 to 9 months payments
- Top slice up to 20% using surplus portfolio income or wealth
- Underwriters have extra flexibility to boost the loan size even further, subject to max LTV
- Seasonal let projections used for Holiday Let properties



## The Property:

- Mainland England and Wales
- Residential
- Commercial and Mixed-Use on separate range
- New Build
- No room limit HMOs
- Student lets
- Flats - including above commercial
- MUFBS to 30 units
- Holiday and short-term lets
- Large loans of up to £3m at 75% LTV
- Multiple properties on one loan



# Residential Buy-To-Let

Pay Rates from:

- **5.19%** Tier 1
- **5.85%** Tier 2

- **6.45%** Tier 3
- **6.70%** Tier 4



- 5 year term, no ERC after initial fixed period
- Loans between £150k-£3m
- Up to 75% LTV
- Roll up to 9 months & defer up to 2% interest
- Expats & Foreign Nationals
- Holiday & Short term let
- Development exit
- Credit blips

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# 3 year Fixed

2% FEE RANGE	Tier 1	Tier 2	Tier 3	Tier 4
Full Rate	7.99%	8.79%	9.29%	9.49%
Pay Rate	6.74%	7.54%	8.04%	8.24%
Revert Rate Margin (+ BBR)	3.23%	3.74%	3.84%	3.94%

4% FEE RANGE				
Full Rate	7.32%	8.13%	8.62%	8.82%
Pay Rate	6.07%	6.88%	7.37%	7.57%
*Revert Rate	MVR	MVR	MVR	MVR

6% FEE RANGE				
Full Rate	6.44%	7.10%	7.70%	7.95%
Pay Rate	5.19%	5.85%	6.45%	6.70%
*Revert Rate	MVR	MVR	MVR	MVR

Maximum LTV	75%	75%	75%	70%
HMO	✗	6 beds	12 beds	Any
MUFB		6 units	10 units	30 units
Expat / Foreign National		UK FOOTPRINT	✓	✓
Offshore Company				
Holiday / Short Term Let		✗		
First Time Landlord			✓	✓
Flat above commercial		Max 60% LTV		
Development Exit		✓	✓	✓
Mortgage Arrears	0 in 24	0 in 18	2 in 18, 0 in 6	All considered
Unsecured Arrears	0 in 24	0 in 12	2 in last 18	
CCJ & Default <small>(Ignore +£250, telecom, utility)</small>	0 in 24	0 in 18	2 in 18, 0 in 6	
Bankruptcy / IVA / DRO	Never	Never	Discharged > 3yrs	

**Flats above commercial:** Above (or immediately adjacent) commercial premises up to max Tier LTV, except when a restaurant, takeaway, pub, or launderette; max LTV 60% Tier 2, 65% Tier 3, and considered to 70% Bespoke Tier 4.

**UK footprint:** Have active credit, accounts, or property in the UK. Offshore Foreign Nationals, Companies, or Expats without this assessed on Tier 3 or 4; min rent ICR may be increased, term cap 24 months, or interest payments retained from the loan at underwriter discretion.

**Rolled interest:** Over 6 months interest, to a maximum of 9 months, can be rolled-up at Underwriter discretion and plausibility assessment.

**Deferred Interest:** Up to a maximum of 1.25% over whole term deferred at underwriter discretion and plausibility assessment.

**ERC:** 4%/3%/2%. No ERC during revert rate period.


**Admin Fee:** £199 per property (max £995), non-refundable, paid with val fee.

**Pay rate:** The rate shown utilises the highest available deferred interest option for the product.

\*MVR: Last set on 01/10/2023

## Key Features

Loan size	£150k - £3m
Initial Rate Period	3 years
Max Total Term	5 years
Roll up to	9 months
Defer up to	1.25%
MVR	8.99%
ICR	125%

  
**Want to know how rolled and deferred interest gives you a market leading loan size?**

# 2 year Fixed

2% FEE RANGE	Tier 1	Tier 2	Tier 3	Tier 4
Full Rate	8.49%	9.29%	9.79%	9.99%
Pay Rate	7.24%	8.04%	8.54%	8.74%
Revert Rate Margin (+ BBR)	3.23%	3.94%	4.34%	4.44%

