

Buy-to-Let

Lending Criteria

THIS GUIDE IS FOR INTERMEDIARY USE ONLY AND
SHOULD NOT BE SHOWN TO POTENTIAL CLIENTS

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Loan	
Minimum Loan	£40,000
Maximum Loan	Aggregated exposure limited to £35,000,000 subject to single asset exposure being limited to £5,000,000
Term	Minimum 3 years Maximum 30 years
Repayment Method	Interest only and capital repayment options are available
Maximum LTV	75% LTV Moderate rental demand of 3-6 months maximum 70% LTV – Please refer to Rental Demand Section for further information.

Refinance	
Re-mortgage Period	No minimum length since time of purchase.
Capital Raise	Considered for any legal purpose. Capital raises of more than £150,000 or when more than 50% equity is being removed that are not in keeping with profile should have a satisfactory explanation. Ex-pats can be considered if funds are being used for a further purchase of a UK asset.
Repaying a bridge	Acceptable when the bridge was used to complete works or an auction purchase. In other scenarios we will need to understand the reason bridging finance was used.
To complete works	Minor works (Décor/internal fittings/general upkeep etc) to the security property are permitted where the value and structural integrity of the building will not be compromised.

Purchase

Purchase Price	The maximum loan is calculated against the lower of the purchase price or valuation.																			
Undervalue Purchase	<p>Subject to:</p> <ul style="list-style-type: none"> • Acceptable when the difference in purchase price and market value is within 20% and the seller is unrelated to our customer. • If the difference in market value and purchase price is over 20% then further investigation will be required. • If there is evidence of stressed position of the seller, we cannot proceed. <p>Family related transfers at nil or below market value are acceptable with an acceptable explanation for the transaction with evidence that the family member is not in a distressed financial situation. We will require:</p> <ul style="list-style-type: none"> • Mortgage history/credit search (at our discretion) • Letter of no interest • Clear bankruptcy search against outgoing owner • Declaration of Solvency • Indemnity policy <p>Transfers from associated Ltd companies at less than market value are unacceptable.</p> <p>Increase in value since vendor purchased – For purchases where there has been a substantial increase in value since purchase, we require a written explanation which should be referred to the valuer for comment and validation.</p> <p>When there is evidence of an option to purchase agreement and we can understand the reason for the purchase price being less than the Market value we can consider lending against the higher figure.</p>																			
Deposit	<table border="1"> <thead> <tr> <th data-bbox="376 808 743 869">Source</th> <th data-bbox="743 808 1509 869">Details</th> </tr> </thead> <tbody> <tr> <td data-bbox="376 869 743 929">Personal Savings</td> <td data-bbox="743 869 1509 929">Evidence of build-up of funds.</td> </tr> <tr> <td data-bbox="376 929 743 990">Gift</td> <td data-bbox="743 929 1509 990">Acceptable subject to evidence that the third party will hold no interest on the security.</td> </tr> <tr> <td data-bbox="376 990 743 1050">Directors Loan</td> <td data-bbox="743 990 1509 1050">Acceptable subject to transfer at full MV.</td> </tr> <tr> <td data-bbox="376 1050 743 1111">Additional Borrowing</td> <td data-bbox="743 1050 1509 1111">Details of the loan offer should be obtained for an assessment to be made on affordability.</td> </tr> <tr> <td data-bbox="376 1111 743 1171">Vendor Deposits and 2nd Charges</td> <td data-bbox="743 1111 1509 1171">Not acceptable.</td> </tr> <tr> <td data-bbox="376 1171 743 1232">Builders Incentives</td> <td data-bbox="743 1171 1509 1232">LTV reduced by 5%.</td> </tr> <tr> <td data-bbox="376 1232 743 1292">Bounce Back Loans</td> <td data-bbox="743 1232 1509 1292">Are an acceptable form of deposit with supporting evidence of funds within bank statements. These are subject to the loan being used for the benefit of the business.</td> </tr> <tr> <td data-bbox="376 1292 743 1352">Mini-Bonds</td> <td data-bbox="743 1292 1509 1352">Not acceptable.</td> </tr> </tbody> </table>	Source	Details	Personal Savings	Evidence of build-up of funds.	Gift	Acceptable subject to evidence that the third party will hold no interest on the security.	Directors Loan	Acceptable subject to transfer at full MV.	Additional Borrowing	Details of the loan offer should be obtained for an assessment to be made on affordability.	Vendor Deposits and 2nd Charges	Not acceptable.	Builders Incentives	LTV reduced by 5%.	Bounce Back Loans	Are an acceptable form of deposit with supporting evidence of funds within bank statements. These are subject to the loan being used for the benefit of the business.	Mini-Bonds	Not acceptable.	
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Customers

