



**Digital Mortgages**  
by Atom bank

# Portfolio Buy To Let criteria guide

Digital Mortgages by Atom bank  
Business Banking Secured Lending

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# Portfolio lending explained

Your 'what', 'how' and 'how much' questions about our Portfolio Buy To Let loans answered.

## What we mean by 'portfolio lending'

To qualify for our Portfolio Buy To Let (PBTL) products, applicants must have at least one buy to let property in a limited company or LLP **or** at least four buy to let properties as a sole trader or partnership.

## Our portfolio restrictions

The maximum portfolio size we can consider is 25 properties. The maximum we can lend against is 10.

## Our loan size and LTV

Our maximum loan against any single property in a portfolio is £1,000,000. Our maximum total loan is £5,000,000. This can be per individual or across associated entities.

Our minimum total individual loan is £75,000 (£25,000 minimum individual loan per property).

# Portfolio lending explained

Your 'what', 'how' and 'how much' questions about our Portfolio Buy To Let loans answered.

We base our LTV limits on the individual mortgage values detailed below. Every property we lend against must meet these:

- For loans up to £500,000 we offer up to 80% LTV.
- For loans greater than £500,000 we offer up to 75% LTV.
- For loans against ex local authority properties we offer up to 60% LTV.
- For holiday lets we offer up to 70% LTV.
- For HMOs or MUFBs we offer up to 75% LTV of a capital valuation or 60% LTV of an investment valuation.

## Loan Term

Our maximum loan term is 25 years. Our minimum loan is the product term.

## General criteria

- All PBTL loans are for the moment remortgage only and interest only.
- Properties we lend against must have been owned by the applicant for at least 6 months, unless purchased at auction.
- We don't accept applications from investment clubs or syndicates.
- We won't allow any second charges at the point of completion.

## Offer validity

All our offers are valid for 3 months.

# Can we lend against your customer's property?

The conditions properties must meet for us to lend against them.

All properties we lend against must be subject to an AST (or Scottish or Northern Irish equivalent) or commercial let arrangements.

They must also meet the following requirements:

- A maximum of 4 individual tenants leasing the property.
- No family members as tenants.
- A maximum of 3 months advance rental.
- A suitable property manager (RICS and/or ARLA) with local knowledge in place if the landlord lives over 40 miles from the property.
- Comprehensive all risks insurance in place, with no history of rejected insurance claims.
- An energy rating of E or above, with any relevant gas/ electricity certificates held and current.
- Any relevant selective local authority licences held and current.
- Adherence to all relevant legislation including the Deposit Protection Scheme (Localism Act 2012, section 184), the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 and the Immigration Act 2016.

# Can we lend against your customer's property?

The conditions properties must meet for us to lend against them.

## Unacceptable property types

We can't lend against the following properties:

- Commercial premises, either full or partial, including live/work units.
- High rise ex local authority flats (5 storeys or more).
- Freehold flats (with the exception of flats subject to the Tenements (Scotland) Act 2004).
- Flats with balcony access.
- Flats that don't have independent access, or aren't self contained.
- Isolated rural properties with restricted access and limited services (no mains electricity or water, for example).
- Bedsits or studio flats.
- Static caravans or park homes.
- House boats.
- Working farms.
- Entirely timber constructed properties, such as log cabins.
- Pre-cast reinforced concrete constructions (unless improved to building regulation standards and confirmed so by a structural engineer).
- Properties built with high alumina cement or containing Mundic concrete.

# Can we lend against your customer's property?

The conditions properties must meet for us to lend against them.

## Unacceptable property types

We can't lend against the following properties:

- Flying freeholds more than 15%.
- Grade 1 or 2\* listed buildings.
- Self-build properties under construction.
- Partially built properties.
- Properties with no bathroom or kitchen.
- Properties with restricted occupancy clauses (properties that can only be occupied for a certain number of months per year).
- Timeshare accommodation.
- Properties containing environmental hazards.
- Properties where there is ongoing structural movement.
- Properties whose value may be affected by an unsatisfactory mining search.
- Properties excluded from full buildings insurance.
- Properties affected by planning restrictions or by local planning issues.
- Properties which could be subject to clearance or compulsory purchase orders.
- Properties subject to 3rd party interest.
- Any property deemed unsuitable security by the valuer.

# Can we lend to your customer?

Who we can lend to, and the criteria they need to meet.

**We can lend to private individuals or partnerships, limited companies and limited liability partnerships.**

## Applicant Criteria

For private individuals (sole traders or partnerships), we require:

- A maximum of 2 applicants
- All applicants to be at least 25, maximum age at term 75
- All applicants to have a minimum 3 year UK address history
- Non-EEA applicants to have permanent right to reside in the UK
- Minimum income not directly related to letting activity of £25k per applicant. If the application is for a husband & wife partnership one applicant must meet the minimum income requirement. This can be from an entirely independent source, e.g. employment salary, but for a professional landlord with no external employment the source of income can be the rental business provided it is independent of the income required to meet our portfolio serviceability requirements. Evidence of income will be required.