4% FEE RANGE				
Full Rate	7.39%	8.19%	8.69%	8.89%
Pay Rate	6.14%	6.94%	7.44%	7.64%
*Revert Rate	MVR	MVR	MVR	MVR

6% FEE RANGE				
Full Rate	6.49%	7.15%	7.75%	7.99%
Pay Rate	5.24%	5.90%	6.50%	6.74%
*Revert Rate	MVR	MVR	MVR	MVR

Maximum LTV	75%	75%	75%	70%
HMO	✗	6 beds	12 beds	Any
MUFB		6 units	10 units	30 units
Expat / Foreign National		UK FOOTPRINT	✓	✓
Offshore Company				
Holiday / Short Term Let		✗		
First Time Landlord			✓	✓
Flat above commercial		Max 60% LTV		
Development Exit		✓	✓	✓
Mortgage Arrears	0 in 24	0 in 18	2 in 18, 0 in 6	All considered
Unsecured Arrears	0 in 24	0 in 12	2 in last 18	
CCJ & Default <small>(Ignore +£250, telecom, utility)</small>	0 in 24	0 in 18	2 in 18, 0 in 6	
Bankruptcy / IVA / DRO	Never	Never	Discharged > 3yrs	

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**UK footprint:** Have active credit, accounts, or property in the UK. Offshore Foreign Nationals, Companies, or Expats without this assessed on Tier 3 or 4; min rent ICR may be increased, term cap 24 months, or interest payments retained from the loan at underwriter discretion.

**Rolled interest:** Over 6 months interest, to a maximum of 9 months, can be rolled-up at Underwriter discretion and plausibility assessment.

**Deferred Interest:** Up to a maximum of 1.25% over whole term deferred at underwriter discretion and plausibility assessment.

**ERC:** 4%/3%. No ERC during revert rate period.

**Admin Fee:** £199 per property (max £995), non-refundable, paid with val fee.

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## Key Features

Loan size	£150k - £3m
Initial Rate Period	2 years
Max Total Term	5 years
Roll up to	9 months
Defer up to	1.25%
MVR	8.99%
ICR	125%

Want to know how rolled and deferred interest gives you a market leading loan size?

# 2 year Tracker

2% FEE RANGE	Tier 1	Tier 2	Tier 3	Tier 4
Tracker Margin (+ BBR)	3.74%	4.59%	5.09%	5.59%
Pay Rate Margin (+ BBR)	1.74%	2.59%	3.09%	3.59%
Revert Rate Margin (+ BBR)	3.63%	4.39%	4.89%	5.29%

4% FEE RANGE				
Tracker Margin (+ BBR)	2.69%	3.49%	3.99%	4.39%
Pay Rate Margin (+ BBR)	0.69%	1.49%	1.99%	2.39%
*Revert Rate	MVR	MVR	MVR	MVR

6% FEE RANGE				
Tracker Margin (+ BBR)	1.69%	2.45%	2.95%	3.35%
Pay Rate Margin (+ BBR)	-0.31%	0.45%	0.95%	1.35%
*Revert Rate	MVR	MVR	MVR	MVR

Maximum LTV	75%	75%	75%	70%
HMO	✗	6 beds	12 beds	Any
MUFB		6 units	10 units	30 units
Expat / Foreign National		UK FOOTPRINT		
Offshore Company				
Holiday / Short Term Let		✗	✓	✓
First Time Landlord				
Flat above commercial		Max 60% LTV	Max 65% LTV	Max 70% LTV
Development Exit		✓	✓	✓
Mortgage Arrears	0 in 24	0 in 18	2 in 18, 0 in 6	All considered
Unsecured Arrears	0 in 24	0 in 12	2 in last 18	
CCJ & Default <small>(Ignore +£250, telecom, utility)</small>	0 in 24	0 in 18	2 in 18, 0 in 6	
Bankruptcy / IVA / DRO	Never	Never	Discharged > 3yrs	

**Trackers:** Any changes to BBR applied from 1st of the following month. Any rolled up & capitalised months are calculated at TODAY'S BBR, not a predicted future value. MFS may use a stressed BBR to calculate max loan or require additional income evidence to prove resilience. May use 180 day valuation.

