

Additional Information about our Mortgages Buy to Let

This document sets out information that you need to be aware of before taking out a mortgage with us. It's a good idea to read it along with our other documents which give important information about our mortgage services:

- Getting a Mortgage: what you need to know
- Our lending criteria

If you don't have access to these, or you need any other help, please get in touch with our New Business Team (Mortgages) using the contact details shown on the final page of this document. Whilst we are happy to provide information about the mortgage products we have on offer, we do not provide advice or personal recommendations relating to Buy to Let mortgage products.

1. GENERAL MORTGAGE INFORMATION

Managed mortgage rate

The managed mortgage rate (MMR) is a type of mortgage interest rate that you are most likely to go onto after your introductory fixed, tracker or discounted deal ends. We choose what the MMR rate is and it does not track the Bank of England Bank Rate. Your MMR depends on whether we calculate the interest on your mortgage annually or monthly. For further advances, we calculate the interest monthly.

The MMR you'll pay also depends on what type of mortgage you apply for. Please refer to our website for more information.

How much will you lend me?

The minimum loan we will consider is £45,000 unless we say otherwise on our website. There is no maximum, but if you need to borrow more than £500,000, please contact us before you send us your application form. We offer loans up to the maximum Loan to Values (LTVs) shown on our website. We base the LTV on the property value or purchase price, whichever is lower.

The amount we will lend you is based on the monthly rent being equal to or higher than 145% of the interest payable per month, on whichever is higher of:

- Our expectation of likely future interest rates (our 'stressed rate'); or
- The product's initial interest rate plus 2% (unless fixed for five years or more); or
- Guidance from the Prudential Regulation Authority; or
- Our monthly Buy to Let Managed Mortgage Rate.

As these rates change regularly, please contact our New Business Team (Mortgages) who will be able to give you the most up to date information.

The minimum value of a property we will accept is £120,000 and there is no maximum value.

Do you have minimum and maximum interest rates?

Yes. If the product you choose is subject to a minimum charging rate (known as a "floor") or a maximum charging rate (known as a "ceiling"), you can find this on our website. A floor or ceiling will only apply during the initial discounted or tracker period of your mortgage.

What are my repayment options?

We offer both capital and interest repayment and Interest-Only Buy to Let mortgages. For Interest-Only loans, please state on your application form how you plan to repay the capital you are borrowing.

How long can my mortgage be?

The minimum mortgage term is five years and the maximum is 40 years.

Can I take the mortgage with me if I sell the property?

Yes. If you sell the property and buy another, you can take your Family Building Society mortgage with you to the new property for an amount up to the outstanding amount you owe us. This is known as "porting" and will be subject to you meeting our lending criteria that apply at that time.

If you want to borrow more, you can choose a new product from our Further Advance range. Our Further Advance products change over time and the interest rates may be higher than the existing rate on your main mortgage. It is important that you review our Further Advance products and interest rates at the time you are interested to determine what your options will be.

If you reduce your mortgage balance when you sell, then, where applicable, you would have to pay us an Early Repayment Charge (ERC) which we will calculate based on the net amount you are repaying.

What about buildings insurance?

You will naturally want to make sure that your property is covered in the event of damage due to a fire, storm, flood, etc. As the property is our security for the loan, we do need to see proof that you have adequate buildings insurance in place before your mortgage starts (known as “completion”).

You must make your own insurance arrangements, but these must meet our minimum requirements regarding the extent of the included risks and the amount of cover.

Will you give me regular updates about my mortgage?

Yes. In January each year we’ll give you a mortgage statement showing your transactions in the previous calendar year and the total of interest we have charged you.

We can also give you a certificate of interest paid on a tax year basis, for an additional cost. We produce these certificates on an individual basis for an additional cost for each mortgage account you have with us, per tax year. We would normally add this cost to your mortgage account. We show our mortgage administration charges in our Tariff of Mortgage Charges document, which we send you with your annual mortgage statement.

Do I need to have financial advice?

So that you are fully aware of your mortgage repayment options, you should seek specialist financial advice.

2. BUY TO LET MORTGAGE INFORMATION

Who do you lend to?

We lend to UK residents who are able to provide the usual proof of addresses for at least 12 months and, if you are remortgaging, you must have owned the property for at least six months. We must be satisfied that you are able to demonstrate a current mortgage track record with a minimum of 12 months. If you are not experienced in the lettings market and your landlord’s responsibilities, you must appoint a professional managing agent to handle the letting process for you. You must be either gainfully employed or have investment, pension or other income. We may require proof of your income.

What are your tenancy criteria?

We do not accept lets to Diplomatic, University, College, Housing Association, Council and DSS tenants. Our legal representatives will only approve one agreement. We can only accept assured shorthold

tenancies if the period for each tenancy is not less than six months and not more than 12 months. The exception to this is where the tenancy is to either a Limited Company, or to an individual(s) provided the rent exceeds £100,000 per year. Rent cannot be charged more than one month in advance unless we agree otherwise. The tenant must not be either related to you or be your unmarried partner.

Where the tenancy is to either a Limited Company, or an individual(s), as long as the rent is more than £100,000 per year, the letting must not be longer than one year or, in certain agreed circumstances, two years.

For tenancies that started after 1 April 2018, the property should have an Energy Performance Certificate rating of ‘E’, or above.

What types of property do you lend on?

