Buy-to-Let Mortgage
Product & Criteria Guide
Jan 2022

What’s New:
- Pay rates reduced – now from 3.79%
- Updated affordability – lending even more
- Product fee now from 1.5%, with 0.15% discount for existing MFS BTL or Bridge clients
- Max loan increased from £2m to £3m
- Max portfolio with MFS now £10m
- Tier changes to help more achieve our lowest rates

CONFIDENTIAL
MFS are an experienced property finance provider, having been in the industry for over 15 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 that are having trouble finding finance to suit their requirements, have complex or professional landlord circumstances, or need to move quickly.

We provide:

- 4 Hour response times and direct access to underwriters
- 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
- Complete with the same speed as bridging
- We help existing clients – 0.15% product fee discount for existing bridge or BTL clients

We pride ourselves on our ability to work with complex circumstances, tackling deals that include:

- Tight deadlines
- Large MUFBs and HMOs
- Portfolios up to £10m with MFS
- Holiday lets
- Overseas borrowers, expats, foreign nationals, trusts or offshore companies
- First time landlords
- Large loans of up to £3m at 75% LTV
- Flexible ICR to maximise loan size, can rollup months and defer interest
- Adverse and impaired credit of any size
## Our Criteria and Process

### Applicant:
- Portfolio & Professional Landlords
- Individuals
- Self-employed
- First time landlords
- Limited & Trading Companies
- LLPs
- SPVs
- Trusts
- Ages 21 – 80+

### Nationality:
Expats, foreign nationals and offshore companies or trusts from anywhere other than a sanctioned/blacklisted country.

### The Property:
- Mainland England and Wales
- Residential
- New Build
- HMOs
- Student lets
- Flats - including above commercial
- Multi-unit freehold blocks
- Holiday and short-term lets

### Affordability /ICR:
- Target ICR 120%, comparing rent over the full term to total interest
- Can defer up to 1.5% interest until redemption to boost loan size
- Roll-up 1 to 6 months payments
- Top slice using surplus portfolio income
- Underwriters have extra flexibility to boost loan size even further, subject to max LTV

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Our process is simple for both the client and the broker, and we can move as quickly as the borrower’s solicitors to make sure that the client meets their property deadlines.

1. **Loan Enquiry & 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**
   - Like what you see? We require a small number of documents to finalise the underwrite. We then issue ‘credit approved terms’ in the form of a DIP (verified by our Credit Committee to ensure a yes means yes)
   - Our DIP is the equivalent of a conditional offer – we’ll lend subject to a valuation and KYC/AML checks
   - DIP signed, valuation & admin fee paid? Time to value the property. Our underwriters agree the best terms/timescales from our panel for the type of property. The valuation verifies the security details on which the DIP is based
   - Instructed usually less than 24 hours of fees being cleared

3. **Valuation**
   - 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

4. **Legal Work**
   - 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

5. **Loan Drawn Down**
   - Our process is simple for both the client and the broker, and we can move as quickly as the borrower’s solicitors to make sure that the client meets their property deadlines.
## BTL Rate Table
### First Charge Mortgages