Age	<p>Applicants (including beneficiaries and guarantors) must be a minimum of 21 years of age and no older than 80 years of age at the start of the mortgage.</p> <p>Applicants aged 70 years of age either at the start or during the term of the mortgage must have a clear succession plan in place to satisfy Shawbrook with the ongoing serviceability of the loan.</p> <p>The applicant must apply for the loan before the date of their 81st birthday.</p> <p>Applicants who are under 21 years at the start of the term or over 80 years at the end of the term are only acceptable if jointly borrowing with another applicant within policy age limitations above</p>									
Customer type	<ul style="list-style-type: none"> • Individuals (UK, EU and other foreign nationals residing in the UK, see ID section) • LTD Company (UK Incorporated) • PLC (UK Incorporated) • LLP (UK Incorporated) • Trusts (Minimum Loan size £1m new loans, Refinances case by case) • SIPPS (Minimum Loan size £1m) • Ex-pats 									
Ltd, LLP or PLC	<p>For company applications where shareholding is owned by another company, it will be necessary to trace back the ultimate beneficial owners and obtain the relevant personal guarantees.</p>									
Personal Guarantees	<p>As a minimum, a personal guarantee equal to 25% of the gross loan or £50,000 (whichever is higher and subject to a maximum 100% of the loan size) will be required from all directors where they have 25% or more shareholding.</p>									
Incorporations of BTL Portfolios	<ul style="list-style-type: none"> • <p>Loans where SDLT & CGT Relief is being claimed.</p> <p>Requirement:</p> <ol style="list-style-type: none"> 1. A minimum of 6 BTL properties owned (for MUFBS we consider each unit in the block as one property and HMOs are considered as one property) 2. The borrower to be a UK based company and the guarantor(s) reside in the UK for tax purposes. 3. Letter from a recognised Accountant (CTA, ACA, ACCA, CIMA, ICAEW etc) confirming the following (as a minimum): <ul style="list-style-type: none"> ▪ Confirmation they are comfortable that a Business exists ▪ Confirmation they have provided tax advice to the customers named on the application <p>In addition to the above, the following documents are required:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">2 years partnership accounts</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">Any 1 of these documents required</td> </tr> <tr> <td>Evidence of the partnership paying tax on rental income for at least 2 years</td> </tr> <tr> <td>Any HMRC correspondence confirming partnership or registration</td> </tr> <tr> <td>A partnership agreement available dated 2 years ago or more</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">OR any 2 of these documents required</td> </tr> <tr> <td>Partnership bank statements dated 2 years ago or more</td> </tr> <tr> <td>2 years evidence of joint payment of tax on rental income</td> </tr> </table>		2 years partnership accounts	Any 1 of these documents required	Evidence of the partnership paying tax on rental income for at least 2 years	Any HMRC correspondence confirming partnership or registration	A partnership agreement available dated 2 years ago or more	OR any 2 of these documents required	Partnership bank statements dated 2 years ago or more	2 years evidence of joint payment of tax on rental income
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Credit Status - No Exceptions Permitted	CCJs	<p>No unsatisfied in the last 24 months.</p> <p>Satisfied in the last 12 months considered by exception.</p> <p>Large (>£5,000) historic considered by exception.</p>								
	Mortgage / Secured Loan / Tenancy Arrears	<p>0 missed in last 12 months.</p> <p>No unpaid, historic arrears</p>								
	Defaults	<p>No unsatisfied >£100 in last 24 months.</p>								
	Unsecured borrowing (not including communications suppliers or utility companies)	<p>No more than 3 instances of arrears or arrangements to pay in last 12 months.</p>								
	Bankruptcy/CVA/IVA	<p>Discharged for at least 12 months.</p>								
	CIFAS	<p>No adverse fraud data.</p>								
	Business Credit Profile	<p>No history of the following within the last 36 months (this extends to associated companies within the same industry):</p> <ul style="list-style-type: none"> • Receivership • Administration order • Winding up petition • Creditors or Compulsory Liquidation 								