**Flats above commercial:** Above (or immediately adjacent) commercial premises up to max Tier LTV, except when a restaurant, takeaway, pub, or launderette; max LTV 60% Tier 2, 65% Tier 3, and considered to 70% Bespoke Tier 4.

**UK footprint:** Have active credit, accounts, or property in the UK. Offshore Foreign Nationals, Companies, or Expats without footprint this assessed on Tier 3 or 4; min rent ICR may be increased, term cap 24 months, or interest payments retained from the loan at underwriter discretion.

**Rolled interest:** Capitalise a number of months interest, paid at redemption. Can boost loan size or provide time to do light refurb/find a tenant.

**Deferred Interest:** Capitalise part of the interest rate during initial period, paid at redemption. Reduce direct debit size or boost loan size.

**ERC:** 3%/2.5%. No ERC during revert rate period.

**Admin Fee:** £199 per property (max £995), non-refundable, paid with val fee.

**Pay rate:** The rate shown utilises the highest available deferred interest option for the product.

\*MVR: Last set on 01/10/2023

## Key Features

Loan size	£150k - £3m
Initial Rate Period	2 years
Max Total Term	5 years
Roll up to	9 months
Defer up to	2%
MVR	8.99%
ICR	130%

Want to know how rolled and deferred interest gives you a market leading loan size?



# Credit Policy

## The Borrower:

MFS lend to a wide range including: First-time landlords, SPVs, Trading Ltd Co's, onshore or Offshore Trusts & Companies, Foreign Nationals or Expats not in a sanctioned or FATF blacklisted country, or credit impaired.

**By referral:** We can consider FTB/Landlord (no current property), PEPs, heavier adverse, resident in FATF grey list country, or Diplomatic status with a strong case on the Bespoke Tier.

**Minimum Income:** First-time landlord or FTB min £30k from employment, self-employment or private pension.

**Age (at completion):** 21 to max 75. Over 75's by referral with legal advice to confirm advanced aptitude.

**Retired:** Yes, subject to private pension or other non-state income.

**Residency:** 3 years UK history, otherwise enhanced due diligence, or subject to Expat/Foreign National criteria.

**Expats & Foreign Nationals:** Enhanced due diligence and history in both UK and abroad required if limited UK footprint (property, current accounts, credit etc); we reserve the right to restrict LTV, term, loan size, or increase minimum ICR.  
Can be working or retired. Proof of overseas and UK addresses (if relevant) required.  
Country of residence can be worldwide if not sanctioned or on the FATF blacklist. UK bank account required for direct debit.

**Individual Names:** All owners of the property to be party to the mortgage.

**Corporate Borrowers:** SPVs setup specifically to hold/operate BTL properties, or relevant Trading Companies or LLPs are acceptable.  
Up to 4 directors, who combined own at least 75% of the SPV between them.  
Shareholders under 18 or hold < 20% are not underwritten. Debenture incorporating fixed & floating charge required to keep MFS informed of any future changes.

**Offshore Companies:** Isle of Man, Channel Islands, British Virgin Islands, Gibraltar, or EU as standard.  
Considered outside this list subject to underwriter/credit committee and enhanced due diligence between solicitors in UK and offshore about structure, solvency, director/shareholder details, and enforceability. All loans subject to England & Wales law. UK bank account required for direct debit.

**Guarantors/Personal Guarantees:** Required from all directors and major shareholders to cover 100% of the loan. N/A for individual apps.

**Trusts:** Onshore or Offshore acceptable subject to trust deeds, setup/structure, personal guarantees from owners, and due diligence.

**PEPs/Diplomatic Status:** Considered by referral. Based on the nature of current/previous role and exposures. May require guarantees.

**Adverse credit:** Refer to tiers for limits. All adverse and CCJs, excluding small unsecured blips, must be cleared at completion – MFS funds can be used. Adverse is combined (all persons/Ltd Co's), and small blips can be ignored for tier selection (see rate grid). Require explanation of mortgage exit strategy, current stability, and credit committee approval (usually under 48hrs). DMPs must be satisfactorily conducted. Pay day loans considered if infrequent, historic and cleared.

