

January 2023



# Buy-To-Let Mortgage

## Product and Criteria Guide



### What's New:

- BRR trackers now available – lower rate & fee options
- Full term now 3 years:
  - Take an initial fix or tracker for 2 years
  - Followed by 1 year on a BBR-linked revert rate
  - No ERC overhang after initial 2 years
- Increased optionality – re-mortgage or sell after initial 2 years, or take advantage of the revert tracker



# About Us

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 who 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



Speed - Complete with the same speed as bridging

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

- Tight deadlines
- Large Multi-Unit Freehold Blocks (MUFBs) and Houses in Multiple Occupation (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.

## Affordability/ICR:

- Target ICR 120%, comparing rent during over the initial 2yr term to 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 using surplus portfolio income
- Underwriters have extra flexibility to boost the loan size even further, subject to max LTV

## The Property:

- Mainland England and Wales
- Residential
- New Build
- HMOs
- Student lets
- Flats - including above commercial
- MUFBs
- Holiday and short-term lets

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 Decision in Principle (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 usually issued less than 24 hours after obtaining the documents we need.**



### 3 | Valuation

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 after fees being cleared.**



### 4 | Legal Work

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.**

# BTL Tracker Rates

## Tier 1:

### Standard BTL

Our best rate for straightforward cases

## Tier 2:

### Solutions BTL

Designed for simple transactions:  
Those wanting mid-term BTL solutions from a 'can do' lender

## Tier 3:

### Specialist BTL

For more complex borrowers or properties:  
Large structures, expats, foreign nationals, or overseas companies

## Tier 4:

### Bespoke BTL

Complex combinations reviewed by expert underwriters on a case-by-case basis. We do our best to lend

These rates are indicative and subject to occasional changes in reaction to external market fluctuations.

Please contact us to confirm your rate.

	Tier 1	Tier 2	Tier 3	Tier 4
Initial Tracker Rate 2 Years	4.79% + BBR	5.29% + BBR	5.79% + BBR	From 5.99% + BBR
Pay Rate (with 2% deferred interest)	2.79% + BBR	3.29% + BBR	3.79% + BBR	From 3.99% + BBR
Product Fee	1.75%	1.75%	1.75%	From 1.75% (POA)
Revert Rate (for remaining 1 year)	4.75% + BBR	5.25% + BBR	5.75% + BBR	5.95% + BBR
Deferred Interest p.a.	Up to 2%	Up to 2%	Up to 2%	Up to 2%
Interest Rolled-Up Months <sup>4</sup>	Up to 9 months	Up to 9 months	Up to 9 months	Up to 9 months
Max LTV <sup>1</sup>	75%	75%	75%	<= 70%
Loan Term	3 years	3 years	3 years	3 years
Individual Loan Size <sup>1</sup>	£150k - £3m	£150k - £3m	£150k - £3m	£150k - £3m
HMO		Yes <= 6 beds	Yes <= 12 beds. Max 70% LTV	Yes, any size considered
Multi-Unit Freehold Block		Yes, <= 6 units	Yes, 10 units	Yes, up to 30 units
Flats above commercial <sup>2</sup>		Yes, max 60% LTV certain types	Yes, max 65% LTV certain types	Yes, Considered to 70% LTV
First Time Landlord	✗	✗		
Expat/Foreign Nationals		✓ UK footprint <sup>3</sup>		
Offshore Company		✗	✓	✓
Holiday/Short Term Let				
Development Exit		✓		

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

Missed Mortgage Payments (incl. 2nds)	0 missed in last 24 months	0 missed in last 18m	2 missed last 18m, 0 in last 6m	Considered upon referral
Unsecured Card/Loan Payments (ignore when balance < £500)	0 missed payments last 24 months	0 missed payments last 12m	2 missed in last 18m	
CCJs & Defaults (ignore <= £350, telecom, utility)	0 in last 24m	0 registered in last 18m	2 registered in last 18m, 0 in last 6m	
Bankruptcy/IVA/DRO	Never	Never	Discharged > 3 years	



MFS/01-2023/1

# BTL Tracker Rates

**Trackers:** any changes to BBR applied from 1st of the following month. Any rolled up & capitalised months 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.