- Disqualified director

Experience	Property Type	Experienced Landlords	First-time Landlords
	Residential	First-time landlords are acceptable but the client cannot be a first-time property buyer.	
	Small HMOs & MUFBs maximum 6 units	First-time landlords are acceptable but the client cannot be a first-time property buyer.	
	Large HMOs	12 months experience of managing a similar sized HMO or similar number of rooms managed across a number of HMOs	Not Applicable
	Ex-pats	At least 1 UK investment property for a minimum of 12 months and at least 1 applicant to have a minimum income of £50,000	
	Bridging loans	When the clients have completed a successful bridging loan with Shawbrook	
	Portfolio Landlords	Successful track record of owning relevant properties in the same sector	

Landlord Type

Portfolio Landlord (4+ properties)	A Customer with four or more mortgaged buy to let properties either jointly or separately owned. Enhanced checks are required in addition to the standard application requirements.	
	Requirements	Assessment
	Portfolio Schedule	<ul style="list-style-type: none"> • Evaluation that the outside portfolio is geared no higher than 75% LTV • Affordability check to ensure the portfolio can meet a stressed interest rate at 6.5% with a minimum 125% cover.
	Business Bank Statements	<ul style="list-style-type: none"> • Review rental streams and ensure enough cash flow is evidenced • For Landlords with 4-9 properties, instead of requesting Bank Statements we may be able to verify cashflow automatically. If data is not available, then Business Bank Statements will be required.
Assets and Liabilities Form	<ul style="list-style-type: none"> • Understanding of outside financial position. 	
Non-Portfolio Landlord (1-3 properties)	A customer with no more than 3 mortgaged properties either with Shawbrook or other borrowing entities. Standard application requirements with no portfolio check required. If the credit search shows more mortgages than declared, an explanation as to why will be required.	

ID and Residence

Residential Status	<p>Applications are acceptable from UK nationals residing in the UK and EU/EEA and other foreign nationals residing in the UK. Ex-pats (UK nationals living or working outside of the UK) are acceptable subject to ex-pat experience criteria.</p> <p>Applications from foreign nationals residing outside of the UK where there is no joint UK based joint applicant cannot be accepted.</p>
Proof of Address and ID	<p>Shawbrook uses an automated system for identity and address verification, if this fails or the applicant resides abroad, acceptable evidence will be required.</p> <p>Customers may be required to provide certified signature ID.</p>
ILA	<p>We will require the following to have independent legal advice:</p> <ul style="list-style-type: none"> • Customers over 70 years old • A customer who will not benefit from the proceeds of the advance. • A customer who is on the mortgage application but not named on the title.

The loan must meet the minimum debt service cover ratios (DSCR) in order to confirm affordability:

		-Fixed rate period 5 years or more AND Term 10 years or more			Fixed rate period less than 5 years AND/OR Term Less than 10 years & All Variable Rate Loans		
		DSCR Cover required as below. Loan is stressed using the product pay rate			DSCR cover required as below. BTL loans are stressed using the product pay rate plus 2%		
Property type	Product type	Personal application	Ltd company application	Stress rate = Product Pay Rate	Personal application	Ltd company application	Stress rate =Product Pay Rate plus the stress % noted below
BTL, Multi-Unit Blocks & Portfolios	Single BTL, Complex BTL	140%	125%	Pay rate only	140%	125%	BTL – Pay Rate plus 2%
Purpose Built Student Accommodation, & Co-Living	Single BTL, Complex BTL	150%	150%		150%	150%	Subject to a minimum 5.5%
HMO & HMO Portfolios	Complex BTL, Large HMO	165%	130%		165%	130%	

The following information may be used to assess affordability and calculate the Debt Service Cover Ratio:

Security Type	What we accept	What do we use
Single Residential (Flat/House)	Valuer confirmation	Market rental
Multi-Unit Block	Valuer confirmation or Passing rental	Whichever is the lower
HMO	Valuer confirmation or evidence of passing rental (AVM)	Adjusted Gross Rental – AGR considers the operating cost that the landlord will incur being: <ul style="list-style-type: none"> • Utility Bills / Council Tax • Maintenance costs (The costs the valuer believes are correct for the building due to age and condition) • Management costs
Vacant Units	Are acceptable if the property is a multi-unit block or large HMO and the DSCR is not met based on the received rental, we would like to understand how the client intends to service the loan before tenants are found.	
Capital and Interest	Loan amounts will be calculated on an interest only basis although for borrowers who wish to have a C&I loan this can be accommodated subject to evidence of supporting income to cover the difference.	
Supplementary Income	Top Slicing <ul style="list-style-type: none"> • Acceptable to support purchases or refinance and capital raising in order to purchase another property. • Not acceptable for capital raising for unsecured debt consolidation or to cover other personal expenditure (e.g., Car Purchase, Holiday, School fees, Gift to relative). • All cases must meet a minimum standard ICR of 110%. • An income and expenditure form must be completed. • Portfolio Landlords- standard outside portfolio stress test to apply with any surplus added to income or shortfall deducted from income. This should be evidenced on SA302s/accounts and bank statements. 	

Acceptable Supplementary Income	Basic annual salary. Income from self-employment. Private or Company Pension, verified by P60	To be verified by SA302, Certified accounts, 3-months payslips in conjunction with bank statements to confirm.
Expenses to be deducted	Credit commitments including all mortgages (which should be stressed), credit cards, finance agreements and loans. Essential living costs – to include food, utilities, council tax, phone bills, ground rent, service charge, essential travel, and childcare.	The declared amounts should be checked against available sources such as bank statements and credit search data.

NB .Top Slicing is not acceptable in the following circumstances

- On any Limited Edition products.
- Where the customer is a developer (Either an “out of the ground” developer or carrying out large scale conversions – e.g. converting an office into residential).
- For a portfolio landlord where they have more than 10 financed rental properties (both with Shawbrook and/or external Lenders).

Security

Security Summary	Shawbrook must have 1st legal charge
Location	England, Scotland, Wales
Tenure	Freehold and Feuhold (in Scotland) acceptable Leasehold with minimum 50 years remaining at the end of the mortgage term is acceptable.
EPC	We only lend on properties with an A-E rating. Where the property is currently rated D or E, the property owner will be asked to consider improvements to the property to raise the EPC rating to A-C as part of their ongoing maintenance.
Tenancy	An assured shorthold tenancy agreement (AST) for a period of between 6 to 12 months is required. Protected tenancies are considered subject to demand for resale as confirmed by the valuer. See also "Other" for Holiday Lets, Serviced Apartments and Airbnb and Local Authority and Vulnerable Tenants.
Demand for Sale	Unless stated differently below by asset type 75% LTV Interest Only is permitted on all security when sales are achievable within 12 months.
Demand for Letting	Unless stated differently below by asset type 75% LTV Interest Only is permitted on all security when letting is achievable within 0-3 months AST re-letting demand is classified as follows Expected 0-3 months – 75% LTV Interest Only is permitted unless stated differently by asset type. Moderate 3-6 months - LTV reduced by 5% to 70% LTV Weak 6+ months – Not acceptable.

Flats

Flats in Blocks/entire blocks of flats	Flats located within blocks are acceptable subject to usual criteria. Multiple flats/entire blocks of flats can be considered. Please refer to Valuation Methodology section. Individual flats within cladded blocks or entire cladded blocks of flats are unacceptable without a satisfactory EWS1 form. Properties rated A1, A2 & B1 are acceptable.
Size of Flats	Minimum size for flats is 30 square metres. When we are lending on blocks of flats, if the individual flats are less than 30 square metres, aggregated individual values cannot be used, only the investment block value can be used.
Ex-Local Authority Flats	Acceptable up to 65% LTV in blocks up to 4 storeys subject to sales demand being achievable within 12 months Acceptable up to 65% LTV in a block of more than 4-storeys in Greater London subject to sales demand being achievable within 12 months Individual flats within cladded blocks or entire cladded blocks of flats are unacceptable without a satisfactory EWS1 form. Properties rated A1, A2 & B1 are acceptable.
Flats Above Commercial	Acceptable to 75% LTV subject to sales demand being achievable within 12 months.

