



ZEPHYR

HOMELOANS

All About Zephyr

A Summary of our BTL Lending Criteria



Broad criteria
to fit your
clients' needs



Regional and
telephone
BDM teams



Consistent
and reliable
service



Expert
support from
end-to-end

Latest updates...

On 28th January, we made the following enhancements:

- Launched new Special Edition products with a 2% product fee for all property types.
- New Builds and Flats Above Commercial are now included in our Standard Property range.
- Now lend on new build HMOs and MUFBs.
- On Leaseholds, minimum lease at end of mortgage lowered to 60 years
- Increased maximum loan sizes at 65% and 75% LTV.
- ICR rates reduced for all HMOs, MUFBs and Flats Above Commercial.
- Now lend to first time landlords on HMOs and MUFBs, subject to certain criteria being met.

Criteria highlights...



Directors need 60% minimum shareholding for Limited Co. apps



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



Large portfolios No limit on the overall loan amount



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 and other properties in the vicinity of commercial premises



Max. age 95 years at end of mortgage term



HMOs & MUFBs up to 12 bedrooms/units

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.

Got a BTL case?

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Summary

Ranges (See our full product range on our website.)

'Standard'	Individual(s) or Limited Companies purchasing or remortgaging standard properties which are not classed as 'Specialist' - see below.
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'Specialist'	Individual(s) or Limited Companies purchasing or remortgaging buy-to-let residential properties which are HMOs, MUFBs, new builds or flats above commercial. Whilst new builds and flats above commercial are classed as Specialist they are part of our Standard product range
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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			
		Small HMOs & MUFBs (up to 6 bedrooms/units)	Large HMOs & MUFBs (7-12 bedrooms/units)		
Maximum Loan To Value	80% (New Build / Flat above commercial 75%)	80% (New Build 75%)	75%		
Maximum Loan	Max loan size of £2.5m to 65% LTV, £2m to 70% LTV, £1.5m to 75% LTV, and £750k to 80% LTV	Max loan size of £2.5m to 65% LTV, £2m to 75% LTV and £750K to 80% LTV	Max loan size of £2m to 70% LTV, £1.5m to 75% LTV.		
	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 normal maximum we will lend to any unique mix of customers is £5m and the normal 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. We may be able to lend more than these normal amounts for large portfolios. This will be assessed on a case-by-case basis – please ask for details.				
Purpose	Purchase or Remortgage. Where the borrower is re-financing a property purchased within the previous six months, we will consider lending based on the market value (as opposed to the purchase price): <ul style="list-style-type: none"> • where the property has been materially improved, we will consider lending up to 75% of the market value. This cap excludes fees. • where properties have not been materially improved, lending is based on the lower of the purchase price or the valuation amount. <ul style="list-style-type: none"> • Note we will not fund sale and rent back transactions or distressed sale operations. 				
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.				

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Bankruptcy / Sequestration Individual Voluntary Arrangement (IVA) / Trust Deed Corporate Voluntary Arrangement (CVA) Debt Relief Order (DRO)	None in last 6 years		
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		
Applicants			
Applicant types	Individuals & Limited Companies (LTD) set up as SPVs with SIC codes: 68100, 68209, 68201 or 68320. The following additional SIC codes are also acceptable: 55100, 55209, 68310, 7012, 7020, 7032. No other codes permitted. 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)
Nationality	'Standard'		'Specialist'
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		
Landlord Experience	'Standard'		'Specialist'
Existing Property Ownership / First Time Landlords	For Standard Properties (including new builds and flats above commercial) 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 3 months at time of offer.		For Small HMOs/MUFBs (up to 6 bedrooms/units) we need 3 months' home ownership experience. For Large HMO/MUFBs (7-12 bedrooms/units), we need 12 months' BTL experience or we'll accept first time landlords if one applicant is at least 25 years' old, has 3 years' home ownership experience and has a minimum £75k income.
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 website for required documents.		
Affordability	All property types		
Interest Coverage Ratio (ICR)	<p>Individuals</p> <p>High rate taxpayers - 140% based on higher of Pay rate +2%, or 5.5%. Pay rate for 5 year fixed rates Basic rate taxpayers - 125% based on higher of Pay rate +2%, or 5.5%. Pay rate for 5 year fixed rates</p> <p>Limited Company</p> <p>125% 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 website .		
Property	'Standard'		'Specialist'
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		

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Tenure	Freehold or Leasehold. With Leasehold there needs to be a minimum term of 60 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 Small HMOs & MUFBs (up to 6 bedrooms/units), £120,000 for Large HMOs & MUFBs (7-12 bedrooms/units) & £75,000 for Flats Above Commercial and New Builds
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	
House in Multiple Occupation (HMO)	'Standard'	'Specialist'
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 No. of Bedrooms, Planning & Permissions	N/A	Maximum of 12 bedrooms Current HMO licence must be valid. We may be able to accept an inflight HMO application - see our Underwriting Guide for full details
Multi-Unit Freehold Block	'Standard'	'Specialist'
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 No. of Units	N/A	Maximum of 12 units in any one development
Flats above Commercial Premises	'Standard'	'Specialist'
Definition	N/A	We will consider applications relating to flats above commercial premises subject to a recommendation from our valuer that the property forms a suitable security. The saleability and mortgageability of the property will be an important factor, but our valuers will also assess the rentability - looking at factors such as location and sustainable tenant demand - to give us greater flexibility when assessing a case.
Close Proximity to Commercial	'Standard'	'Specialist'
	We will lend on properties in close proximity to commercial operations, as long as, in the valuer's opinion, the commercial activity does not negatively impact occupants and/or deter future buyers or tenants. Considerations include antisocial hours, excessive noise, fumes or restricted access. Examples include pubs, sorting offices, takeaways, supermarkets, garages, extraction vents. Proximity to electrical or transmission installations such as mobile phone masts, pylons or sub-stations are likely to be an issue. This guidance also applies to flats above commercial (FAC). A further requirement for FACs is a satisfactory and safe means of entry. Generally, we require access to be via a main front entrance or via maintained parking areas.	
New Builds	'Standard'	'Specialist'
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	
Property Exclusions		

