# MORTGAGES

# Regulated Buy to Let Mortgage
# Two Year Fixed Rate until 31 July 2024
# Existing Borrowers only

**Mortgage Illustration**
This product sheet does not contain all of the details you need to choose a mortgage. Please speak to your Mortgage Adviser who will provide you with a mortgage illustration, which will detail all the features of a particular mortgage. Please make sure you read the mortgage illustration before you make a decision on your choice of mortgage product.

**Criteria:**

- Existing borrowers for product transfer, re-arrangement, additional borrowing applications and existing borrowers transferring their Regulated Buy to Let mortgage to a new Regulated Buy to Let property only.
- Applicant(s) must have a minimum combined income of £20,000 (confirmation of income will be required).
- Applicant(s) must be at least 21 years of age and be UK residents.
- Available to applicants who are renting their Buy to Let property to a family member.
- Houses and flats (subject to lending policy criteria, please ask for further details) within England (including Isle of Wight) and Wales are an accepted type of security. For a list of unacceptable property types please speak to your mortgage adviser.
- Product Availability: This product may be withdrawn with little or no notice.
  To ensure funds are reserved it is essential that a Buy to Let mortgage application form is fully completed and submitted.
- Purchase/Remortgage will not be acceptable unless the owner/vendor has been registered with the Land Registry for at least six months.
- Property Insurance: Prior to completion, the Society will need to be satisfied that the insurance cover meets its minimum requirements.

**Interest Rate:**

| **2 YEAR FIXED RATE** | | |
|---|---|---|
| Initial Rate | Then changing to our Standard Variable Rate (SVR) currently | **The overall cost for comparison is** |
| 2.55% fixed until 31 July 2024 | 5.69% variable | **5.3% Annual Percentage Rate of Charge (APRC)*** |

*** The actual rate available will depend upon your circumstances. Ask for a personalised illustration.**

**It should be noted that if the property is empty, you are still required to make the full monthly mortgage repayments.**

**The loan is based solely on the rental income derived from the letting. Therefore, the condition of the property must be satisfactory requiring no essential items of repair.**

- Completion must take place on or before 31 July 2022. Please note that if your mortgage does not complete by 31 July 2022, you will not benefit from the fixed rate period quoted.
- As interest is calculated on a daily basis, any overpayments you make will immediately reduce the amount you owe and also the amount of interest you pay.

**Your investment property may be repossessed if you do not keep up repayments on your mortgage**

- At the end of the fixed rate period the rate will revert to the Society's standard variable rate applicable at that time which will not fall below 3.00% at any time during the life of the mortgage.

**Loan:**

- Maximum loan £1,000,000.
- Maximum loan to value is 75% (including any fees added to the loan). Loan to value is your total mortgage amount divided by the purchase price or valuation whichever is the lower.
- Minimum Property Value is £50,000.

**Fees/Charges:**

- Early Repayment Charge: If the mortgage is repaid either in whole or in part, or is transferred to an alternative product, before 31 July 2024 then an early repayment charge will apply. This charge will be based on; 2% of the outstanding loan if the mortgage is repaid before 31 July 2023 and 1% of the outstanding loan if the mortgage is repaid before 31 July 2024. Capital repayments, which are not subject to the above early repayment charge, can be made of up to 10% of the original loan amount (original transfer amount if variation) in any 12 month period from the date of completion.
- One free standard mortgage valuation for all purchase, remortgage or additional borrowing applications. If a valuation is required in connection with a product transfer, then a valuation fee will be payable (per scale). Please refer to the Tariff of Mortgage Charges leaflet for further details.
- A Mortgage Exit Fee is payable at the prevailing rate on full repayment (redemption) of your mortgage.

**Additional Borrowing:**

- If you qualify, additional funds may be made available using the Society's Additional Borrowing facility. Further details are available on request.

**Property Rental:**

- The property must be let on an Assured Short-hold Tenancy Agreement for a minimum period of 6 months and a maximum period of 12 months.
- Sale and Rent back agreements are not acceptable.
- Unacceptable tenancy lets are houses in multiple occupation (HMO's).
- Maximum portfolio – 3 (with mortgages) and 1 residential property under mortgage with Leek United Building Society.
- Rental income must be at least 140% of mortgage interest calculated at an interest rate of 5.50% for a purchase or remortgage with additional borrowing.
- For a remortgage with no additional borrowing rental income must be at least 125% of mortgage interest calculated at an interest rate of 5.50%.
- When assessing rental income for a Regulated Buy to Let mortgage Leek United will assess this on the full market rent for the property as confirmed by a professional third party surveyor.
- Applicant(s) will additionally be subject to a residential affordability assessment, factoring the Regulated Buy to Let mortgage into the affordability assessment.