HMO

Size	Small HMO defined as those having up to 6 Occupants maximum 75% LTV Interest Only subject to sales demand being achievable within 12 months. Large HMO defined as those having greater than 6 Occupants maximum 75% LTV Interest Only subject to sales demand being achievable within 12 months.
Licences	Where the Valuer confirms a HMO Licence is required a valid HMO licence should be evidenced <ul style="list-style-type: none"> HMO Refinance. For a refinance within 6 months of the purchase date, if the issuing of the HMO licence has been delayed, the valuation report should confirm the property is a viable HMO and evidence is to be provided confirming the HMO Licence has been applied for. HMO Purchase. The valuation report must confirm the property is a viable HMO.
Student Accommodation	Small HMOs used for student accommodation are acceptable in line with HMO criteria. Student units and Sui Generis HMOs are considered on a case-by-case basis.

Unacceptable Security

<ul style="list-style-type: none"> Cladded blocks without a satisfactory (A1, A2, B1) EWS1 form Contaminated land/buildings Development sites Land Equestrian Centres 	<ul style="list-style-type: none"> Freehold flats Grade 1 Listed Grade A (Scotland) Holiday lets in holiday / sports parks 	<ul style="list-style-type: none"> Holiday parks Hostels Kennels & catteries Agricultural properties 	<ul style="list-style-type: none"> Properties with no valid EPC rating or rating below E (unless exempt)
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Other

Flying/Creeping Freehold	The maximum amount of flying or creeping freehold that we can consider is 15%.
Second Charge	2 nd charges are acceptable on residential property up to 70% LTV (Taking into account the 1 st charge balance) with a minimum of £25,000 equity being attributed to the 2 nd charge property; Subject to maximum loan of 100% of the lower of the value or purchase price of the 1 st charge security.
Subsequent Charges	<p>Required when:</p> <ul style="list-style-type: none"> • The customer owns additional neighbouring property which shares the same access way, rights of support and services as the security property (this would be common in terraced housing or neighbouring parcels of land). These subsequent charges to be registered on the neighbouring properties/land do not need to be first ranking charges. • We are offered long leasehold security and the customer, or a related company/person owns the freehold. In these cases, a charge over the freehold is also required.
Solar Panel	Acceptable subject to valuer commentary and terms of the lease arrangement (when solar panels owned by third party).
Japanese Knotweed	These can be considered on a case by case basis subject to evidence of implementation of a professional treatment plan with insurance backed guarantee.
Grounds Rents	Excessive grounds rents or ground rents that have steep step ups are unacceptable.
Concentration by Volume	Shawbrook consider property postcode on a case by case basis being considerate to the customer Shawbrook and non-Shawbrook portfolio.
Regulation	<p>Shawbrook cannot consider applications that may be deemed as regulated transactions. These also include:</p> <ul style="list-style-type: none"> • The Customer intends to reside in the property taken as security and the residential element of the security (including associated land) forms more than 40% of the total floor area of the entire security (including land). • Applications where our customer or a relative of the customer resides at the security at the point of completion; or where they have resided at the security in the last 12 months and intend to move back there in the future. • Ex-pat applications if the customer intends to move into the security upon their return to the UK. • Applications when the current vendor will occupy the security after completion, and this equates to more than 40%. • HMO accommodation where a family member or the customer resides.
Consumer BTL	<p>Unacceptable. The following type of applications will be considered as consumer BTLs in line with the Mortgage Credit Directive Order:</p> <ul style="list-style-type: none"> • The client does not own any other BTL properties, and we are offered either a property inherited or the property they, or a related person, previously resided at • If the borrower is a first-time landlord and the transaction is a Let to Buy

Other (continued)