**BKO/IVA/DRO/Previous Repossession/recent CCJs or mortgage arrears:** Underwriter can consider cases on their merits on the Bespoke Tier, subject to Credit Committee approval.

**Credit Reports:** If preferred, can be submitted to the underwriter by the applicant to receive a credit-backed DIP.

**First-Time Landlords (FTL) – all applicants:** Considered for specialist properties (HMO, MUFB) on Bespoke Tier only. Underwriter to check competency and use of specialist letting agent. Max loan £750k unless justifiable via wealth.

**FTL/First-Time Buyers (FTB) (own no other property):** Considered if mitigating circumstances and full income assessment to ensure mortgage affordability without any rental income.

## Affordability & ICR:

MFS like to look at a case in its entirety – not just rental income, but overall A&L, accessible wealth, and surplus income to ensure applicant can cover agency fees, voids, maintenance, tax, ground rent etc. We have unique tools to boost ICR beyond just income top slicing such as monthly payments rolled up and deferred (paid at redemption). Consider exit strategy.

### **Interest Coverage Ratio (ICR):**

- Tracker Rates: Minimum ICR is 130%
- Fixed Rates: Minimum ICR is 125%
- Minimum ICR limit is the same regardless of corporate or individual, location of applicant, tax status etc.
- Calculated as total rent income over the initial rate period, divided by total interest due over same period.
- We can allow deferred interest (see max loan calculator for limits) to reduce the interest due over the term – boosting max loan.
- Surplus portfolio rent can be used to increase rent income total.
- Alternatively, or in addition, roll-up and defer up to 6 months (9 months by referral) interest payments -direct debit starts after roll-up period.
- Underwriters have extra flexibility to boost loan size even further, subject to max LTV. It also helps if valuation/rent comes back lower.
- Any deferred/rolled interest repayable at redemption. Loan advance reduced to preserve property equity to protect MFS and the borrower.
- Direct Debit (DD) payments normally start after the deferred months to provide time to find a tenant or light renovation.

*Note: Holiday lets are treated differently – please refer to [Holiday & Short Term Lets](#) section.*



**Portfolios:**

On completion of MFS mortgage, applicants own (or are part owners of) 4 or more mortgaged BTL properties. MFS require a property schedule, or we can extract from A&L statement. Include unencumbered properties to strengthen case. On rare occasions we may request cashflow statement or business plan.

**Assessment:** Underwriter checks portfolio is healthy, viable and robust, i.e., self-financing, not over leveraged or signs of stress, and wide geography.

**Top slicing:** Surplus portfolio rent considered to support MFS loan(s) if properties wholly owned by same applicants, and not used as top-up for other lenders.

**The Loan:**

**Term:** 5 years in total. No ERC after the initial rate period.

**Gross Loan Size:** £150k min, £3m max per property. Aggregate max £7.5m (£10m by referral) with MFS for each Ultimate Beneficial Owner (UBO). Like bridging, product fee and rolled up interest will reduce the net advance. Gross loan is repaid at redemption.

**LTV:** Max 75% on the gross loan, or tier maximum if lower. Fees cannot be added beyond max LTV.

**Loan Purpose:** Purchase or remortgage, including capital raising if 40% or less is for personal reasons.

**Remortgage within 6 months:** £ for £ bridge exit is fine, fees can be added to bridge settlement figure. Non-bridge considered with clear evidence of improvements (valuer confirmation), funds paper trail, or bought a part-exchange from housebuilder etc.

**Portable:** No.

**Capital Overpayments:** Yes, up to 10% p.a. without incurring ERC. No limit/ERC after the initial rate period..

**Repayment Type:** Interest Only (I/O) by monthly Direct Debit from a UK account. See affordability & ICR section for more information on rolled interest.

**Gifted Deposit:** Yes, subject to Deed of Gift Indemnity Policy and letter relinquishing all property/gift rights.

**Builder Incentive:** Up to 5%, written confirmation required.

**Discounted Purchase Price:** Lending based on the discounted purchase price. Family discounts acceptable if family member will no longer reside or have rights to the property, and not Consumer BTL.

