

# Lending Criteria



Before applying for a Post Office<sup>®</sup> mortgage please read this to ensure that all applicants and the property you'd like a mortgage on meet our requirements.

## Buy to Let

**Age:** Minimum: 21. Maximum: 80 at expiry of mortgage term

**Ability to pay:** We will review your application to ensure we are satisfied with your ability to pay, including the level of unsecured and mortgage debt held in relation to your income

**Eligibility:** At least one applicant must live in a home which they own (whether subject to mortgage or not)

**Rent cover:** Ability to pay is assessed on rental income (which must be received in GBP). The rental income must be at least 145% of the monthly interest due, inclusive of any product fees added to the loan. This is calculated using the initial product rate or one of the rates from the table below depending on your circumstance, whichever is higher.

	Buy to Let purchase / Let to Buy	Buy to Let remortgage
Fixed rate for less than 5 years or a variable rate	5.5%	5.5%
Fixed rate for 5 or more years	5%	5%

The examples below demonstrate how to work out the monthly rent required depending on your scenario. These are for illustrative purposes only and the figures have been rounded up to the nearest pound (£).

Example 1:		Example 2:	
Mortgage plus product fee	£99,995	Mortgage plus product fee	£99,995
Product rate 4.75%	x 5% (product is below 5% minimum)	Product rate 4.75%	x 5.5% (product is below 5.5% minimum)
Sub total	<u>£5,000</u>	Sub total	<u>£5,500</u>
	x 145%		x 145%
Annual rent required	£7,250	Annual rent required	£7,975
Monthly rent required £7,250 ÷ 12	£605	Monthly rent required £7,975 ÷ 12	£665

**Term:** 35 years or the number of years until the (eldest) applicant is 80 (whichever is lesser). Minimum: 5 years

**Loan size:** Unless otherwise stated: Minimum: £25,001. Maximum: £500,000 per property for purchases and remortgages. Maximum total borrowing: £1,500,000

**Maximum number of properties:** We accept a maximum of 3 mortgaged Buy to Let properties per applicant (either solely or jointly) across all lenders, including any with Bank of Ireland Group. Properties that are owned in the name of a limited company that an applicant is a director of and applications in progress should also be included. We don't take any Buy to Lets into account if they're not mortgaged.

**Product fees:** Fees may be added to the loan provided that they do not exceed £2,500 or 2.5% of the loan (whichever is lesser)

**Refinance:** Additional funds can be considered except for the following purposes:

- Business purposes
- Speculative purposes
- Overseas property (including timeshare)
- Payment of tax
- Debt consolidation
- Payment of gambling debts

**Property:** The following property types are not acceptable:

- Newly built flats or conversions (built or converted within the last 12 months)
- Properties less than 10 years old that are not covered by an approved new home warranty scheme or Professional Consultant's Certificate
- Any property that is subject to a private sale
- Where the existing owner will become the tenant upon completion
- Properties outside Mainland UK. Please contact us if your property is located on any Scottish island except Skye, Bute, Lewis & Harris, Mainland Orkney, Mainland Shetland, Arran, Mull, Islay, Whalsay, Yell, South Ronaldsay, West Burra, Tiree and Unst which are acceptable
- Studio flats, freehold flats, retirement flats, flats with unacceptable access arrangements (e.g. rear external staircases) or flats within blocks where our valuer reports inadequate maintenance of communal areas
- Properties with a value of less than £60,000 (Northern Ireland less than £40,000)
- Ex-local authority or ex-public sector flats that are greater than 4 storeys high or that have open decking access or where the value is less than £90,000
- Flats converted from office buildings or refurbished ex-local authority blocks
- Subdivided houses where no leasehold title exists
- Properties being purchased under a Right to Buy, Shared Ownership, or Shared Equity arrangement
- Properties which include commercial usage within the title
- Properties with occupancy restrictions
- Remortgages where you have owned the property for less than 6 months
- Properties being acquired under an assignable contract or from a property investment club/company
- Purchases where the vendor has owned the property for less than 6 months (except where we have given consent)
- Properties with communal heating, hot water or other services where the property is not individually metered
- Flats or maisonettes in a development which contains mixed residential and commercial use (other than privately built flats or maisonettes above Class A1 (retail) or Class A2 (financial services etc) units)

**A 'RECEIVER OF RENT' MAY BE APPOINTED AND/OR THE PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

# Lending Criteria continued...



A property will be considered to have onerous leasehold terms where one or all of the following is identified:

- The original lease term on a new build flat (or second hand flat built post 2000) is less than 125 years
- The original lease term on a new build house (or second hand house built post 2000) is less than 250 years
- The maximum ground rent at the start of the lease term exceeds 0.1% of the property value or £500 a year whichever is the higher
- The ground rent must remain reasonable at all times during the lease term, with unreasonable multipliers not allowed. For example, it is acceptable for ground rent escalation to be linked to RPI (Retail Price Index) or a similar index and where this is the case we do not need to be advised. However, unreasonable multipliers of ground rent will not be permitted, for example, doubling every 5, 10 or 15 years. These must be referred to us and we will advise if our mortgage offer remains valid. If you are unsure as to whether the terms of a lease are unreasonable, please refer the details to us.
- The lease must be amended to comply with the above. If not the case cannot proceed.
- Leasehold terms of less than 85 years at the start of mortgage