<p>Non-Standard Construction</p>	<ul style="list-style-type: none"> • Any Prefabricated Reinforced Concrete (PRC) dwelling which has not been repaired under the PRC (Homes) Ltd licensed repair scheme is unacceptable. • Wimpey No-fines are acceptable, other no-fines systems are unacceptable • Laing Easiform built after 1945 are acceptable • Steel Framed Dwellings are acceptable if readily marketable and mortgageable • Large Panel Systems (LPS) are unacceptable • Timber Framed Dwellings built prior to 1970 are unacceptable, properties built after 1970 but without brick/rendered block external facings are considered on their individual merits • Mundic properties are acceptable only if a Concrete Screening Test has been prepared strictly in accordance with the latest RICS Guidance and the concrete has been classified as A or A/B. Suspect concrete purpose-built and converted flats will not be considered acceptable, unless the entire block has been tested and the concrete classified as A or A/B • Thatched roof properties considered on their individual merits
<p>Modern Methods of Constructions</p>	<p>The following sustainable construction types are acceptable for buildings constructed 2010 or later:</p> <ul style="list-style-type: none"> • Structural Insulated Panels (SIPs) • Insulated Concrete Formwork (ICF) • ThermoPlan • Kingspan TEK Haus • Beco Wallform • Cidark P3 System • Durisol Block • Rockwool Duo Slab • Hemcrete/Hempcrete • HufHaus <p>Suitable warranty documentation and architects sign off (including details of that architects PII) are required. Other modern/sustainable methods of construction can be considered on a case by case basis.</p>
<p>Holiday Lets, Serviced Apartments and Airbnb</p>	<ul style="list-style-type: none"> • Single dwelling houses and flats only, multi-unit blocks of serviced apartments are not allowed • Property must be in a location with a letting demand for an assumed 6-month AST, specialist holiday lets in remote locations where there is no long-term tenant demand are unacceptable. • Assumed AST rental income will be used for affordability and viability of exit assessment.
<p>Local Authority and Vulnerable Tenants</p>	<p>Acceptable subject to:</p> <ul style="list-style-type: none"> • Lease with a professional operator of emergency housing • Lease that includes: <ul style="list-style-type: none"> – An open market rent with a standard rent review terms including rent review frequency. – A prohibition on structural alterations. – Standard landlord obligations. (Please note this list is non exhaustive and please refer to the broker hub for a fuller list of non-acceptable lease term issues. • Assumption of a standard AST with private rented sector tenants for affordability and viability of exit assessment (as opposed to lease rental income) • Property to be valued as a standard house or an HMO with no premium attributed to the lease • A Commercial Valuation <p>Private tenants in receipt of Housing Benefit or Universal Credit are also acceptable.</p>

Valuation

A Bank appointed valuation report addressed to the Bank from the pre-approved panel of surveyors with sufficient PI cover must be held or an Automated Valuation Model (AVM).

Validity of Report	Valuations are valid for 6 months.		
Qualifications	Fellow of the Royal Institution of Chartered Surveyors (FRICS) Member of the Royal Institution of Chartered Surveyors (MRICS)		
Automated Valuations	<p>AVMs can be considered for security when the following standards are met:</p> <ul style="list-style-type: none"> • Single-unit residential property and small HMOs valued on a single dwelling basis • If the purchase price is lower than the market valuation, we can ignore the AVM confidence level and apply max LTV (75%) to the purchase price • Maximum value £2m in London and the South East, £1m elsewhere • Maximum LTV and minimum confidence levels for capital value shall be in accordance with the table below • England, Wales, Scotland • No property above or adjoining commercial premises • Freehold or minimum unexpired 85-years leasehold • No converted flats • Flats in blocks where no cladding is indicated • No new-build property built within last 24 months • Report is valid for 6 months 		
	Max LTV	Minimum Confidence Levels (value)	Minimum Confidence Level (rental)
	65%-75%	4.0 – 5.0	4.0
	55%- 64%	3.0 – 3.9	4.0
	Up to 55%	Min 3.0	4.0
<p>LTV calculated against the corresponding CL (i.e., 4.2CL = 67% LTV) Rental Confidence between 4-4.9 requires a second automated verification</p>			
Valuation Methodology	Security Type	What value we use	
	Single Residential Flat/House	Comparable valuation method with Open Market Value confirmed by the surveyor or an AVM.	
	Block of Flats (up to 10)	Where the property comprises individual units e.g. self-contained flats, which are capable of sale separately within a 12-month period these can be considered on an aggregated basis.	
	Block of Flats (11 and more)	The valuation will be based primarily on the capitalised rental income. Consideration will be given to comparable sales evidence of other similar investment property.	
	Small HMO (up to 6 tenants)	<p>If the property is being used as an HMO, but the works to convert it back to a single-family dwelling are minimal, then a single dwelling value based on direct comparable evidence will be used.</p> <p>If the property has been extensively adapted to meet HMO legislation (e.g., changes to room sizes or added ensuite facilities) then the valuer may reflect a premium element to reflect the cost of works, but this will be determined by demand and the location.</p>	
	Small HMO (up to 6 tenants) in an Article 4 Direction area	If the property is in an area of Article 4 then a yield-based investment valuation may be appropriate considering comparable yields in the area. Given that Article 4 Direction is in place, the property must hold C4 planning use. However, the increasing use of City-wide Article 4 directives means that the premium can be significantly diluted, if present at all.	
	Large HMO (7 and more tenants)	Will tend to be a yield-based investment valuation: valuer will consider comparable yields in the area and similar sized large houses. Planning must be in place for the property to be used as a large HMO (Sui Generis).	

