

# Buy-to-let mortgages

Mortgages for rental properties



For further information

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09/17



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# Introduction

Ecology aims to help protect the environment through its mortgage lending. One way we do this is to provide mortgages on derelict and run-down properties in order to bring them back into use – a form of recycling. We provide mortgages across England, Scotland, Wales and Northern Ireland.

**YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

## Buy-to-let proposals

If we provide buy-to-let finance on a property it must qualify under our C-Change discount criteria. We normally mortgage the following properties:

- **renovations where the energy efficiency of the property is being improved**
- **conversions such as barns where they are being converted to a high energy efficiency standard**
- **for ecological new builds constructed from sustainable, natural materials, incorporating high levels of energy efficiency and/or renewable energy systems**
- **for energy efficiency improvements to existing properties i.e. for the installation of energy efficiency measures and/or renewable energy systems**

With our buy-to-let mortgage we cannot provide finance in the following circumstances:

- **Where the property will be occupied as a holiday let or second home**
- **Where the property will be occupied as your main residence or by a family member**
- **Where the mortgage applicant(s) owns more than three buy-to-let properties – this includes the property you would like to mortgage with Ecology**
- **To refinance your existing property which is currently your main residence but you are thinking of letting this property out**

# Mortgage details

## Who can borrow?

At Ecology we take a small-scale approach to buy-to-let properties. We want to avoid first-time-buyers and families on low incomes being squeezed out of the property market, so we do not offer our buy-to-let mortgages to companies or professional landlords. Ecology buy-to-let mortgages are therefore only available where the property mortgaged forms part of a portfolio comprised of no more than three properties in total.

Our buy-to-let mortgage is available for the purchase of one individual property, which will provide one or more separate units of accommodation (up to a maximum of three).

All borrowers must be aged 18 or over. This mortgage is only available to UK residents and you must have a clean borrowing history and have been on the Electoral Register for the last three years.

## How much can I borrow?

The amount that can be borrowed is based on the anticipated rental income generated by the property, which should be at least 35% more than the monthly mortgage payment. This allows a safety margin for times when the property is not let. So, for example, if the total monthly rental is expected to be £500 the monthly mortgage payment should be no more than £370. When you make your application you must have a good idea as to the likely rental and you may need to take advice on this from a letting agent first.

We can lend up to 80% of the purchase price or valuation, whichever is lower. Further funds are available as renovation work is undertaken, up to a maximum of 80% of the property's valuation at any one time. It is important that you have a sufficient capital sum on top of the deposit (usually at least 15% of total works costs) to begin the first stage of the renovation and so increase the valuation.

We will undertake an affordability assessment of your personal income to determine you can support your current expenditure.

Please refer to our **Current residential mortgage rates and charges** leaflet for the maximum loan and details of interest rates.

## Type of mortgage

The Ecology buy-to-let mortgage is available for a term of 10 to 25 years on a repayment or interest-only basis.

This product is not regulated by the Financial Conduct Authority (FCA).

## What is the interest rate?

Please call the Residential Mortgage Department on **01535 650 770** for our current rate or see our **Current residential mortgage rates and charges leaflet**.

The buy-to-let mortgage will be eligible for the Society's C-Change discount. Please be aware that to qualify under our C-Change Retrofit mortgage, the property will need to be improved by a minimum of two EPC ratings. Please see **Our C-Change discounts** leaflet.

## Mortgage repayments

You must have sufficient funds available to cover the initial mortgage payments while works are being carried out or in case there is some delay in finding tenants.

## Valuation

The Society will ask its valuer to give a valuation based on the property in its current state and also to give a figure for when the renovation has been completed. In order to provide a “when complete” figure, the valuer will need a copy of your plans and estimates and these should be sent to us with your mortgage application form. At each request for further funds we may need to instruct the valuer to visit the property and give us an up-to-date valuation. A re-inspection fee will be payable.

The valuation will not provide a detailed assessment of the condition of the property nor does it provide a guarantee that any purchase price is reasonable.

We will also ask the valuer to give an opinion on the total monthly rental income you believe the property is likely to generate when work is finished. The property will be re-inspected (and a fee will be payable) on completion of the works prior to the Society giving permission to let.

## Supervising the renovation

If the building requires significant renovation we may require the work to be supervised, usually by an architect who will then be able to issue a certificate when the work has been completed.

## Terms of letting

All lettings must be arranged via individual Assured Shorthold Tenancies (or Short Assured Tenancies in Scotland) and normally be for periods not exceeding 12 months at a time. It will be your responsibility to ensure that while the property is let, it complies with all relevant legislation affecting residential accommodation let to tenants.

## Tariff of charges

Buy-to-let mortgages are subject to the same charges, where appropriate, as shown in the mortgage application form and the **Current residential mortgage rates and charges** leaflet.

An early repayment charge may be payable if you repay all or part of your mortgage within the first two years.

# What to do now

## The application process

After discussing your proposal with you, we will send an application form to you with a personalised illustration. The application form should be fully completed and returned to us with copies of your plans and estimates for the works. You should also send a cheque to cover both the appropriate valuation fee and the application fee. On receipt of your application we will review the information you have supplied. If there are any queries we will contact you immediately to clarify the situation and then instruct a valuer.

If you have not yet spoken to our staff, please call our Residential Mortgage Team on **01535 650 770** to discuss your plans.

## Solving problems

Our aim is to provide a high standard of service to all our customers. However, occasionally things can go wrong. When this happens, we want to put matters right as quickly as possible. If you do have a complaint about any aspect of the service you have received, please contact us straightaway. We have an established complaints procedure, a copy of which is available on request. This explains how we will try to resolve your complaint and how, if you are still not satisfied, you can ask for it to be investigated impartially by the Financial Ombudsman Service whose address is: Exchange Tower, London, E14 9SR or you can visit their website **[financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)**.