**Interest only:** If not sale of mortgaged property, all repayment strategies must be held in the UK and the benefits must be held, valued and paid in GBP

**Please see the Buy to Let Tenancy Information**

	Buy to Let Tenancy Information			
	England & Wales		Scotland & Northern Ireland	
	With vacant possession	With tenant in situ	With vacant possession	With tenant in situ
Purchases	Yes	Yes	Yes	No
Remortgages	Yes	Yes	Yes	Yes
Tenanted Possession Restrictions	The existing tenancy must have commenced after 28th February 1997 and the existing tenant must not have resided in the property before the date of the agreement		<p><b>Scotland:</b> Remortgages will only be considered provided the tenant has not been resident in the property 5 years earlier than the date of our offer</p> <p><b>Northern Ireland:</b> Remortgages will only be considered if the existing tenancy is a protected shorthold agreement or an uncontrolled letting</p>	
Tenancy Types	<p>The tenancy must not exceed 2 years in duration and must be written in one of the following formats:</p> <ul style="list-style-type: none"> <li>• <b>England &amp; Wales</b> Assured Shorthold Tenancy (AST)</li> <li>• <b>Scotland</b> Shorthold Assured Tenancy (SAT)</li> <li>• <b>Northern Ireland</b> Protected Shorthold Agreement or Uncontrolled letting</li> </ul> <p>Student lets are acceptable subject to a maximum of 4 tenants on a single AST (or equivalent)</p> <p>Licensable Houses in Multiple Occupation (HMOs), holiday lets or lets to family members are NOT acceptable</p> <p>Areas subject to selective licensing are acceptable</p> <p>Company/housing association lets can be considered but tenancy agreements will need to be approved by Bank of Ireland's legal department</p> <p>Tenants in receipt of Housing Benefit can be considered</p> <p>Lets to asylum seekers are not acceptable</p>			
Use of Letting Agent	Not mandatory			

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## General

**Lending areas:** Properties in England, Scotland (including the Scottish islands of Skye, Bute, Lewis & Harris, Mainland Orkney, Mainland Shetland, Arran, Mull, Islay, Whalsay, Yell, South Ronaldsay, West Burra, Tiree and Unst - please contact us to discuss properties located on any other Scottish island), Wales and Northern Ireland (unless otherwise stated)

**Property owner:** We only accept transactions where the seller is the owner or registered proprietor of the property, and has been for at least 6 months. If you're remortgaging, you must have owned the property for a period of at least 6 months.

**Nationality:** We normally require all applicants to be resident in the UK for the 3 years preceding the mortgage application. Foreign Nationals from within the European Economic Area (EEA) have automatic rights of residency and work so will be assessed for status in the same way as a British citizen. Non EEA citizens need to demonstrate rights to work and reside in the UK and can apply to borrow up to a maximum of 75% Loan to Value. These rights can be shown by passport stamps or Home Office papers. The right to remain in the UK must be for a sufficiently long period to justify the granting of a long-term loan.

**Early Repayment Charge:** If you repay all or part of your loan before the end of the early repayment period, we may charge you an Early Repayment Charge to cover any losses we might otherwise incur. When you repay the whole of the loan you must pay us any mortgage release fee we charge at the time of repayment. If you have deferred payment of the lending fee you must also pay this. For part repayments, an additional administration fee applies.

**Clean credit history:** We will not lend to you if you have ever:

- Been bankrupt
- Been subject to an Individual Voluntary Arrangement (IVA)
- Owned a property which has been taken into possession or who has surrendered voluntary possession to a lender

We will normally only lend to you, if in the last 3 years you have no:

- Arrears on mortgages, fixed loans or rent
- More than two consecutive missed payments on credit or store cards
- More than one CCJ to maximum of £250, and not within the last 12 months

Missed mail order or telecoms payments are normally disregarded

**Payday loans:** If you have had a payday loan within the last 12 months we won't normally lend. If you have taken out a payday loan over 12 months ago then your case will need to be looked at individually to assess affordability

**Portability:** All mortgages are portable when redeeming and completing on a new Bank of Ireland UK product. Conditions apply; please ask for details

### Standard legal fees paid by lender

**Remortgage Transaction:** If stated in the Offer of Loan, Bank of Ireland UK will pay for the legal fees and disbursements (excluding additional work, see below) providing the remortgage transaction is handled via Legal Marketing Services, and is completed. The firm of Solicitors is instructed to act for us only. If applicants wish to arrange their own legal representation they will be responsible for the legal costs and disbursements incurred. Please note: Bank of Ireland UK will not pay for charges relating to additional work outside the scope of a standard remortgage transaction. This includes further valuation reports, related legal services, transfer of equity, deed of postponement, deed of grant, deed of variation, merger of freehold or leasehold title, leasehold supplements, change of name, telegraphic transfer of surplus funds to borrower, local searches for loans over £1,000,000, or if an exceptional amount of work is required to correct a defective title.