**Deposit Protection Scheme:**

- If a deposit is to be paid by the tenant you must sign up to one of the 3 schemes listed below:-
  - Deposit Protection Service (DPS)
  - Tenancy Deposit Solutions Ltd (TDSL)
  - Tenancy Deposit Scheme (TDS)

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**Representative Example (based on a Regulated Investment Property purchase):**

The Annual Percentage Rate of Charge (APRC) varies with the circumstances of each mortgage. Here is a representative example of a loan secured on your investment property: A mortgage of £125,000.00 on an interest only basis payable over 25 years initially on a fixed rate for 2 years fixed at 2.55% and then on our Standard Variable Rate (SVR) of 5.69% (variable) for the remaining 23 years you would pay:

1 monthly repayment of £8.73, followed by
24 monthly repayments of £265.09, followed by
276 monthly repayments of £590.01
1 final payment of £125,000.00

The total amount payable would be £294,353.65 made up of the loan amount of £125,000.00 plus interest (£169,213.65), a funds transfer fee of £20 and legal fee of £120. The overall cost for comparison is **5.3% APRC** representative.

Please note: the example above is for a regulated investment property purchase only and assumes a payment date of 1st of the month. If you choose to pay your mortgage later in the month this will affect payments and could result in a higher APRC. For product transfers, re-arrangement and additional borrowing applications, certain fees do not apply. Please speak to your mortgage adviser for further details.

**Portability:**

- This product is portable. If you move home, this mortgage product may be transferred to your new property (subject to terms and conditions) – please see following 'Buy to Let Fixed Rate Portability Leaflet' for details.

**Caution:** Before investing in the residential lettings market there are many costs and risks to be considered and appropriate professional advice should be obtained. The Society's provision of Buy to Let funding does not endorse the viability of any residential property investment.

This product sheet should be read in conjunction with our "Homebuyer's Guide" booklet, "Buy to Let Fixed Rate Portability Leaflet" and the "Statement of Practice – Borrowers" booklet.
For other charges, which may apply, see our "Tariff of Mortgage Charges" leaflet.

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## Buy to Let Fixed Rate Portability Leaflet

This product is subject to an early repayment charge if the loan is repaid in full or in part or is transferred to an alternative product up to and including the date stated in the product terms and conditions.

The mortgage product you have chosen is portable. This means you can retain the benefits of the product even if you change your investment property.

You can transfer the balance from your current Buy to Let mortgage account to a new Buy to Let mortgage account secured on your new investment property. The terms and conditions that applied to your Buy to Let mortgage product will continue until the end of the early repayment charge period. If you do not wish to transfer your Buy to Let mortgage product, an early repayment charge will be payable on the amount which is not transferred and you will then be in a position to choose an alternative product.

If your new Buy to Let mortgage does not start at the same time as the full repayment (redemption) of your current Buy to Let mortgage, an early repayment charge will be payable. If a new Buy to Let mortgage application is received for porting this mortgage product within 3 months of the full repayment (redemption) of your current mortgage the early repayment charge will be refunded on completion of the new mortgage. If you take out a new Buy to Let mortgage at a later date, you will then be in a position to choose an alternative product. The early repayment charge previously paid will not be refunded.

If your new Buy to Let mortgage is less than your current Buy to Let mortgage, you can transfer the amount you need and an early repayment charge will be payable on the difference. If you increase your borrowing at a later date, you can choose an alternative mortgage product for the additional borrowing that you require (subject to product terms and conditions). The early repayment charge previously paid will not be refunded.

If your new Buy to Let mortgage is more than your current Buy to Let mortgage, you can transfer your Buy to Let mortgage product and choose an alternative mortgage product for the additional borrowing that you require (subject to product terms and conditions).

You will need to complete a Buy to Let Mortgage Application Form and we will carry out our usual status enquiries and obtain a Valuation Report on the new property. We cannot guarantee to offer you a new Buy to Let mortgage if your personal circumstances have changed, the Society's lending criteria has altered or the property is deemed not to be suitable security. An early repayment charge will be payable if the Society is unable to transfer your mortgage.

Products are only available within England (including Isle of Wight) and Wales and borrowers must be UK residents.

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BRANCHES THROUGHOUT STAFFORDSHIRE, CHESHIRE, SHROPSHIRE AND DERBYSHIRE
A member of the Building Societies Association
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

Date 27 January 2021

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