<table>
<thead>
<tr>
<th>1</th>
<th>Standard BTL</th>
<th>2</th>
<th>Solutions BTL</th>
<th>3</th>
<th>Specialist BTL</th>
<th>4</th>
<th>Bespoke</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Our best rate for straightforward cases</strong></td>
<td><strong>Designed for most simple transactions. Those wanting mid-term BTL solutions from a 'can do' lender</strong></td>
<td><strong>For more complex borrowers or properties: Large structures, expats, foreign nationals, or overseas companies</strong></td>
<td><strong>Complex combinations reviewed by experienced UW on case merits &amp; wider picture. We always try our best to lend</strong></td>
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<tr>
<td><strong>Fixed Rate</strong>&lt;br&gt;(for full term)</td>
<td>4.79%</td>
<td>5.29%</td>
<td>5.79%</td>
<td>From 5.99% (POA)</td>
<td></td>
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<tr>
<td><strong>Pay Rate</strong>&lt;br&gt;(with 1/1.5% deferred interest)</td>
<td>3.79%</td>
<td>4.29%</td>
<td>4.79%</td>
<td>From 4.49%</td>
<td></td>
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<tr>
<td><strong>Product Fee</strong>&lt;br&gt;</td>
<td>1.5%</td>
<td>1.75%</td>
<td>1.75%</td>
<td>From 2% (POA)</td>
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<tr>
<td><strong>Max LTV</strong>&lt;br&gt;1</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>&lt;= 70%</td>
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<tr>
<td><strong>Loan Term</strong>&lt;br&gt;24 or 36 months</td>
<td>24 or 36 months</td>
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<td>24 or 36 months</td>
<td>24 or 36 months</td>
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<tr>
<td><strong>Individual Loan Size</strong>&lt;br&gt;£150k - £3m</td>
<td>£150k - £3m</td>
<td>£150k - £3m</td>
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<td>£150k - £3m</td>
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<tr>
<td><strong>Rate Deferral</strong>&lt;br&gt;Up to 1%</td>
<td>Up to 1%</td>
<td>Up to 1%</td>
<td>Up to 1.5%</td>
<td>Up to 6 months</td>
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<tr>
<td><strong>Rollup &amp; Defer</strong>&lt;br&gt;Up to 6 months</td>
<td>Yes &lt;= 6 beds</td>
<td>Yes, &lt;= 6 units</td>
<td>Yes, any size considered</td>
<td>Yes, up to 30 units</td>
<td></td>
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<tr>
<td><strong>HMO</strong>&lt;br&gt;</td>
<td>Yes, not above certain types</td>
<td>Yes, max 60% LTV certain types</td>
<td>Yes, max 65% LTV certain types</td>
<td>Yes, Considered to 70% LTV</td>
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<td><strong>Multi-Unit Freehold Block</strong>&lt;br&gt;</td>
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<tr>
<td><strong>Flats above commercial</strong>&lt;br&gt;2</td>
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<tr>
<td><strong>First Time Landlord</strong>&lt;br&gt;</td>
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<td><strong>Expat/Foreign Nationals</strong>&lt;br&gt;</td>
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<td><strong>Offshore Company</strong>&lt;br&gt;</td>
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<td><strong>Holiday/Short Term Let</strong>&lt;br&gt;</td>
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<tr>
<td><strong>Missed Mortgage Payments</strong>&lt;br&gt;(incl. 2nds)</td>
<td>0 missed in last 24 months</td>
<td>0 missed in last 18m</td>
<td>2 missed last 18m, 0 in last 6m</td>
<td>Considered upon referral</td>
<td></td>
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<tr>
<td><strong>Unsecured Card/Loan Payments</strong>&lt;br&gt;(ignore when balance &lt; £500)</td>
<td>0 missed payments last 24 months</td>
<td>0 missed payments last 12m</td>
<td>2 missed in last 18m</td>
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<tr>
<td><strong>CCJs &amp; Defaults</strong>&lt;br&gt;(ignore &lt;= £350, telecom, utility)</td>
<td>0 in last 24m</td>
<td>0 in last 18m</td>
<td>0 in last 18m</td>
<td></td>
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<tr>
<td><strong>Bankruptcy/IVA/DRO</strong>&lt;br&gt;</td>
<td>Never</td>
<td>Never</td>
<td>Never</td>
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</tbody>
</table>

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**Credit Blips**<br>(outstanding impairment to be satisfied by completion)

1. Hard 'Gross loan' limit. Product or broker fees and rolled up interest will reduce gross loan.
2. Flats above commercial: above (or immediately adjacent) commercial premises up to max LTV, except when a restaurant, takeaway, pub, or launderette; max LTV 60% tier 2, 65% tier 3, and considered to 70% Bespoke tier 4.
3. 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 UW discretion.
Credit Policy
Criteria Guidelines

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, currently furloughed, 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 80. Over 80’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 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: Sll 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 UW/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
**Credit Policy**

**Criteria Guidelines**

- **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:** UW can consider cases on their merits on the bespoke tier, subject to Credit Committee approval

- **Credit reports:** Must be submitted to the UW by the broker/applicant to receive a credit-backed DIP. MFS preference is [https://www.checkmyfile.com/](https://www.checkmyfile.com/) - free 30 day trial, and multi-credit bureau information

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

- **FTL/FTB (own no other property):** Considered if mitigating circumstances (e.g. recently sold residence/in process of buying another) 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). Broker to consider exit strategy

- **Interest Coverage Ratio (ICR):**
  - Minimum ICR is 120% regardless of corporate or individual, location of applicant, tax status etc.
  - Calculated as total rent income over 24 or 36 month term, 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 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
  - DD payments normally start after the deferred months – time to find a tenant or light renovation

*Note: holiday lets are treated differently – please see relevant 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:** UW 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:** 24 to 36 months in total

- **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, rolled up interest, & optional broker fees 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.

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

- **Remortgage within 6m:** £ 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-Ex from housebuilder etc.

- **Portable:** No

- **Capital Overpayments:** Yes, up to 10% p.a. without incurring ERC.

- **Repayment Type:** Interest Only (I/O) by monthly Direct Debit from a UK account. Affordability section explains about rolled up 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.
Credit Policy
Criteria Guidelines

- **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 UW, 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. Offers expire with the valuation (90 days). Can be extended at UW 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, UW 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.

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

- **HMOs & Licencing:** 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 UW. Where required, local auth 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), UW will review based on plausibility, location, and attractiveness as a let

**Valuation:** From our panel, allocated by the UW 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:** Not acceptable

**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
Contact us today to arrange your fast, bespoke BTL loan:

- [www.mfsuk.com/buy-to-let](http://www.mfsuk.com/buy-to-let)
- +44 (0)20 7060 5678
- enquiries@mfsbtl.com