



# ZEPHYR

## HOMELOANS

## Buy-to-let lending solutions for individuals & limited companies



Broad criteria to fit your clients' needs



Regional and telephone BDM teams



Consistent and reliable service



Expert support from end-to-end

### Latest updates

- Stress rate calculation on our 2-Year Fixed Rates reduced. Previously, the stress rate calculation included the reversion rate, but now it's just the higher of the Payrate + 2% or 5.5%.
- 80% LTV product introduced on standard properties.

## Criteria highlights...



Directors need 60% minimum shareholding for Limited Co. apps



No minimum income for Standard applications, £25k gross for professional landlords



Modern construction types considered



No height restriction on flats & Deck Access



Unlimited background portfolio with background portfolio stress testing at 100% of mortgage payments



Income top-ups acceptable



Flats above commercial properties



Max. age 95 years at end of mortgage term

\*Other fees & costs apply. We reserve the right to withdraw and amend our products at any time without notice.

**Please note** - this is a guide to our criteria and in certain situations our underwriters may have discretion to consider exceptions to our lending policy. Each application is considered on its merits and we do not guarantee acceptance of all cases which meet our headline criteria. Please contact us to discuss the specific circumstances of your case.



## Summary

Ranges (See our full product range on our [website](#).)

'Standard'	Individual(s) or Limited Companies purchasing or remortgaging buy-to-let residential properties - excluding HMOs, MUFB or Flats above Commercial premises.
'Specialist, HMOs and MUFBs'	Individual(s) or Limited Companies purchasing or remortgaging buy-to-let residential properties - HMOs, MUFBs.
'New Builds, Flats above Commercial premises'	We will consider both Standard and New Build properties. However, from a product point of view, New Builds and Flats above Commercial premises form part of our Specialist Range and we have bespoke products available for them. Please see our full Product Range on our <a href="#">website</a> for more details.

All applicants with 4 or more mortgaged buy-to-let properties (including current purchase or remortgage) will be required to submit a Business Plan including cash flow to demonstrate the sustainability of the portfolio over the previous and future 12 month periods. These documents can be found on our [website](#).

Loan	'Standard' Individuals or Limited Company	'Specialist' Individuals or Limited Company			
		HMO & MUFB	Flats above Commercial		
Maximum Loan To Value	80% LTV	75%			
Maximum Loan	Max loan size of £2m to 65% LTV, £1.5m to 70% LTV, £1m to 75% LTV, and £750k to 80% LTV	Max loan size of £1.5m to 70% LTV, and £1m to 75% LTV	Specialist New Build & Flats Above Commercial products available up to 75% LTV, with Max Loan size of £750k		
	Maximum LTV for portfolios with aggregate loans of more than £2,000,000 is 70% We may require proof of the source of deposits				
Applicant Exposure limits	The maximum we will lend to any unique mix of customers is £5m and the maximum aggregate loan is £7.5m. For example, a customer may have £5m in the same joint names and a further £2.5m in sole name or different set of joint names or Limited company. Any borrower wishing to borrow an aggregate amount above £3m is subject to mandated approval by the Lender.				
Purpose	Purchase or Remortgage (remortgages not permissible within 6 months of purchase)				
Minimum Term	5 years	Maximum Term	35 years	Minimum Loan	£50,000
Repayment types accepted	Capital repayment or Interest only or combination of both				

## Credit Status

General	The credit status requirements listed apply to all applicants and Company Directors
Mortgage / secured loan arrears	No missed payments per mortgage account in last 12 months and no more than 1 missed payment in the last 24 months. No defaults registered within the last 24 months.
Unsecured loan arrears	No more than 1 month in arrears and no defaults in last 24 months and no arrears in the last 6 months.
Credit Cards	No more than 1 month in arrears and no defaults in last 24 months and no arrears in the last 6 months.
County Court Judgements (CCJ)	Maximum up to £250 in the last 3 years (0 in last 12 months). CCJs must be satisfied
Company Liquidations, Administration/winding Up Orders & Receiverships	None in last 3 years. Subject to underwriter discretion, members Voluntary liquidation may be overlooked provided the liquidation did not relate to a property rental business.
Bankruptcy / Sequestration Individual Voluntary Arrangement (IVA) / Trust Deed Corporate Voluntary Arrangement (CVA) Debt Relief Order (DRO)	None in last 6 years