**Bespoke Tier:** Flexible approach and part of our ‘can do’ approach. Subject to positive review of the case by an Underwriter, who will return a risk-based price/fee based on combinations of borrower/property complexity.

**Offer Duration (New and old builds):** MFS believe in quick completions. Loan agreements contain a complete by date, or the valuation expiry date - whichever is sooner. Can be extended at Underwriter discretion (may require new credit search, documents, re-inspection, affordability).

**Indemnity Insurance:** No search policy or title insurance acceptable. Solicitor to confirm suitable policy & cover. Costs deducted from loan.

**The Property:**

**Location:** Mainland England and Wales.

**Flats above Commercial:** Above (or immediately adjacent to) commercial premises up to max Tier LTV, except when a restaurant, takeaway, pub, or launderette; max LTV 60% Tier 2, 65% Tier 3, and considered to 70% Bespoke Tier 4.

**New Build:** Acceptable if no Section 106 obligations. Must be warrantied and complete before monies released, i.e., if reserved off-plan, we will only complete when built. Valuer will consider any incentives, new build premium, and future saleability. Offers extended subject to new documentary evidence, Underwriter check, and possible re-inspection.

**Construction:** The usual acceptable brick/tile. No structurally repaired/PRC, deleterious materials or with built-in obsolescence (finite lifespan). Refer listed properties. Modern Methods of Construction considered by referral with surveyor opinion and readily saleable.

**Flats:** Any block of flats over 4 storeys (ground 1, 2 and 3) must have a lift. Minimum 30sqm gross internal area on flats section.

**Student Lets:** All occupants on a single AST, jointly and severally liable for the rent.

**HMOs & Licensing:** Inexperienced landlords (< 1yr) on Bespoke Tier only. Refer to tiers for max rooms/size. Larger HMOs (7 or more, usually ‘sui generis’) may require commercial valuation, to be confirmed by underwriter. Where required, local authority licence to be evidenced or condition for them to apply following purchases. Solicitor will check on remortgages.

**Multi-Unit Freehold Blocks (MUFBs/MUBs):** Inexperienced landlords (< 1yr) on bespoke tier. MFS take charge on the freehold. Up to 30 units, each with separate services/facilities, but tiers may have lower unit limits. Larger MUFBs may require commercial valuation. No mixed use (all resi flats).  
ICR/Value/LTV: Lower of aggregate flat-by-flat basis or single investment value on vacant possession.

**Holiday & Short Term Lets:** Normal LTV, ownership, max loan rules, ICR etc. apply and can be part of a portfolio. Leases less than 6 months. Must be able to be used as a normal residence or AST BTL, i.e. not remote, cabin etc. No occupancy restrictions permitted such as holiday parks that require periods of vacancy. Refer areas like Greater London with 90 day occupancy restrictions. AirBnB acceptable.

- Affordability:**
1. Baseline provided by using usual AST ICR calcs to assess viability as a standard BTL.
  2. Then assess as a holiday let (calculator available). MFS assume rented for 30 weeks unless 12 months evidence/history provided. Use avg weekly rent for low, medium & high season multiplied by 30 weeks to get annual rent to compare to annual interest.
  3. If property is not currently a holiday let, we can accept seasonal estimates from reputable letting agent. If the holiday let ICR (2) is significantly higher than the standard AST (1), Underwriter will review based on plausibility, location, and attractiveness as a let.

**Valuation:** From our panel, allocated by the underwriter based on workload/response time, speciality & location. Full formal valuation to consider current market value, investment value, 90 & 180 day value. Fee paid along with admin fee before instruction.

**Flying Freehold:** Up to 15% by referral.

**Tenancies:** Agreement must be in writing, joint tenants have joint and several liability, and all adult occupants on the agreement. Corporate lets, ASTs 6-36 months, and DSS tenants acceptable.

**Ex Authority:** Valuation to reflect property (e.g. high rise, balcony access), EWS1 fire risk, and saleability. No pre-emption title restriction.

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