

ONLY FOR USE BY MORTGAGE INTERMEDIARIES



NatWest Intermediary Solutions Buy-to-let guide



NatWest

Includes usage tips for our
NEW buy-to-let calculator



It all adds up to a compelling buy-to-let proposition



Tips for using our
NEW buy-to-let
calculator



Simplified
affordability
calculator



Like-for-like
remortgages



Small and
portfolio landlords



Top slicing



Rental calculations

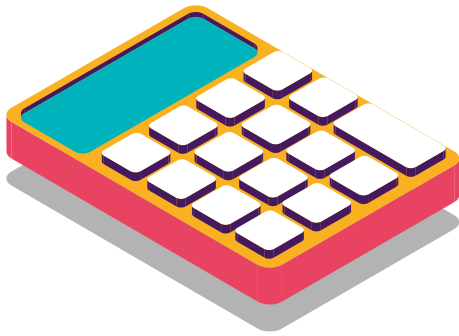


Minimum salary
requirements



First time buyers

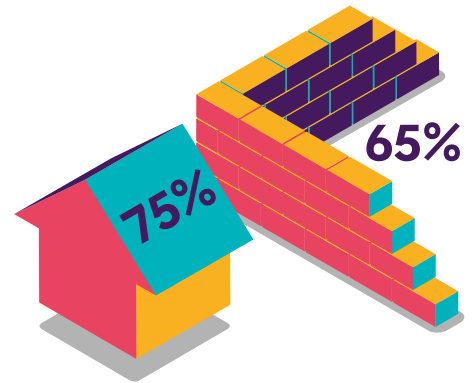
The basics



Rental cover calculation:
125%@5.5% - basic rate tax payer
135%@5.5% - like-for-like remortgages
145%@5.5% - higher rate tax payer
125%@5.5% - top slicing
100%@5.5% - earning £75,000 or more and top slicing



Minimum annual income:
£25,000 from one applicant, excluding rental income



Maximum LTV:
75% or 65% for New Build properties



Maximum portfolio:
only landlords with 10 or less buy-to-let or consent-to-let properties - **mortgaged or unencumbered** will be considered for a mortgage



Small landlord:
those with three or less buy-to-let or consent-to-let **mortgaged properties** (including current application) excluding limited company buy-to-lets or unencumbered properties



Portfolio landlord:
those with four or more buy-to-let or consent-to-let **mortgaged properties** (including current application) excluding limited company buy-to-lets

Eligibility

We have a new simplified affordability calculator for eligible applicants that'll mean you have to submit less information and get the decision to lend much quicker than using the full affordability calculator. Applicants that aren't eligible will need to use the full affordability calculator:

Simplified calculator	Full affordability calculator
Must have a residential or consent-to-let property on completion	Applicants who are not home owners or own a consent-to-let property
Portfolio landlords <ul style="list-style-type: none">Like-for-like remortgages – applicants looking to switch from another lender to NatWest to repay their current outstanding mortgage with no additional borrowing	Portfolio landlords <ul style="list-style-type: none">PurchasesRemortgages with additional borrowing
Small landlords (not including limited companies or unencumbered properties) <ul style="list-style-type: none">PurchasesLike-for-like remortgages – applicants looking to switch from another lender to NatWest to repay their current outstanding mortgage with no additional borrowingRemortgages with additional borrowing	Small landlords where the rental cover calculation does not meet our requirements First-time buyers, first-time landlords and non-owner occupier buy-to-lets

New simplified calculator

For those applicants who are eligible, it'll take less than a minute for you to find out if we can offer them a remortgage.

Eligibility – page 1

Key Information
Only Landlords with 10 or less Buy to Let / Consent to Let properties (non-logged or unincorporated) will be considered for a mortgage.

Small Landlord
1 or less Buy to Let or Consent to Let managed properties (including this application)

Portfolio Landlord
4 or more Buy to Let or Consent to Let managed properties (including this application)

Remortgage (Like for Like)
Customer looking to switch from another lender to borrow to repay their current outstanding mortgage (no additional borrowing)

What are you looking for do:
Number Of Applicants: Sole Joint

Does the customer(s) own either a consent to let or residential property?

Type of Applicant: Small Landlord Portfolio Landlord

Application Type: please select from the dropdown list below

- Eligibility information needs be entered on page 1

Financial details – page 2

- You'll need to enter the details relating to the applicant's mortgage requirements, property value, income and other financial information.

This will include the applicant's total gross income including rental income and/or SA302 if a limited company buy-to-let

You'll be asked to enter the actual letting agent fees that are being paid.