<sup>1</sup> **Hard 'Gross loan' limit.** Product or broker fees and rolled up interest will reduce gross loan.

<sup>2</sup> **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.

<sup>3</sup> **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.

<sup>4</sup> **Rollup & Defer:** Over 6 months rolled or 1.5% deferred at underwriter discretion, and plausibility assessment.

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

**Admin Fee:** £199 per property (max £995), non-refundable, paid with val fee. Free for existing MFS group customers.

# BTL Fixed Rates

## Tier 2:

### Solutions BTL

Designed for simple transactions:  
Those wanting mid-term BTL solutions from a 'can do' lender

## Tier 3:

### Specialist BTL

For more complex borrowers or properties:  
Large structures, expats, foreign nationals, or overseas companies

## Tier 4:

### Bespoke BTL

Complex combinations reviewed by expert underwriters on a case-by-case basis. We do our best to lend

**These rates are indicative and subject to occasional changes in reaction to external market fluctuations.**

**Please contact us to confirm your rate.**

	Tier 2	Tier 3	Tier 4
Initial Fixed Rate 2 Years	8.99%	9.29%	From 9.49% (POA)
Pay Rate (with 1.5% deferred interest)	7.49%	7.79%	From 7.99%
Product Fee	1.95%	1.95%	From 2.2% (POA)
Revert Rate (for remaining 1 year)	5.25% + BBR	5.75% + BBR	5.95% + BBR
Deferred Interest p.a.	Up to 1.5%	Up to 1.5%	Up to 1.5%
Interest Rolled-Up Months <sup>4</sup>	Up to 6 months	Up to 6 months	Up to 6 months
Max LTV <sup>1</sup>	75%	75%	<= 70%
Loan Term	3 years	3 years	3 years
Individual Loan Size <sup>1</sup>	£150k - £3m	£150k - £3m	£150k - £3m
HMO	Yes <= 6 beds	Yes <= 12 beds. Max 70% LTV	Yes, any size considered
Multi-Unit Freehold Block	Yes, <= 6 units	Yes, 10 units	Yes, up to 30 units
Flats above commercial <sup>2</sup>	Yes, max 60% LTV certain types	Yes, max 65% LTV certain types	Yes, Considered to 70% LTV
First Time Landlord	✗		
Expat/Foreign Nationals	✓ UK footprint <sup>3</sup>	✓	✓
Offshore Company	✗		
Holiday/Short Term Let	✓		

### Credit Blips (outstanding impairment to be satisfied by completion)

Missed Mortgage Payments (incl. 2nds)	0 missed in last 18m	2 missed last 18m, 0 in last 6m	Considered upon referral
Unsecured Card/Loan Payments (ignore when balance < £500)	0 missed payments last 12m	2 missed in last 18m	
CCJs & Defaults (ignore <= £350, telecom, utility)	0 registered in last 18m	2 registered in last 18m, 0 in last 6m	
Bankruptcy/IVA/DRO	Never	Discharged > 3 years	



MFS/01-2023/1

# BTL Fixed Rates

<sup>1</sup> **Hard 'Gross loan' limit.** Product or broker fees and rolled up interest will reduce gross loan.

<sup>2</sup> **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.

<sup>3</sup> **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, or interest payments retained from the loan at UW discretion.

<sup>4</sup> **Rollup & Defer:** Over 6 months rolled or 1.5% deferred at underwriter discretion, and plausibility assessment.

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

**Admin Fee:** £199 per property (max £995), non-refundable, paid with val fee. Free for existing MFS group customers.

# 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 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 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 broker/applicant to receive a credit-backed DIP. MFS preference is <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/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). 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 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 (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 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:** 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:** 3 years in total. No ERC after 2 years

**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:** £ 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-Ex from housebuilder etc.