Specialist Reports

Report	Note	Requirements	Qualifications
Structural	Where the valuer has confirmed evidence of ongoing movement.	<ul style="list-style-type: none"> Structural engineers report If movement noted: <ul style="list-style-type: none"> 100% retention Reinspection Insurance backed guarantee 	FIStruct.E or C. Eng or MIStruct.E
Dry Rot	Where the valuer has confirmed the possibility of or evidence of Dry Rot.	<ul style="list-style-type: none"> Dry Rot report If Dry Rot noted: <ul style="list-style-type: none"> 100% retention Reinspection Insurance backed guarantee 	PCA
Wall Tie	Where the valuer has confirmed that there is evidence of possible wall tie failure.	<ul style="list-style-type: none"> Cavity Wall tie report If evidence of failure: <ul style="list-style-type: none"> 100% retention Reinspection Insurance backed guarantee 	FIStruct.E or C. Eng or MIStruct.E
Environmental	Where the valuer has confirmed that there is evidence of possible contamination or other environmental issues.	<ul style="list-style-type: none"> Desktop environmental report If the report confirms that there is evidence of contamination or that further in-depth environmental reports required we cannot consider lending 	Enviroscreen or similar
Roofing	Where the valuer makes comment that the roof is not watertight or where it is recommended that the roof requires immediate overhaul.	<ul style="list-style-type: none"> Estimate for works 100% retention Reinspection Insurance backed guarantee 	
	Where the valuer makes other comments relating to the roof which are not referring to its structural integrity or water tightness, but which need specialist comment.	<ul style="list-style-type: none"> Roofing report Confirmation from valuer valuation not affected Lend against before works valuation 	
Building Survey	If a property has numerous outstanding repairs the valuer may make a recommendation for a detailed survey.	<ul style="list-style-type: none"> Building survey report Depending on level of works a full retention and reinspection maybe required 	MRICS or FRICS
Damp Rot, Wood Infestation and Defective Gas or Electrical Installation	Where the valuer refers to these defects or the need for specialist reports.	Reports are only required before formal offer if the level of works / suggested retention equates to more than 3% of the Property value. The valuer must confirm the security is marketable in its current condition and we must work against the current value. If there are no further derogatory comments, then a copy of the report is not required before completion.	PCA, Gas Safe, NICEIC
Energy Performance Certificate (EPC)	We only lend on properties with an A-E rating.	Where the property is currently rated D or E, the property owner will be asked to consider improvements to the property to raise the EPC rating to A-C as part of their ongoing maintenance.	
	EPC Ratings in Scotland	EPC ratings below an E on Scottish securities are acceptable if the "Comparative Assessment" section of the certificate confirms the equivalent rating according to the England & Wales methodology is between A-E	