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	Houseboats. Holiday Lets. Mobile Homes. Shared Ownership. Commercial Properties. Serviced & Retirement flats. Farms & Agricultural dwellings. 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 15% 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.
Product Transfers	
	Product Transfers will be available to clients when their Fixed Rate matures on a mortgage which completed from 1st October 2024 onwards. All Product Transfers will be subject to availability, criteria and underwriting applicable at the time.
Other Points	
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 website .
Offer Validity	90 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 may be added to the loan or deducted from the mortgage advance, up to a total 83% LTV 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 website .
Overpayments	Up to 10% of the outstanding balance can be repaid in any 12 month period without incurring an Early Repayment Charge
Solicitors	
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

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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 website 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%
	Unacceptable Sources	
	<p>Expenses, Bonus Income, Mileage/fuel Allowance, First aid Allowance, Broadband & 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>	
	Proof of Personal Income	
<p>There is a requirement for all 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 one applicant 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>		

ICR & Income top slicing

Borrower Type		ICR for all property types	Stressed Rate
Limited Company		125%	For Fixed Rate products 5 years or longer, the Payrate is used for the stressed rate.
Individual	Higher Rate Taxpayer	140% *	
	Like for Like remortgage and / or lower rate taxpayer	125%	For Fixed Rate products less than 5 Years and Tracker products, the stressed rate is the higher of Payrate +2.00% or 5.5%.
<ul style="list-style-type: none"> No IDR loading for new build properties. They now use the same ICR as their non-new build equivalents. 			

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

- Minimum ICR for income top up calculation 125%

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Approved Valuers Panel and Fees

Standard Properties, New Builds, Flats Above Commercial and Small HMOs & MUFBs (up to 6 bedrooms/units)

Our approved valuers for all properties, apart from Large HMOs & MUFBs (7-12 bedrooms/units), are Connells Survey & Valuation Limited, one of the Country's leading national firms of Chartered Surveyors and part of the Connells Group. See next page for valuation fees for Large HMOs.

Valuation/purchase price up to	Standard Properties, New Builds and Flats Above Commercial	Small HMOs & MUFBs (up to 6 bedrooms/units)
£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
Re-valuations	£120	N/A
Re-inspections	£75	£250
Re-type (If within 3 months of original inspection)	£35	£70

All fees include VAT. The fee is based on the Purchase Price on purchases or estimated valuation on remortgages.

Approved Valuers Panel and Fees

Large HMOs & MUFBs (7-12 bedrooms/units)

For Large HMOs & MUFBs (7-12 bedrooms/units), we use Allied Surveyors and Valuers Limited, who specialise in these types of properties. For all other properties, including Small HMOs & MUFBs (up to 6 bedrooms/units), we use Connells Survey & Valuation Limited – see previous page.

Valuation/purchase price up to	Fee (incl. VAT)
Up to £200,000	£1,500
£250,000	£1,590
£300,000	£1,675
£400,000	£1,800
£500,000	£1,925
£600,000	£2,050
£700,000	£2,176
£800,000	£2,300
£900,000	£2,500
£1,000,000	£2,750
£1,250,000	£3,000
£1,500,000	£3,300
£1,750,000	£3,600
£2,000,000	£3,900
£2,250,000	£4,250
£2,500,000	£4,600
£2,750,000	£4,950
£3,000,000	£5,300
£3,500,000	£5,900
£4,000,000	£6,500
£4,500,000	£7,100
£5,000,000	£7,600
Fees for higher value propositions and properties with multiple units	Subject to negotiation
Re-Inspections	By negotiation

Got a BTL case? Let's chat

If you have a BTL case, please get in touch with one of our friendly team of experts shown below. Alternatively, email BDMQueries@zephyrhomeloans.co.uk. To discuss an existing case, please call our Broker Helpline on **0370 707 1894**.

North East & North West England, North Wales, NI

Postcode areas: BB, BD, BL, BT, CA, CH, CW, DE, DH, DL, DN, FY, HD, HG, HU, HX, L, LA, LL, LS, M, NE, OL, PR, S, SK, SR, ST, SY, TF, TS, WA, WF, WN, YO



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East Midlands, East Anglia, London

Postcode areas: AL, CB, CM, CO, E, EC, EN, HA, HP, IG, IP, LE, LN, LU, MK, N, NG, NN, NR, NW, OX, PE, RM, SG, SE, SS, SW, UB, W, WC, WD



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West Midlands, South East (not London) & South West England, South Wales

Postcode areas: B, BA, BH, BN, BR, BS, CF, CR, CT, CV, DA, DT, DY, EX, GL, GU, HR, KT, LD, ME, NP, PL, PO, RG, RH, SA, SL, SM, SN, SO, SP, TA, TN, TQ, TR, TW, WR, WS, WW



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