

MORTGAGES

Holiday Let Mortgage Two Year Discounted Rate

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:

- New borrowers for the purchase or remortgage of their Holiday Let property only. Existing borrowers for additional borrowing or product transfer of their Holiday 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.
- Applicant(s) must own their own residential property.
- 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.
- Not available for portfolio landlords. A maximum of three let properties will be allowed.
- Regulated applications are not permitted.
- A minimum Energy Performance Certificate (EPC) rating of E is required.
- Product Availability: This product may be withdrawn with little or no notice.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 DISCOUNTED RATE		
Initial Rate	Then changing to our Standard Variable Rate (SVR) currently	The overall cost for comparison is
5.70% variable (our standard variable rate minus 2.54% for 2 years)	8.24% variable	8.1% 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.

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



- The interest rate will not fall below 3.95% during the first 2 years. After 2 years the rate will revert to the Society's SVR applicable at that time which will not fall below 3.00% at any time during the life of the mortgage.
- 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.

Loan:

- Minimum loan £25,000.
- 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 £150,000.

Fees/Charges:

- Early Repayment Charge: If the mortgage is repaid in full, or is transferred to an alternative product during the term of the product then an early repayment charge will apply. This charge will be based on; 1% of the outstanding loan if the mortgage is repaid in the first year of the product term and 0.5% of the outstanding loan if the mortgage is repaid during the second year of the product term. 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.
- A product fee of £995 is payable. This can either be deducted or added to the loan, if required. You must positively elect to add the fee to the mortgage loan. Interest will be charged, at the applicable rate, on fees added to the loan.
- 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:

- Rental income must be at least 140% of mortgage interest calculated at an interest rate of 5.50% or the product interest rate plus 2.00%, whichever is the greater, 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% or the product interest rate plus 2.00%, whichever is the greater.

Property:

- For a property to count as a holiday let for tax purposes rather than a buy to let, the property must be available for letting as fully furnished holiday accommodation for at least 210 days per year.
- Must be a standard residential furnished property that is suitable for owner occupation and has no title, local or occupancy restrictions. Relevant planning consents must be in place. Leasehold properties will only be considered where the lease explicitly permits short-term letting or holiday let activity.
- A holiday letting agent must be in place. The property must be rented under a Licence Agreement. Assured Short Tenancy's are excluded.
- Lending on holiday parks, complexes, B&Bs and AirBnB is not permitted.

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Representative Example (based on a Holiday 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 £250,000.00 on an interest only basis payable over 25 years initially on a discounted variable rate of 5.70% (equal to 2.54% discount off our Standard Variable Rate) for 2 years and then on our Standard Variable Rate (SVR) of 8.24% (variable) for the remaining 23 years you would pay:

1 monthly repayment of £661.89, followed by
24 monthly repayments of £1,182.07, followed by
276 monthly repayments of £1,705.09
1 final payment of £250,000.00

The total amount payable would be £750,771.41 made up of the loan amount of £250,000.00 plus interest (£499,636.41), product fee of £995, a funds transfer fee of £20 and legal fee of £120. The overall cost for comparison is **8.1% APRC** representative.

Please note: the example above is for a holiday let 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 not portable.

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 and the "Statement of Practice – Borrowers" booklet.
For other charges, which may apply, see our "Tariff of Mortgage Charges" leaflet.

Product Sheet No: 1999



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