

## MORTGAGES

### Limited Company Buy to 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 Limited Company Buy to Let property only. Existing borrowers for additional borrowing or product transfer of their Limited Company Buy to Let property only.
- Our Limited Company Buy to Let products are only available to Special Purpose Vehicles (SPVs), set up solely for the holding and letting of residential investment property. Only SPVs with one or more of the following Standard Industrial Classification (SIC) codes are considered: 68100 – buying and selling of own real estate, 68209 – management of real estate on a fee or contract basis, 68320 – other letting and operating of own or leased real estate. Companies must be registered in the UK and beneficial owners must be in the UK.
- Trading Limited Companies, Partnerships or Limited Liability Partnerships will not be permitted.
- The applicants must be directors and company shareholders of the SPV. Directors and company shareholders are required to be the same, up to a maximum of four directors. Personal guarantees for the full loan amount will be required for all directors of the limited company; a floating charge will not be required. Independent legal advice must be obtained prior to completing the Deed of Guarantee. The assessment will include reviewing all other properties owned by the Limited Company.
- Where there is a parent company or subsidiary, all companies within the Group must be in the same line of business, same directorship, shareholding pattern and same Standard Industrial Classification (SIC) code.
- Income from all Directors must be verified and one applicant must have a minimum income from employment, self-employment or pension 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. For a list of unacceptable property types please speak to your mortgage adviser.
- Not available for portfolio landlords.
- Not available for regulated Buy to Let or Consumer Buy to Let properties.
- 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.

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

**Interest Rate:**

<b>2 YEAR DISCOUNTED RATE</b>		
Initial Rate	Then changing to our Standard Variable Rate (SVR) currently	<b>The overall cost for comparison is</b>
5.99% variable (our standard variable rate minus 2.25% for 2 years)	8.24% variable	<b>8.1% Annual Percentage Rate of Charge (APRC)*</b>

\* 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.

- The interest rate will not fall below 4.49% 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 £100,000.
- Maximum loan £1,000,000 for a single property or £2,000,000 for up to 3 properties.
- 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 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.

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### **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).
- 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, for a purchase or remortgage with additional borrowing.

### **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)

### **Representative Example (based on a Limited Company Buy to Let 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 5.99% (equal to 2.25% 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 £695.56, followed by  
24 monthly repayments of £1,241.92, followed by  
276 monthly repayments of £1,705.08  
1 final payment of £250,000.00

The total amount payable would be £752,238.72 made up of the loan amount of £250,000.00 plus interest of (£501,103.72), 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 Limited Company Buy to Let property purchase only and assumes a payment date of 1<sup>st</sup> 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.

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