

NLA Mortgages

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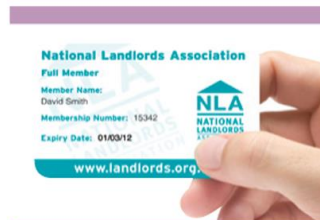
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our voice

How NLA Mortgages can help you arrange property finance in an increasingly complex market

Show of hands

- Has anyone used or heard of NLA Mortgages before?
- Who has arranged buy-to-let mortgage finance in the last 12 months?
- Is it more difficult to arrange a buy-to-let mortgage now?
- How many of you are professional landlords with 4 or more mortgaged buy-to-let properties?



Buy-to-let market update

- More challenging to arrange BTL finance despite more lending options
- 2015 - Stamp Duty hike – 3% surcharge for second properties
- 2016 – phasing out of current mortgage interest tax relief system by 2020, being replaced by a 20% tax credit
- Landlords looking at new ways of making their property businesses profitable – rents, HMOs
- More landlords using Ltd Co structure to avoid tax changes and tight rent stress tests

Buy-to-let market update

Jan 2017 – PRA regulations Part 1

- PRA concerned with sensible lending practices
- Lenders changed rent stress tests to ensure affordability over 5 years, minimum 125% at 5.5% and some at 130% or higher
- More stringent tests for higher rate tax payers – 145% at 5.5%
- Can significantly affect maximum amount of borrowing
- 5 year fixed rates now more popular due to more achievable pay rate rental calculations
- Does not apply to limited companies

Buy-to-let market update

October 2017 – PRA regulations Part 2

- Applies to ‘professional’ landlords – those with 4 or more mortgaged buy-to-let properties
- More thorough underwriting including stress testing background portfolio
- Lenders cautious about further borrowing on highly leverage portfolios
- More supporting evidence required – property schedules, business plan, cash flow forecast

What is NLA Mortgages?

NLA Mortgages is a free online search and quotation service for landlords

Helping you find the most suitable buy-to-let products to suit your requirements



Whole of market



We're different because you are

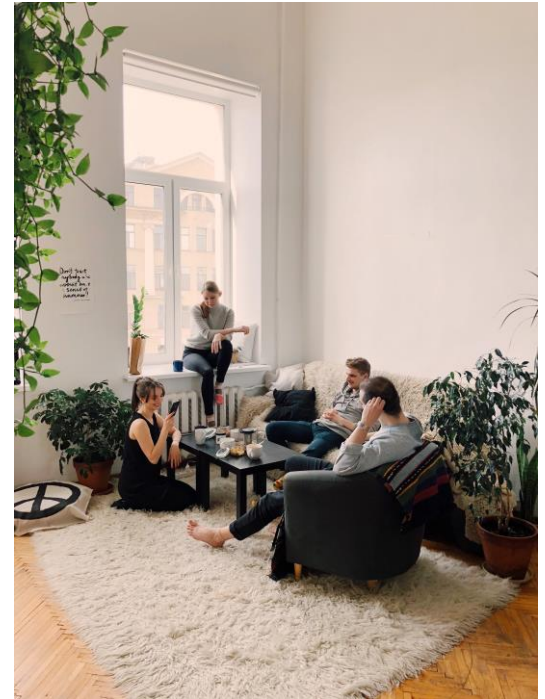
Solutions for all scenarios

- Up to 85% loan-to-value
- Fixed rates and variable rates
- Purchases and re-mortgages
- Capital raising
- Gifted deposits
- Property portfolios *
- Houses in Multiple Occupation *
- Student lets
- Limited companies *
- Auction finance
- Expats
- Older landlords *
- Refurbishment projects *
- New build properties
- Over-commercial properties *
- Ex-local authority properties
- Let to Buy

New short term finance lending panel
Access to exclusive products

Lending for HMOs

- Significant number of HMO enquiries at NLA Mortgages
- Higher rental yields can be attractive
- Specialist lenders – 23 on panel
- Licences and regulation



HMOs - Top Tips

NLA Mortgages places these cases every day so here are our top tips for sourcing HMO mortgages:

1. ASTs

Check the number of ASTs in place with your HMO tenants. Some lenders accept multiple ASTs and others will only accept one.

2. Facilities

Most lenders will only expect to see one kitchen and one living room in a HMO. If the property has more you may need to source specialist lenders.

3. Tenant Type

Your HMO might have a specific tenant type that affects the choice of lenders available to you, for example DSS tenants, students and vulnerable tenants.

HMOs - Top Tips

4. No. of rooms

HMO lenders have criteria on how many bedrooms they will accept in the property. NLA Mortgages works with lenders ranging from a maximum of 4 bedrooms to those with no limit at all.

5. HMO licensing

Check your HMO property is correctly licensed. Properties with 5 or more bedrooms, occupied by more than 1 household, who are sharing facilities will (as of October 2018) need to be a licensed with the local authority. Lenders will require the appropriate licences in place before completion.

6. Room size

The new HMO regulations in October 2018 have stipulated that the minimum size for an adult bedroom is 6.51 square metres, so best to check if any rooms look a bit on the small size.