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Payday loans	None in last 6 years		
Forced or Voluntary Possessions or Assisted Voluntary Sale	None in last 6 years		
Underwriting	Full consumer credit checks and Limited Company searches (if applicable) will be completed on all applicants/ Limited Company Directors		
<b>Applicants</b>			
Applicant types	Individuals & Limited Companies (LTD) set up as SPVs with SIC codes. 68100, 68209, or 68320 No Power of Attorney applications		
Guarantees	For limited companies personal guarantees are required on a joint and several basis		
Charges	All Monies Charge		
Max number of Applicants	4 applicants or 4 Limited Company Directors as guarantors Only acceptable if directors hold at least 60% of company shares. Limited companies only acceptable with no more than 4 Directors		
Minimum Age	21 years	Maximum Age	Maximum age 95 years (at end of mortgage term)
<b>Nationality</b>	<b>'Standard'</b>		<b>'Specialist'</b>
Nationality and Residency Status	All applicants, including directors of SPV applications, must be a UK national or have permanent Rights to Reside in the UK with the exception of the armed forces. This will be validated either from mortgage statements, CRA output or a Land Registry search.  Armed Forces personnel may apply providing we can confirm correspondence address and UK bank account		
<b>Landlord Experience</b>	<b>'Standard'</b>		<b>'Specialist'</b>
Existing Property Ownership / First Time Landlords	At least one applicant or director must have owned and still own at least one property (residential or buy to let) for a minimum of 12 months at time of offer		For HMOs & MUFBs at least one applicant or director must have owned and still own one or more BTL properties for a minimum of 12 months at time of offer
Employment Status	Employed in permanent position for at least 6 months and not under notice of termination Self Employed & Contractors - 1 full year evidence of income from accounts or accountants certificate Evidence of regular income required if not in paid employment e.g. retirement income		
Income	Proof of income required on all applications. See our Underwriting Guide on our <a href="#">website</a> for required documents.		
<b>Affordability</b>	<b>'Standard'</b>		<b>'Specialist'</b>
Interest Coverage Ratio (ICR)	<p><b>Individuals</b></p> <p>High rate taxpayers - 140% based on higher of Pay rate +2%, or 5.5%. Pay rate for 5 year fixed rates</p> <p>Basic rate taxpayers - 125% based on higher of Pay rate +2%, or 5.5%. Pay rate for 5 year fixed rates</p> <p><b>Limited Company</b></p> <p>125% based on higher of Pay rate +2%, or 5.5%. Pay rate for 5 year fixed rates</p>		<p><b>Individuals</b></p> <p>150% based on higher of Pay rate +2%, or 5.5%. Pay rate for 5 year fixed rates</p> <p><b>Limited Companies</b></p> <p>135% based on higher of Pay rate +2%, or 5.5%. Pay rate for 5 year fixed rates</p>
New Builds	We will consider both Standard or New Build properties and our loan Interest Coverage Ratio (ICR) is the same as the equivalent non-New Build property type.		
Business Plan	All applicants with 4 or more mortgaged buy to let properties (including current purchase or remortgage) are required to submit a Business Plan including cash flow to demonstrate the sustainability of the portfolio over the previous and future 12 month periods. Documents can be found on our <a href="#">website</a> .		
<b>Property</b>	<b>'Standard'</b>		<b>'Specialist'</b>
General	Lender must have a first charge over the property and the security must be used for Residential Buy-to-Let purposes		
Property Location	England & Wales Only but excluding Channel Islands and Isle of Man		
Tenure	Freehold or Leasehold – with minimum term of 70 years left on the lease at the planned end of the mortgage term Ground rent and Service Charges must be included in cash flow projections (portfolio landlords only) for leasehold properties  Applicants for leasehold properties should not hold a controlling interest in the Freehold Headlease/underlease cases are not accepted		