For limited companies, we require:

- A maximum of 4 key individuals (directors/shareholders) on the application
- That all directors/shareholders meet the criteria for private individuals outlined above
- Disclosure of any non property investment activity the company has made
- Provision of directors'/shareholders' guarantees in all cases.
- Confirmation from a conveyancer that any transfer of property from shareholders to the company has been properly completed.



# Can we lend to your customer?

Who we can lend to, and the criteria they need to meet.

For Limited Liability Partnerships, we require:

- A maximum 4 key individuals (members) on the application.
- That all members meet the criteria for private individuals listed on the previous page.
- Disclosure of any non property investment activity the partnership has made.
- Provision of members' personal guarantees in all cases (minimum 75% membership).
- Confirmation from a conveyancer that any transfer of property from members to the company has been properly completed.

# Can we lend to your customer?

Who we can lend to, and the criteria they need to meet.

## Who can't we lend to?

### Unacceptable Loan Purposes

- Purchase or development of a building plots.
- Purchase of a timeshare property.
- Purchase of partially built properties/conversions.
- Non property investment business purposes.
- Purchase of stocks and shares.
- Currency speculation.
- Payment of tax.
- Lifetime mortgages.
- Bridging loans.
- Assignable contracts.
- Back to back transactions.
- Transactions below market value.
- Shared ownership.

# Can we lend to your customer?

Who we can lend to, and the criteria they need to meet.

## Credit status

### Credit scoring

We credit score all our applications before our underwriters assess the loan request. For sole trader and partnership applications, we'll score all individuals on the application. For limited companies and LLPs, we'll score both the individuals and the corporate entity.

We won't be able to accept any applications from individuals and (where relevant) corporate entities that don't hit the minimum acceptable score.

### Credit history

We can't accept any private individuals (sole traders, partners, directors and shareholders of limited companies and members of LLPs) with:

- Bankruptcies, IVA, debt management plans or similar.
- Any CCJ or Defaults registered within the last 6 months.
- Any CCJ or Defaults of more than £500 in the last 3 years, or more than 1 CCJ or Default registered in the last 3 years.
- Any mortgage or secured lending arrears in the last 12 months.
- More than 3 instances of arrears on any unsecured lending (i.e. credit cards, loans) in last 36 months.

We can't accept limited companies or LLPs with:

- Any history of bankruptcy, liquidation, IVA or similar.
- Any CCJ or Defaults registered within the last 6 months.
- Any CCJ or Defaults of more than £500 in the last 3 years, or more than 1 CCJ or Default registered in the last 3 years.

# Can we lend to your customer?

Who we can lend to, and the criteria they need to meet.

## Affordability and valuation

- All applications will be subject to interest coverage (ICR) assessment.
- If your customer is applying for a fixed period of less than 5 years, we'll use a stressed interest rate for ICR testing. The stressed rate will be the loan rate + 2%, or 5.5% - whichever is higher.
- If your customer is applying for a fixed rate period of 5 years or longer, we will use the loan rate in our ICR assessment.
- ICR testing will be completed on the total portfolio.
- If a total portfolio meets our Primary ICR requirement but individual properties inside the portfolio do not, those properties must meet the Secondary ICR Requirement.

Our ICR requirements are as follows:

Customer Type	Primary ICR	Secondary ICR
Individual Basic Rate Tax Payer	125%	110%
Individual Higher Rate Tax Payer	145%	125%
Ltd Company/LLP	125%	110%

- We will ask for evidence of rental value for all properties in the portfolio. If possible, this will be an automated valuation model (AVM) rental valuation.

If we can't use an AVM:

- We'll need a physical valuation for all properties to be mortgaged with Atom bank.
- For all other properties in the portfolio, we'll need a copy of the current tenancy agreement.

# Can we lend to your customer?

Who we can lend to, and the criteria they need to meet.

## Valuation

Every property to be mortgaged to Atom will also need a capital valuation.

To speed up the process, we'll use an automated valuation model (AVM) where we can. Physical valuations will be needed for any property with an estimated value of £500,000 or more, or an estimated monthly rental income of £2,500 or more.

We can only carry out an AVM if the property:

- Is a standard construction.
- Has no significant structural alterations.
- Has no subsidence, heave or landslip issues.
- Has not been flooded in the last 5 years.
- Has no coastal or river erosion.
- Has no more than 3 floors if it's a house, or 2 floors if it's a flat.

The information in this document should be used as a guide to our lending policy. If you have a case that falls outside of this criteria, but think we should consider anyway, then contact your National Account Manager to discuss.



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