**Purchase Transaction:** If stated in the Offer of Loan, Bank of Ireland UK will pay the basic fee for the legal work involved in a standard property purchase. This offer of fees assisted conveyancing does not include any payment for cost that the solicitor must pay to a third party such as a local authority or other search fees, Stamp Duty Land Tax, the cost of taking out defective title indemnity insurance or registration fees payable to the Land Registry. The offer also does not include the charge, plus VAT, payable to the solicitor to deal with the settlement of any Stamp Duty Land Tax and the submission of the Stamp Duty Land Tax form or the cost of any associated sale. The solicitor will provide you with full details of this charge and the third party costs you will have to pay. These fees, along with the legal fee for any additional legal work that the solicitor carries out for you, are payable by you. If the purchase does not go ahead, you will not have to pay for the standard conveyancing work carried out, but you will have to pay any third party costs already paid by the solicitor. For property purchases in Scotland please contact us for details of our nominated Solicitor when obtaining your Approval in Principle. If you choose not to use our nominated Solicitor you will be liable for the legal costs.

**Product fees:** Payments should not be made at application stage. Bank of Ireland UK will deduct the fee from the loan amount upon completion or add it to the loan amount.

**Overpayments:** You can overpay at any time during your mortgage term. If in a promotional period, you can overpay a minimum of £500 and a maximum of 10% of the outstanding mortgage balance (as at 31st March the previous year) without incurring any early repayment or administration charges. After the promotional period the amount you can overpay is unlimited, however if you pay off your mortgage in full charges may apply.

**This list is not exhaustive. Please contact us to discuss your requirements**

# Valuation and Surveys



A mortgage valuation is a report on the condition of the property you're planning to buy or remortgage. There are three valuation types which are listed below - each one offering progressively more information about a property.

If you opt for a more detailed report, such as a HomeBuyer Report or a Building Survey, we'll still need a Standard Mortgage Valuation Report from one of our panel valuers for our purposes. Provided you tell us that you want a more detailed report at the time of your application we may be able to instruct a surveyor to carry out a standard mortgage valuation and your chosen report at the same time. This may be cheaper than having each report carried out separately.

**Important information:** We'll do our very best to instruct a HomeBuyer Report or contact you with the details for a Building Survey if you've asked for one. This depends on the availability of suitable surveyors which we're unable to guarantee. If we can't instruct a more detailed report, the valuer will only carry out a standard mortgage valuation. We'll let you know if this happens and refund any additional fee you've already paid. This normally takes up to five working days to show on your account.

## Standard Mortgage Valuation Report

A Standard Mortgage Valuation Report is not a survey. It's a limited check on the property that the mortgage lender carries out to ensure it's worth the money they're lending. A mortgage valuation is unlikely to cover items which would be picked up in a survey.

## HomeBuyer Report

A HomeBuyer Report is a survey completed to a standard format set out by RICS. It's most suitable for conventional properties built within the last 150 years which are in reasonable condition. It doesn't detail every aspect of the property and only focuses on urgent matters needing attention.

**Important information:** There are instances when the valuer we've instructed will tell us that a HomeBuyer report isn't suitable for the property being mortgaged to us. On these occasions we'll only instruct a standard mortgage valuation. We'll let you know if this happens and refund any additional fee you've already paid. This normally takes up to five working days to show on your account.

## Building Survey

A Building Survey is a comprehensive inspection of a property, reported in a style to suit the property and your specific requirements. It's suitable for all properties, especially listed buildings. It examines all accessible parts of the property and you can ask to have specific areas included, so it covers any particular concerns you may have about the building. It's a product which can be tailored to your needs, agreed between you and your surveyor.

In Scotland, it is a legal requirement that the seller provides potential purchasers with a **Single Survey** - this gives buyers information about the condition and value of a home, allowing them to make an informed decision before committing to the purchase. On some occasions, the seller may also commission a Standard Mortgage Valuation Report. If this has happened then we may be able to use that report for the purposes of assessing our security, meaning you won't have to pay for a separate valuation.

Purchase Price or Valuation	Standard Mortgage Valuation Report only	HomeBuyer Report (inc Standard Mortgage Valuation Report)
Up to £50,000	£240	£440
Up to £75,000	£240	£440
Up to £100,000	£240	£440
Up to £150,000	£240	£440
Up to £200,000	£310	£550
Up to £250,000	£310	£550
Up to £350,000	£360	£630
Up to £500,000	£470	£790
Up to £750,000	£610	£990
Up to £1m	£840	£1,255
Up to £1.5m	£940	£1,490
Up to £2m	£1,090	£1,940
Up to £2.5m	£1,290	£2,390
Up to £3m	£1,490	£2,690
Up to 3.5m	£1,690	£3,090
Up to £4m	£1,890	£3,390

Please note these valuation fees include an administration fee of £90. Re-inspections incur a minimum charge of £50 per visit (this includes an administration fee of £8.50)

This document can be made available in Braille, large print or audio upon request.

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Subject to status and lending criteria. Written illustrations available on request. Borrowers must be 21 or over unless otherwise stated.

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