- The rental cover calculations used are:
 - 125%@5.5% - basic rate tax payer
 - 135%@5.5% - like-for-like remortgages
 - Higher rate tax payers 145%@5.5% plus declared letting agents costs
- Once you have entered all the information and clicked '**Calculate**' you'll get an on-screen result confirming whether or not the rental cover meets our requirements. If it does, you'll also see confirmation of the maximum loan amount.
- You will be able to save a PDF copy of the calculation entry by clicking '**Summary PDF**'

What are you looking to do:

Total Mortgage Amount Required (£):

Gross Monthly amount of rental income (£) from property being mortgaged:

Will you be using a Letting Agent? Yes No

Applicant Total Gross Annual Income (£):

Total income (including any other rental income, plus all assistance)

Results

Overall Result: Pass

Overall Result Message: YES - Customer is eligible for the mortgage amount they have requested

Loan Amount: 100000

Maximum Loan Amount: £120,376

Important Information: This is an indication figure only. It does not constitute an agreement. Applicants will be subject to maximum LTV criteria, credit scoring, credit referencing and underwriting.

Letting agent costs

We have added an additional question into the calculator and now ask for declared letting agent costs

What are you looking to do:

Total Mortgage Amount Required (£):

Gross Monthly amount of rental income (£) from property being mortgaged:

Will you be using a Letting Agent? Yes No

Gross Monthly Cost of Letting Agent (£):

Applicant Total Gross Annual Income (£):

Total income (including any other rental income, plus all assistance)

If you select 'Yes', you will be prompted with the following box

Where the amount we could lend, based on rental income, is less than the applicant is looking to borrow, this message will be displayed “Additional information required. If the customer would like to borrow more than the maximum loan amount offered, click ‘Next’ to proceed”. It will also show the maximum amount we can lend based on rental income.

What are you looking to do

Total Mortgage Amount Required (£) ⓘ

Gross Monthly amount of rental income (£) From property being mortgaged

Will you be using a Letting Agent? Yes No

Applicant Total Gross Annual Income (£) ⓘ
Total income (including any other rental income) prior to deductions

[Back](#) [Calculate](#) [Next](#)

Results

Overall Result
Additional Information Required. If the customer would like to borrow more than the maximum loan amount offered click next to proceed.

Overall Result Message
Based on the information provided we are unable to lend the amount requested. The customer may be able to borrow more if their income is sufficient to make up the shortfall.

Loan Amount
200000

Maximum Loan Amount
£161,616

[SUMMARY PDF](#)

Click the ‘Next’ button to use our full affordability calculator which will enable the applicant’s additional personal and/or rental income to be taken in to account. Provided the applicant passes this, **we will lend whatever the higher amount is from either the simple or full affordability calculator.**

Top slicing

If there is a rental shortfall we will take into account any free personal or rental income as long as applicants meet our minimum rental cover calculations:

- 100%@5.5% for applicants who earn £75,000 or more
- 125%@5.5% for applicants who earns less than £75,000

Buy-to-let policy



New valuation service: introduced to assess rental demand and rental income for all other properties being let, with the results used to validate an applicant's affordability

10

Maximum number of rented properties permitted for an application: 10 (including current application) with any lender

3.5M

Maximum lending limit: £3.5m across all residential and buy-to-let mortgage lending with NatWest or RBS

4.99

Loan to income maximum: 4.99 times income, including rental income, per property

NO

We cannot accept: applications from HMO, business partnerships or limited companies

80

Maximum age: increased from 70 to 80 for end of the term for buy-to-let applications

Consumer buy-to-let

We do not offer consumer buy-to-let mortgages.

We define a consumer-buy-to-let application as one where the applicant is NOT planning to let the property for investment purposes where 'investment' means they are looking to benefit from rental income or future house price growth.

House purchases, applicants with existing buy-to-let properties or any properties with current or future family occupancy are not defined as consumer buy-to-let.

Proc fees for buy-to-let

DA firms

45bps gross

AR firms

45bps gross

Max £10,000, min £250.



For more information go to intermediary.natwest.com

FAQs

Question	Answer
What is your minimum income?	£25,000, excluding personal and rental income, if a homeowner, from other buy-to-let properties
What do I put in for the applicant's total gross income in the simplified calculator?	100% of all acceptable income, including 100% of annual bonus plus gross rental income from other personal buy-to-lets that they may own (if limited company then put in the SA302 figures)
Will we lend to 1st time buyers?	Yes! But they will go through full affordability
Do both customers have to own a residential/ consent to let property?	No!
How do you verify background rental income?	We verify through three months bank statements and rental valuation assessment through LGSS
If someone owns a limited company or unencumbered buy-to-let, are these included in your definitions?	Yes for overall maximum of 10 buy-to-let properties but no for definition of a portfolio landlord
How do you factor in letting agent costs?	For higher rate tax payers we use declared costs where using a letting agent, where looking to purchase or remortgage with additional borrowing



Help with pre-submission applications

We are happy to help you with queries about customer applications on *LiveTALK*, our instant messaging service at intermediary.natwest.com.

Use *LiveTALK* for :

- Registration/password queries
- Queries on criteria for new applications
- Queries about using the website

And, get a transcript of your conversation

Help with existing applications



Use our online Mortgage Application Tracker to monitor progress of your customers' applications



0345 600 0205

Call our dedicated intermediary mortgage processing centre on our local rate number



For more information go to intermediary.natwest.com