We lend on flats, maisonettes, bungalows and houses that have a minimum vacant possession value or purchase price (whichever is lower) of £120,000. Properties must be of standard construction, in a good condition and suitable for immediate letting. Properties must be situated in England and Wales and within predominantly residential areas. If the valuer suggests refurbishment works are needed, we may not be able to accept your application or we may require the works are carried out before completion. We do not lend on the following types of property:

- Properties with more than one kitchen or more than four bedrooms or more than four tenants
- Properties designated as Houses in Multiple Occupation (HMOs)
- Properties let to students
- Properties to be rented to the current owner following completion (buy and rent back)

All flats and maisonettes must be self-contained units. We do not lend on new build flats, studio flats, ex local authority flats, freehold flats and flats above commercial premises. We only lend on blocks of flats where the number of storeys in any one block is four or less. We may be able to consider higher blocks of flats in central London. We can accept leasehold flats or maisonettes provided there is a minimum of 50 years unexpired remaining on the lease at end of the mortgage term. For all new build properties and multiple mortgage applications, please check with our New Business Team (Mortgages) before you send us your application form.

3. OUR FEES AND CHARGES

How much is the Application Fee?

This is £175 plus the Valuation Fee. You will need to pay the Application Fee when you apply for the mortgage and this isn't refundable.

For purchase applications, the Valuation Fee is based on the purchase price or value of the property, whichever is higher.

For remortgage applications, you can have a free valuation on property values up to £500,000. If the property value is over £500,000, we reduce the Valuation Fee by £330.

How much is the Product Fee?

The Product Fee will vary depending on which mortgage you choose. You will need to pay us this when your mortgage completes and this isn't refundable. We will normally deduct the Product Fee from the total advance at completion.

If your loan is more than £500,000, the Product Fee will be 0.40% of the total amount we have lent you. We call this the Large Loan Fee and it relates to the size of your loan.

Will I have to pay any Early Repayment Charges (ERCs)?

Where we show an ERC on our website, this is relevant for the whole of the initial interest rate period. Unless the product specifies otherwise, you can make capital repayments of up to 10% of the original amount you borrowed each year during the initial interest rate period without having to pay an ERC. If you pay more than 10%, you will need to pay us an ERC on any amount that is over 10%.

You can't carry the 10% allowance forward to future years, so for example if you pay off 5% in one year, you can't then pay off 15% the following year without having to pay an ERC. The allowance will stay at 10% per year.

If you're paying back the whole of your loan, no allowance applies. This means that you will have to pay the ERC on the capital balance at the time you repay the whole of your loan. We show the ERC for each mortgage product on our website.

4. OUR BUY TO LET MORTGAGES

In addition to our standard capital and interest repayment and Interest-Only mortgages, we have a choice of specialised Buy to Let mortgage products.

Offset Mortgages

You will need to open a linked Offset Saver account if you are applying for our Offset Mortgage. A cashback of £100 will be used to open your linked Offset Saver account on completion of the mortgage.

You can enjoy one of two benefits with our Offset Mortgage; a Term Reduction or a Payment Reduction.

You also have the flexibility to switch between these two options. For full details, including the benefits of both options, please refer to the Buy to Let Offset Mortgage brochure.

Our Buy to Let Offset Mortgage is available to UK resident individuals only. It is not available to corporate bodies or partnerships.

Joint Mortgage Sole Owner (JMSO)

Our JMSO arrangement is designed to let family members help each other buy a property, often sooner than if a JMSO wasn't in place. It allows parents, or for older borrowers their working adult children, to join in a mortgage as non-owning borrower(s).

The maximum we will lend on a JMSO is £500,000.

JMSO is available for both purchase and remortgage on a repayment or Interest-Only basis. We will not accept repayment strategies for Interest-Only applications which are held jointly with the non-owning borrower(s) including the sale of property which is owned by the non-owning borrower(s).

If any amount is on Interest-Only, the mortgage must finish before the anticipated retirement age of the eldest borrower or age 70, whichever is sooner.

All borrower(s) including non-owners(s), are liable for all the mortgage payments.

As a condition of our mortgage offer, all non-owner(s) must have separate independent legal advice. You will need to instruct a legal representative, and you must cover any legal costs yourself.

Please talk to us before you apply for a JMSO. If we decide that you are eligible, all applicants must make it clear that they are applying for a JMSO when they complete the "Additional Information" section of the mortgage application form. They must also clearly state which of the applicants will be the owner(s) and which will be non-owner(s).

Please also read our Joint Mortgage Sole Owner (JMSO) document which gives full details and examples of who this arrangement may be suitable for.

This arrangement is not available for our Limited Company and Expat Mortgages.

5. LEGAL COSTS

There are various legal costs associated with taking a mortgage and these will be your responsibility.

Can I use my own legal representative?

If your legal representative is on our panel of approved firms, managed by LMS, we may be prepared to use them to act for us. Please contact us if you need more information about this. Please note, if your legal representative is not on our panel of approved firms, managed by LMS, we'll need to appoint our own and you will have to pay the cost of this. If this does happen, we'll let you know about the fees.

Do you offer help with Legal Fees?

No, you must cover any legal costs yourself if you choose one of our Buy to Let mortgages.

Family Building Society, Ebbisham House, 30 Church Street, Epsom, Surrey KT17 4NL

Tel: **03330 140140** Email: newbusiness@familybsoc.co.uk

Website: familybuildingsociety.co.uk

**THE MORTGAGE WILL BE SECURED ON YOUR PROPERTY
YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON
YOUR MORTGAGE**

Family Building Society is a trading name of National Counties Building Society which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Firm Reference No: 206080 register.fca.org.uk