**Portable:** No

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

**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 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

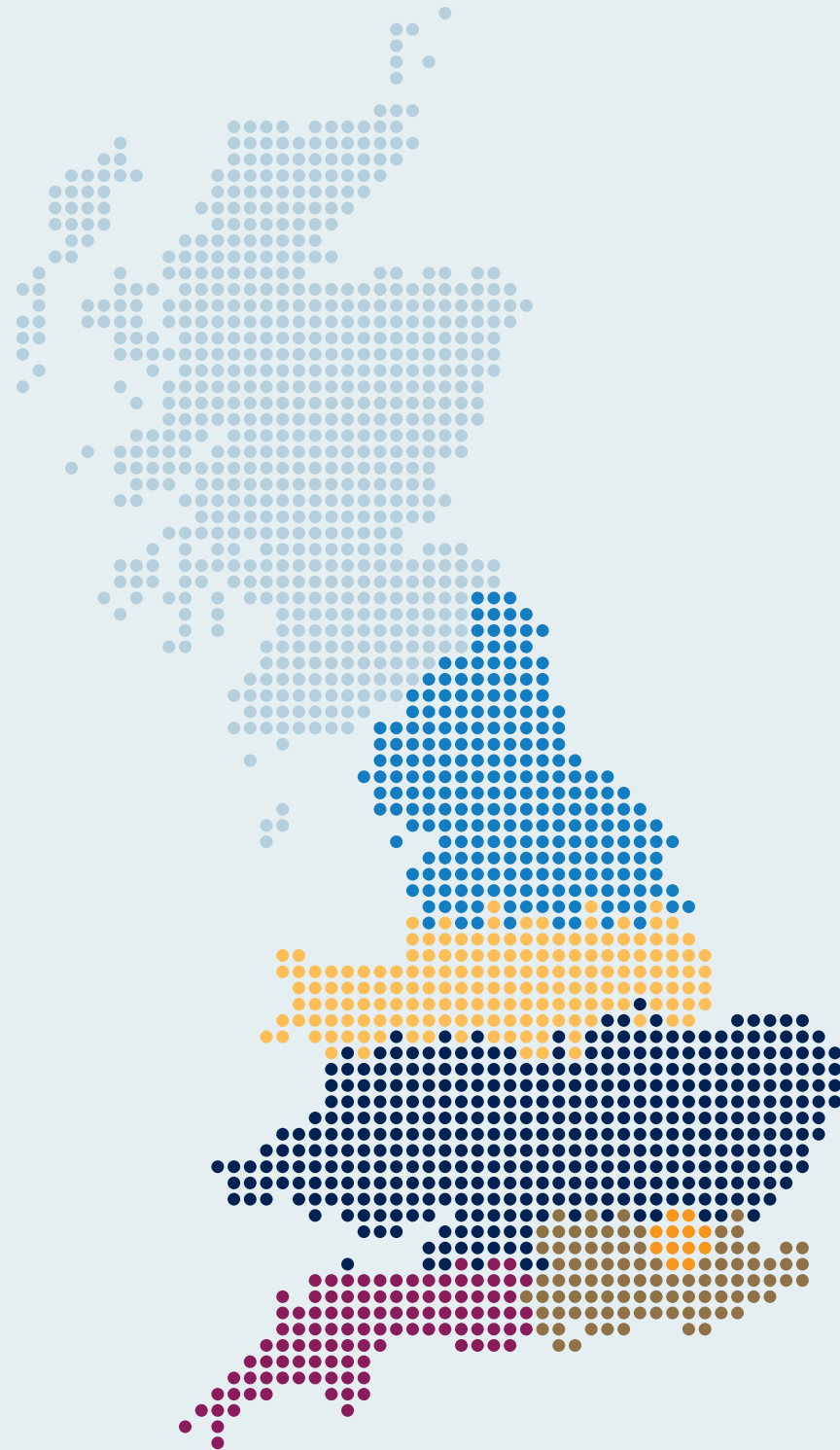
**Flying Freehold:** Up to 15% by referral

**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





# Where We Lend

Scan the QR code below to be taken directly to the BDMs covering each region.



# Contact us today to arrange your fast, bespoke BTL Mortgage:

-  [www.mfsuk.com](http://www.mfsuk.com)
-  +44 (0)20 7060 5678
-  [info@mfsbtl.com](mailto:info@mfsbtl.com)

-  @MFSBridging
-  [Company/market-financial-solutions](https://www.linkedin.com/company/market-financial-solutions)
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-  @mfs\_bridging

