

Intermediary toolkit - holiday let mortgages

OCTOBER 2020

In this pack, you'll find the latest details
of our holiday let product range,
lending criteria and proc fees.

CAERLAVEROCK HOLIDAY COTTAGES

If you have any questions, you can get in touch with
a member of our specialist team on 01228 403135

The Cumberland 

UPDATE



It's been a challenging year for the hospitality sector and we have been working hard to support our existing holiday let mortgage customers.

While we continue to provide support, we are now in a position where we are also able to begin returning to our usual new lending approach.

As such we're re-introducing:

- ★ Lending up to 75% LTV
- ★ Our 2-year variable product range

We will continue our commitment to treating each case individually, and considering cases that other lenders won't such as where the property being mortgaged has a holiday let restriction, or where there is more than one property on the Land Registry title. As always, we are proud to offer a personal service, with experienced, specialist lending managers assessing each application.

Simon Whitwham, General Manager,
Cumberland Business

2020 ★★★★★ feefo^{co}
Gold Trusted Service Award

Our customers rate us 4.8/5 on Feefo* and say we are efficient, easy to deal with, knowledgeable, and very helpful.

*Correct as of 09/10/2020

2 YEAR PRODUCT RANGE (STANDARD)

PROC FEE 0.40%

We offer standard and non-standard mortgage products to suit your different clients' circumstances. [View our lending criteria on p7 to find out which product type applies.](#)

PRODUCT	MIN/MAX LOAN SIZE	RATE & FEE - UP TO 75% LTV	OVERPAYMENTS	END DATE	ERC TERMS
2-YEAR DISCOUNT - LINKED TO CVBR (4.59%)	Minimum Loan £75k Maximum Loan £750k	3.54% + £999	10% pa	2 years from completion	1%/0.5% of amount repaid
	Minimum Loan £750,001 Maximum Loan £1.5m	3.79% + £1,499	10% pa	2 years from completion	1%/0.5% of amount repaid
	Minimum Loan £1,500,001 Maximum Loan £2m	4.04% + £2,499	10% pa	2 years from completion	1%/0.5% of amount repaid

UPDATE

PRODUCTS

LENDING CRITERIA

APPLICATION CHECKLIST

*As at 09/10/2020. The above products apply to holiday let mortgages only. For queries, check with your Cumberland Lending Manager.

2 YEAR PRODUCT RANGE (NON-STANDARD)

PROC FEE 0.40%

We offer standard and non-standard mortgage products to suit your different clients' circumstances. [View our lending criteria on p7 to find out which product type applies.](#)

PRODUCT	MIN/MAX LOAN SIZE	RATE & FEE - UP TO 75% LTV	OVERPAYMENTS	END DATE	ERC TERMS
2-YEAR DISCOUNT - LINKED TO CVBR (4.59%)	Minimum Loan £75k Maximum Loan £750k	4.39% + 1.00%	10% pa	2 years from completion	1%/0.5% of amount repaid
	Minimum Loan £750,001 Maximum Loan £1.5m	4.64% + 1.50%	10% pa	2 years from completion	1%/0.5% of amount repaid
	Minimum Loan £1,500,001 Maximum Loan £2m	4.89% + 2.50%	10% pa	2 years from completion	1%/0.5% of amount repaid

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5 YEAR PRODUCT RANGE (STANDARD)

PROC FEE 0.40%

We offer standard and non-standard mortgage products to suit your different clients' circumstances. [View our lending criteria on p7 to find out which product type applies.](#)

PRODUCT	MIN/MAX LOAN SIZE	RATE & FEE - UP TO 75% LTV	OVERPAYMENTS	END DATE	ERC TERMS
5-YEAR FIXED	Minimum Loan £75k Maximum Loan £750k	3.74% + £999	10% pa	1/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £750,001 Maximum Loan £1.5m	3.99% + £1,499	10% pa	1/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £1,500,001 Maximum Loan £2m	4.24% + £2,499	10% pa	1/10/2025	5%/4%/3%/2%/1% of amount repaid

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5 YEAR PRODUCT RANGE (NON-STANDARD)

PROC FEE 0.40%

We offer standard and non-standard mortgage products to suit your different clients' circumstances. [View our lending criteria on p7 to find out which product type applies.](#)

PRODUCT	MIN/MAX LOAN SIZE	RATE & FEE - UP TO 75% LTV	OVERPAYMENTS	END DATE	ERC TERMS
5-YEAR FIXED	Minimum Loan £75k Maximum Loan £750k	4.59% + 1.00%	10% pa	1/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £750,001 Maximum Loan £1.5m	4.84% + 1.50%	10% pa	1/10/2025	5%/4%/3%/2%/1% of amount repaid
	Minimum Loan £1,500,001 Maximum Loan £2m	5.09% + 2.50%	10% pa	1/10/2025	5%/4%/3%/2%/1% of amount repaid

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PRODUCTS

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*As at 09/10/2020. The above products apply to holiday let mortgages only. For queries, check with your Cumberland Lending Manager.

WHICH PRODUCT TYPE DOES YOUR CLIENT QUALIFY FOR?

To qualify for standard products a case must meet ALL criteria, otherwise non-standard products apply.