Minimum Valuation	£75,000 (£100,000 on our 80% LTV product)	£100,000 for HMOs, Multi-Unit Freehold Blocks & £75,000 for Flats above Commercial premises
Development Exposure	Maximum of a single unit in developments of up to 7 properties, or 25% of units in developments of between 8 and 50 properties and 15% where the development comprises of 50 properties or more A maximum of 20% of properties within any individual full postcode area	
<b>House in Multiple Occupation (HMO)</b>	<b>'Standard'</b>	<b>'Specialist'</b>
Definition	N/A	In England & Wales, a HMO is defined as a property which is let to three or more tenants, (five or more tenants for a 'large HMO'), who form two or more households and who share a kitchen, bathroom or toilet.
HMO Specific Requirements	N/A	Applications on HMO property will only be considered for existing landlords with at least 1 years' experience of letting property at time of offer. For joint applications one of the applicants must be an existing landlord with at least 1 years' experience of letting property at time of offer
HMO No. of Bedrooms, Planning & Permissions	N/A	Maximum of 6 bedrooms Current HMO licence must be valid
<b>Multi-Unit Freehold Block</b>	<b>'Standard'</b>	<b>'Specialist'</b>
Definition	N/A	A property that has more than one residence within it but with facilities not shared between occupants. Can be purpose built (such as a block of flats) or converted (such as a house converted to flats)
MUFB Specific Requirements	N/A	Applications on MUFB properties will only be considered for existing landlords with at least one years' experience of letting property at time of offer. For joint applications one of the applicants must be an existing landlord with at least 1 years' experience of letting property at time of offer
MUFB No. of Units	N/A	Maximum of 6 units in any one development
<b>Flats above Commercial Premises</b>	<b>'Standard'</b>	<b>'Specialist'</b>
Definition	N/A	We will consider applications relating to flats above commercial premises subject to a maximum LTV of 75% and recommendation from our valuer that the property forms a suitable security (Standard Properties only)  Flats above restaurants, takeaways or pubs are subject to underwriting discretion and a favourable valuer's report
<b>New Builds</b>	<b>'Standard'</b>	<b>'Specialist'</b>
Definition	A new build property is one that has been recently constructed or converted and is being sold for the first time as completed and ready for occupation or, has been previously sold for on this basis within the last twelve months  Builders deposits/gifts will be deducted from the purchase price before calculating the available loan amount and deposit required	
<b>Property Exclusions</b>		
	Houseboats. Holiday Lets. Mobile Homes. Shared Ownership. Commercial Properties. Serviced & Retirement flats. Farms & Agricultural dwellings. Properties with more than 10 storeys (unless approved in principle prior to DIP submission). Properties let on a commercial basis. Right to Buy still within discount period. Flats with a total floor area of less than 30 sq. meters. Properties not recommended by our appointed valuer. Flying Freeholds covering more than 10% of the property. Non-traditional construction such as pre fabricated buildings and Concrete or timber constructions where structural defects are likely to be apparent. Other property exclusions apply – please check with our Business Development Managers if needed. Freehold Flats. Live / Work Units. Mixed use properties.	
<b>Other Points</b>		
Consumer Buy to Let	Zephyr Homeloans is unable to lend on a Consumer Buy to Let basis. Where it is identified that an application may be subject to Consumer Buy to Let regulatory requirements, the application will be declined. For example, in the scenario where the applicant or family member has previously resided in the property, and the applicant does not have at least one other BTL property, Zephyr will always view this as a Consumer loan regardless of the time that has elapsed since the period of residence.	



Payment Methods Accepted	Direct Debit only – must be from borrower’s own bank account. For Limited Companies the Direct Debit must be from the company bank account. A Direct Debit mandate can be downloaded from our <a href="#">website</a> .
Offer Validity	120 days
Assured Shorthold Tenancy (AST) Period	An AST for a period of between 6-36 months can be considered or Contractual Tenancy if required by law Single or Multiple ASTs for Student and HMOs Multiple AST only for Multi-Unit Freehold Block properties
Fees	Product fees of up to 5% or £2,500 (whichever is the greater) may be added to the loan or deducted from the mortgage advance Where fees are added they will be excluded from the LTV calculation Application and valuation fees must be paid up- front and are non- refundable Fees added to the loan will attract interest over the mortgage term There are a number of fees that apply to our mortgage products during the application process and over the term of the loan. You can find more information in the fees section of our <a href="#">website</a> .
Overpayments	Up to 10% of the outstanding balance can be repaid in any 12 month period without incurring an Early Repayment Charge
<b>Solicitors</b>	
Lender Panel	Applicants must appoint a solicitor from our panel. You must appoint a solicitor from our limited company panel for all limited Company applications, this solicitor can also act for the limited company and Zephyr if required Applicants will need to instruct a solicitor to sign a Declaration to confirm the Limited Company Directors understand the implications of the purchase or remortgage and the Personal Guarantees