Criteria	BTL Loans				
	Single Residential	Small HMO	Large HMO	MUFB	
Loan	Minimum Loan	£40,000	£40,000	£40,000	£40,000
	Maximum Loan on a single asset	£5,000,000	£5,000,000	£5,000,000	N/A
	Maximum Exposure	£35,000,000	£35,000,000	£35,000,000	£35,000,000
	Minimum Term	3 Years			
	Maximum Term	30 Years			
	Repayment Method	Interest only and capital repayment options are available			
	Maximum LTV	75%	75%	75%	75%
Customer	Age	Applicants (including beneficiaries and guarantors) must be a minimum of 21 years of age and no older than 80 years of age at the start of the mortgage. Applicants aged 70 years of age either at the start or during the term of the mortgage must have a clear succession plan in place to satisfy Shawbrook with the ongoing serviceability of the loan.			
	Type	Individuals (UK and EU nationals residing in the UK), LTD Company, PLC, LLP Trusts (Minimum Loan size £1m), SIPPS (Minimum Loan size £1m) & Ex Pats, UK Nationals residing in the UK.			
	Personal Guarantees	A personal guarantee equal to 25% or £50,000 (whichever is higher) of the loan size will be required from all directors where they have 25% or more shareholding.			
	Credit Status	No Unsatisfied CCJ's in the last 24 months. No Mortgage Secured or tenancy arrears in the last 12 months. No unpaid, historic arrears. No Unsatisfied defaults over £100 in the last 24months. Bankruptcy, CVA/IVA discharged or satisfied for at least 12 months. No history of receivership, Administration Order or winding up petition in the last 36 months.			
	Experience	First-time landlords are acceptable, but the client cannot be a first-time buyer.	First-time landlords are acceptable, but the client cannot be a first-time buyer.	At least 1 similar sized HMO or property with equivalent numbers of beds property for a minimum of 12 months.	At least 1 similar sized MUFB for a minimum of 12 months. For MUFBs with a maximum of 6 units - First-time landlords are acceptable, but the client cannot be a first-time buyer
Security	Charge	1 st legal charge over the security offered			
	Location	England, Wales, and Scotland			
	Tenure	Freehold and Feuhold (In Scotland) acceptable. Leasehold with minimum 50 years remaining at the end of the mortgage term.			
	Minimum	Residential unit size of 30 Sqm			
	Works Allowed	Minor works (Décor/internal fittings/general upkeep etc) to the security property are permitted where the value and structural integrity of the building will not be compromised.			
	Valuation Method	Open Market Value confirmed by the surveyor or an AVM.	If the property is being used as an HMO, but the works to convert it back to a single-family dwelling are minimal, then a single dwelling value based on direct comparable evidence will be used. If the property has been extensively adapted to meet HMO legislation (i.e., changes to room sizes or added ensuite facilities) then valuer will reflect the premium element either by yield-based investment valuation or purchase price plus costs of works approach. Yield-based investment valuation: valuer will consider comparable yields in	Yield-based investment valuation: valuer will consider comparable yields in the area and gross rental. Planning must be in place for the property to be used as a large HMO (Sui Generis).	Blocks up to 10 - Individual values of the flats can be used on an aggregated basis subject to individual leaseholds sales demand being within 12 months. Blocks 11 and more Investment block value must be used.

the area and gross rental. Given that Article 4 Direction is in place, the property must hold C4 planning use.

Criteria	BTL Loans				
	Single Residential	Small HMO	Large HMO	MUFB	
Security	Affordability Method	Valuer to confirm gross market rental	Valuer to confirm adjusted gross rental	Valuer to confirm adjusted gross rental	The lower of Valuer confirmation or Passing rental
	DSCR	140% Personal 125% LTD Co	165% Personal 130% Ltd Co	165% Personal 130% Ltd Co	140% Personal 125% LTD Co
Submission	Documents required up to 1.25m Single or Aggregable Exposure	Application Form Portfolio Schedule (Portfolio landlord) Asset and Liabilities (Portfolio landlord) 3 months bank statements* (Portfolio Landlord) Background to first Purchase (First-time Landlords)	Application Form Portfolio Schedule (Portfolio landlord) Asset and Liabilities (Portfolio landlord) 3 months bank statements* (Portfolio Landlord) HMO Licence (refinance)	Application Form Portfolio Schedule (Portfolio landlord) Asset and Liabilities (Portfolio landlord) 3 months bank statements* (Portfolio Landlord) HMO Licence (refinance)	Application Form Portfolio Schedule (Portfolio landlord) Asset and Liabilities (Portfolio landlord) 3 months bank statements* (Portfolio Landlord)
	Additional documents required over 1.25m Single or Aggregable exposure?	Client interview Accounts	Client interview Accounts	Client interview Accounts	Client interview Accounts
Conditions	All	ID Proof of deposit (Purchase) Redemption statement (Refinance)			



Shawbrook Bank Limited

Registered office: Lutea House, Warley Hill Business Park, The Drive,
Great Warley, Brentwood, Essex, CM13 3BE.

Registered in England and Wales – Company Number 388466.

Authorised by the Prudential Regulation Authority and regulated by
the Financial Conduct Authority and the Prudential Regulation Authority.

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