CRITERIA	STANDARD PRODUCTS	NON-STANDARD PRODUCTS
1. Annual income above £20,000*	✓	✓
2. Annual Income below £20,000*	-	✓
3. Applicant is an individual or partnership	✓	✓
4. Applicant is a Company, an LLP or a Trust (SPV)*	✓	-
5. Applicant is a Company, an LLP or a Trust (Existing Trading Company)*	-	✓
6. Loan amount above £75,000*	✓	✓
7. Applicant is UK resident*	✓	✓
8. No occupancy restrictions apply	✓	✓
9. Occupancy restrictions apply	-	✓
10. Proposed holiday letting is based upon proven letting figures or projected figures*	✓	✓
11. Top slicing of background income required to meet shortfall at stressed rate (or pay rate if 5-year fixed)	-	✓
12. Portfolio landlords and non-portfolio landlords	✓	✓
13. Some or all of the funds requested are to be used to raise capital for the improvement/ refurbishment of the property or to replenish funds used for those purposes	✓	✓
14. Some or all of the funds are to be used to purchase or renovate another property	✓	✓
15. Some or all of the funds requested are to raise capital for injection into another business venture (including but not exclusively property development)	-	✓
16. Funds to be used to consolidate debt of £25k or more	-	✓
17. Applicant owns a residential property	✓	✓
18. Applicant does not own a residential property	-	✓
19. The HMLR title includes just a single letting unit	✓	✓
20. The HMLR title includes several letting units	-	✓
21. The property sits above a commercial property (e.g. a flat above a shop)	-	✓

*See overleaf

KEY LENDING CRITERIA

*Relating to the numbered criteria only

1,2. Background income can be used to top slice where the stress rate hurdle is not met (see below for stress criteria details) and the borrower must demonstrate the ability to service the debt from background income or other sources

4,5. Companies must be incorporated in the UK. Standard pricing available for simple SPV company structure

6. Maximum exposure on standard products £2m
Maximum aggregate exposure £5m (e.g. £2m standard; £3m non-standard)

7. Borrowers to be EU Nationals resident in the UK

10. Viability calculation based on annual rental income of property after 20% deducted for letting agent fees; Loans must meet a stress hurdle of 125% interest cover at an interest rate of 5.6% where the product rate is variable; 5 yr fixed stressed at 125% at pay rate; HL income must be confirmed in writing by a reputable letting agent or from actual trading figures from current property owners.

In all cases, the following criteria apply:

- Maximum LTV 75% of the lower of purchase price or market valuation (including the value of any property provided as collateral security)
- Minimum property value £100k
- Minimum further loan amount £25k (£75k to qualify for products, otherwise Commercial Variable Base Rate)
- Maximum Term 25 years on capital and interest or interest only basis
- Interest only must have plausible repayment strategy
- A face to face/video interview must be undertaken by the Society when loan exposure exceeds £750k
- Property should be available for letting for a minimum of 210 days p.a. and actually let for 105 days (HMRC rules) so it is acceptable for owners to use it outside these periods
- Clean credit history required
- Freehold or leasehold properties with a minimum unexpired term of 85 years at the outset & 50 years at maturity
- Property should be standard/traditional construction (non-traditional can be considered; please call us)
- No lending on property which is a temporary or moveable structure
- Lending on flats is restricted to blocks no more than 3 storeys high
- Lending on holiday parks will be considered subject to construction type and property being immovable
- Any lease conditions must not be breached by holiday letting (e.g. that the property must be used as a private residence)

ITEM REQUIRED	DETAIL
APPLICATION FORM	Scanned copy, completed and signed by borrowers.
BANK STATEMENTS	1 month for any current accounts held, 1 month for any business account.
CASH RESERVES	Equivalent to 6 months mortgage payments held in a Cumberland Building Society deposit account until the end of the initial deal period.
PROOF OF PROPERTY INCOME	Existing holiday let: Either existing trading figures in the form of certified accounts, a letter from the holiday letting agent confirming gross annual income for last 3 years, or SA100 tax document. New holiday let: A projection from a suitably experienced holiday letting agent which confirms the property name, proposed weekly pricing, estimated weeks occupancy and projected gross annual income.
PROOF OF EMPLOYED INCOME OR PENSION INCOME (IF RELEVANT)	1) Most recent wage slip and, 2) Most recent p60 If employed less than 12 months, most recent wage slip and contract of employment is required. For private pensions, please provide a statement to show pension value.
PROOF OF SELF EMPLOYED INCOME (IF RELEVANT)	1) Last 3 years tax returns (SA100 or SA302) and, 2) Last 2 years certified accounts for any limited company that the applicant is director of.
PORTFOLIO LANDLORDS (IF RELEVANT)	Schedule of all properties owned including property address, estimated value, mortgage outstanding, mortgage payment, annual rental income, in addition to SA100 tax documents for past 3 years.
PROOF OF DEPOSIT (IF FOR A PURCHASE OR PROPERTY RECENTLY PURCHASED)	A bank statement to evidence funds plus any of the following to confirm source of funds: 1) If from property sale – completion statement 2) If from family gift – gift letter from family member plus their bank statement to show source of funds 3) Sale of shares – execution statement 4) Pension withdrawal – confirmation of pension fund value and advice given showing tax payable If from other source please confirm to the lending manager who will advise what information is required.

All items can be scanned and emailed to your Lending Manager, or business@cumberland.co.uk

ANY QUESTIONS?

We're always open to questions and feedback.

If you'd like to chat through any of the information in this toolkit, or you think you have a case that's a good fit for our products, please give us a call on 01228 403135, or email business@cumberland.co.uk

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