Income	Acceptable Sources	% of income taken in to account
<p>This section provides detail of acceptable sources and proof of personal income.</p> <p>See our Underwriting Guide on our <a href="#">website</a> for full details on how an applicant may verify their employment status.</p>	<p>PAYE - basic gross salary, large town allowance, guaranteed shift allowance, car allowance, mortgage subsidy, second job salary, pension income</p> <p>Self Employed - net profit if sole trader or partner, applicants share of annual net undrawn retained profit, foster income, self employed contractors/Agency workers, gross salary/ dividends if director in Limited Company</p> <p>Retired – pension income</p>	100%
	<p>Investment income (excluding rental income), Guardians allowance, Disabled benefits, Maintenance income, Carers Allowance, trust Income</p>	50%
	<b>Unacceptable Sources</b>	
	<p>Expenses, Bonus Income, Mileage/fuel Allowance, First aid Allowance, Broadband &amp; phone allowance, Educational Grants/Bursaries, Foreign Currency Income, Housing Benefit, Income Support, Job Seekers Allowance, Bereavement allowance, Income from casual employment (other than Zero Hours contracts ), Income from lodgers (i.e. income which is not subject to a formal AST/SAT Tenancy Agreement)</p>	
<b>Proof of Personal Income</b>		
<p>There is a requirement for <b>all</b> applicants to validate their employment and employment income.</p> <p>Where two applicants are partners, form a single household and share an address, it is only necessary for <b>one applicant</b> to meet this criterion. The employed applicant must be entered on to the system as the first named / primary borrower.</p> <p>Employed/retired - Last 3 payslips required to evidence 6 months earnings via YTD figure with name and address of employer. Where these payslips do not demonstrate six months earnings, via the YTD figures, the most recent P60 or further payslips must be provided to evidence the 6 month history</p> <p>Self employed – Applicants not looking to use earned income to cover a rental shortfall, a minimum trading period of one full year is required which we will evidence via income from accounts, an accountants certificate or an SA302 in conjunction with a tax year overview. For those who do wish to use earned income to cover a rental shortfall, two year’s history is required. Also require last 3 months business bank statements</p> <p>Investment Income – Lower of average of last 2 year’s income or the latest year’s figures and evidence of the source e.g. dividend vouchers or 2 years P60 and confirmation that the intention is to retain the capital for investment purposes</p> <p>Maintenance Income – Original Maintenance Agreement AND 3 months bank statements AND confirmation that at least 5 years left on the arrangement</p> <p>Benefits Specifically for the Disabled – Original latest award letter OR Most recent Full or Amended award notice for the current tax year – showing at least 5 years remaining</p>		



# Approved Valuers Panel and Fees

Our approved valuers are Connells Survey & Valuation Limited, one of the Country's leading national firms of Chartered Surveyors and part of the Connells Group.

Valuation up to	BTL valuations (including new builds and flats above commercial premises)	MUFB / HMO valuation
£100,000	£190	£465
£150,000	£220	£465
£200,000	£255	£480
£300,000	£315	£550
£400,000	£345	£610
£500,000	£370	£670
£600,000	£430	£735
£700,000	£515	£795
£800,000	£570	£905
£900,000	£635	£980
£1,000,000	£725	£1,050
£1,250,000	£815	£1,450
£1,500,000	£900	£1,450
£1,750,000	£990	£1,850
£2,000,000	£1,075	£1,850
£2,500,000	£1,911	£3,015
£3,000,000	£2,225	£3,015
£3,500,000	£2,425	£4,015
£4,000,000	£2,625	£4,015
£4,500,000	£3,025	£5,015
£5,000,000	£3,325	£5,015
£6,000,000	£4,125	£6,015
£7,000,000	£4,725	£7,015
£8,000,000	£5,325	£8,015
£9,000,000	£5,925	£9,015
£10,000,000	£6,425	£10,015
<b>Re-valuations</b>	£120	N/A
<b>Re-inspections</b>	£75	£250
<b>Re-type (If within 3 months of original inspection)</b>	£35	£70

# ICR & Income top slicing

Borrower Type		Standard Property. ICR	HMO, MUFB, FAC. ICR	Stressed Rate
Limited Company		125%	135%	For Fixed Rate products 5 years or longer, the Payrate is used for the stressed rate.
Individual	Higher Rate Taxpayer	140% *	150%	
	Like for Like remortgage and / or lower rate taxpayer		125%	150%
<ul style="list-style-type: none"> <li>• No IDR loading for new build properties. They now use the same ICR as their non-new build equivalents.</li> </ul>				

\* Top slicing or Portfolio Cross Subsidisation may be utilised subject to criteria

- Minimum ICR for income top up calculation 125%

## Get in touch, we're here to help you...

- ✓ Call **0370 707 1894** – Monday to Friday 9am to 5pm.
- ✓ Login to our **online portal** and send us a case specific update.

For everything else – find your BTL experts by region on our **website**.

📞 0370 707 1894

✉️ [BDMQueries@zephyrhomeloans.co.uk](mailto:BDMQueries@zephyrhomeloans.co.uk)

🌐 [zephyrhomeloans.co.uk](http://zephyrhomeloans.co.uk)

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