Lending for Ltd Cos

- Ltd Co buy-to-let is becoming more popular – around 25% of applications at NLA Mortgages
- Mortgage interest tax relief changes don't affect Ltd Cos, so may be more cost effective for some landlords (seek tax advice)
- Easy and cheap to set-up
- SPV – sic codes (68100, 68209, 68320, 68201)



Lending for Ltd Cos

- Plenty of competition in the market
- Specialist lenders – 27 on panel
- Narrowing gap between rates for Ltd Company versus personal name products
- More achievable rental calculations – typically 125% at 5%. Could borrow more.



Free online search tool

- Filter products according to requirements
 - Tax bracket, HMOs, Ltd Co, Student Let, Expats etc.
- There are hundreds of schemes available.

Mortgage Summary		Select Type	Select Term	Rewards	
Purchase Price	£100,000	All Types	All Terms		
Deposit	-£100,000	Discount	0		
Loan Required	£200,000	Fixed	2		
LTV	200.00%	Tracker	3		
Rental Income	£4,000	Variable	5		
			10		
		All Lenders			
For more details on how to join the NLA click here		For more details on how to join the NLA click here			
941 Schemes					



ID	Lender	Initial Rate	Type	Term	Lender Fee	Fee Type	ERC	Incent	Max LTV	Total Advance	Monthly Payment	Deposit Surplus	Rental Surplus	Additional Borrowing	
Details	24760	Platform	1.74%	Tracker	2yrs	£1,999	Flat	Yes	Yes	60%	£201,999	£292.90	£140,000	£2,950	£140,000
Details	24695	Accord	1.79%	Tracker	30/04/18	£2,495	Flat	Yes	Yes	60%	£202,495	£302.06	£140,000	£2,900	£140,000
Details	24796	Accord	1.79%	Tracker	30/04/18	£2,495	Flat	Yes	Yes	60%	£202,495	£302.06	£140,000	£2,900	£140,000
Details	24797	Accord	1.79%	Tracker	30/04/18	£2,495	Flat	Yes	Yes	60%	£202,495	£302.06	£140,000	£2,900	£140,000
Details	24700	Accord	1.84%	Fixed	30/04/18	£2,495	Flat	Yes	No	60%	£202,495	£310.49	£140,000	£2,900	£140,000
Details	24806	Accord	1.84%	Fixed	30/04/18	£2,495	Flat	Yes	No	60%	£202,495	£310.49	£140,000	£2,900	£140,000
Details	24031	NatWest BTL	1.93%	Tracker	30/06/18	£1,995	Flat	Yes	No	60%	£201,995	£324.88	£140,000	£2,854	£140,000
Details	24054	NatWest BTL	1.93%	Tracker	30/06/18	£1,995	Flat	Yes	Yes	60%	£201,995	£324.88	£140,000	£2,854	£140,000
Details	24372	The Mortgage Works	1.94%	Tracker	30/04/18	£1,995	Flat	Yes	No	65%	£201,995	£326.56	£135,000	£2,960	£135,000
Details	24774	Platform	1.94%	Tracker	2yrs	£999	Flat	Yes	Yes	60%	£200,999	£324.95	£140,000	£2,950	£140,000
Details	24712	Platform	1.99%	Fixed	30/04/18	£1,999	Flat	Yes	Yes	60%	£201,999	£334.98	£140,000	£2,950	£140,000
Details	24683	Virgin Money	1.99%	Tracker	01/06/18	£5,000	2.5%	Yes	Yes	60%	£205,000	£339.96	£140,000	£2,752	£140,000
Details	24800	Accord	1.99%	Tracker	30/04/18	£2,495	Flat	Yes	Yes	65%	£202,495	£335.80	£135,000	£2,900	£135,000
Details	24801	Accord	1.99%	Tracker	30/04/18	£2,495	Flat	Yes	Yes	65%	£202,495	£335.80	£135,000	£2,900	£135,000
Details	24696	Accord	1.99%	Tracker	30/04/18	£2,495	Flat	Yes	Yes	65%	£202,495	£335.80	£135,000	£2,900	£135,000
Details	24076	Santander	1.99%	Fixed	02/04/18	£3,000	1.5%	Yes	Yes	60%	£203,000	£336.64	£140,000	£2,950	£140,000
Details	24077	Santander	1.99%	Fixed	02/04/18	£3,000	1.5%	Yes	Yes	60%	£203,000	£336.64	£140,000	£2,950	£140,000
Details	24761	Platform	2.04%	Tracker	2yrs	£1,999	Flat	Yes	Yes	65%	£201,999	£343.40	£135,000	£2,950	£135,000

Free help desk

- We have a team of CeMap qualified mortgage consultants who specialise in arranging finance for landlords
- Experienced in placing even the most tricky buy-to-let cases
- Telephone or email the team with your enquiry and they will discuss lender and product options with you



Cashback for NLA members!

- Cashback benefit for NLA Full Members on completion of mortgage
- We pay you $\frac{1}{4}$ of the procurement fee that we receive from lenders
- In 2017 NLA Mortgages paid out over £50,000 in cashback to NLA Members
- Individual cashback varies depending on the lender and loan size.
- On an average loan of £185,000 cashback would be between £250 and £400. Larger loans, larger cashback!



Any questions?



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- **Email:** support@nlamortgages.co.uk
- **Web:** www.nlamortgages.co.uk