



ENNESS

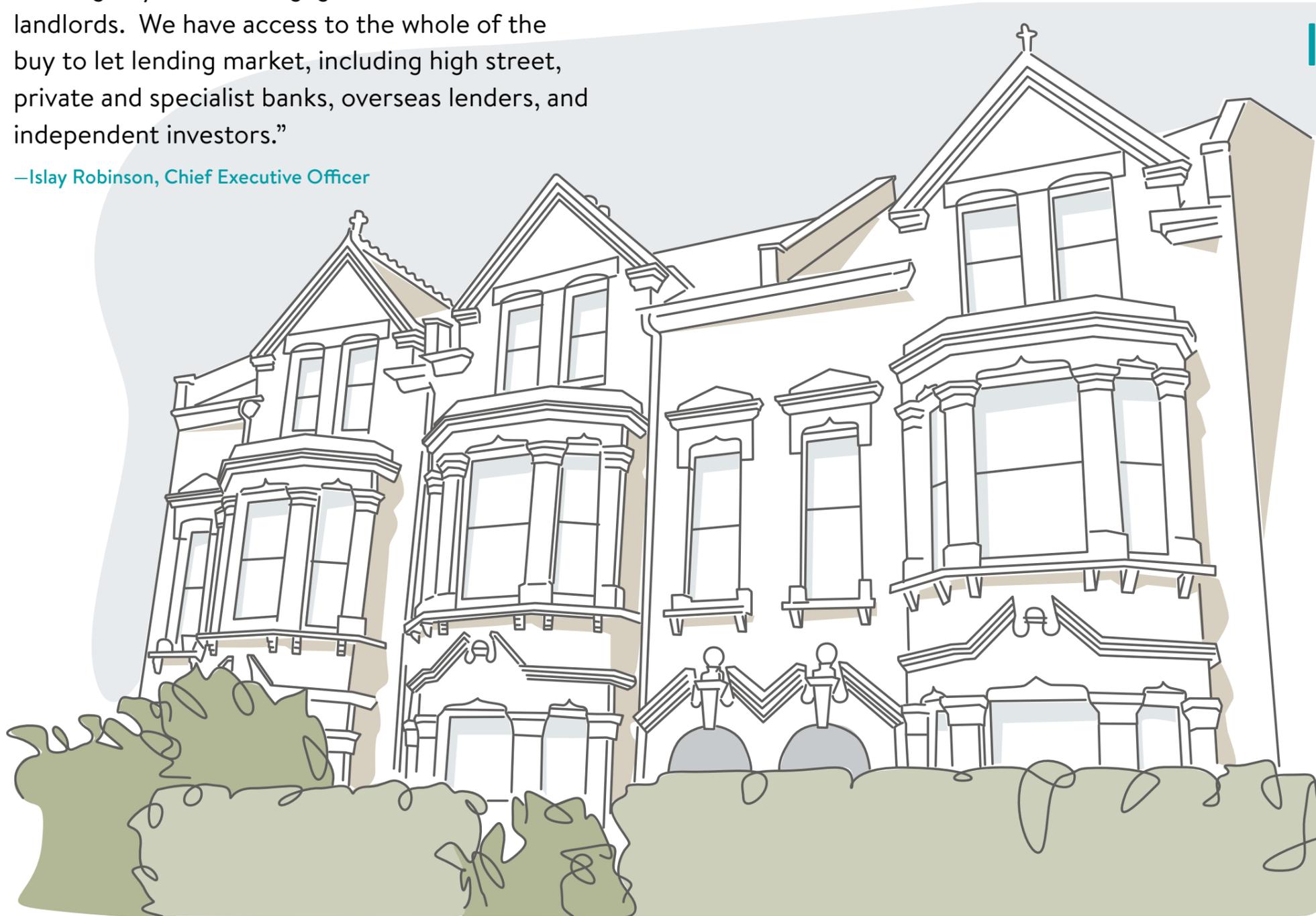


BUY TO LET MORTGAGE GUIDE

Enness' guide to buy to let mortgages for property investors

“We pride ourselves on working with every lender offering buy to let mortgages for all level of landlords. We have access to the whole of the buy to let lending market, including high street, private and specialist banks, overseas lenders, and independent investors.”

—Islay Robinson, Chief Executive Officer



Introduction

If you’ve been reading the papers, you’ll be aware of several recent changes to the buy to let sector. Private rental, one of the UK’s biggest economic achievements over the last few decades, has caught the government’s eye and led to the introduction of increased stamp duty land tax and cuts to mortgage interest relief. Furthermore, affordability checks have become more stringent, leaving many existing investors unsure of their future, and creating a barrier for new ones to enter the market.

However, Enness works with over 200 lenders and has access to market leading buy to let mortgage rates, helping clients secure terms even in the most challenging markets.

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Overview

At Enness, we are often asked how recent changes, such as more stringent affordability tests introduced by the Prudential Regulation Authority (PRA), will impact clients' ability to secure a buy to let mortgage.

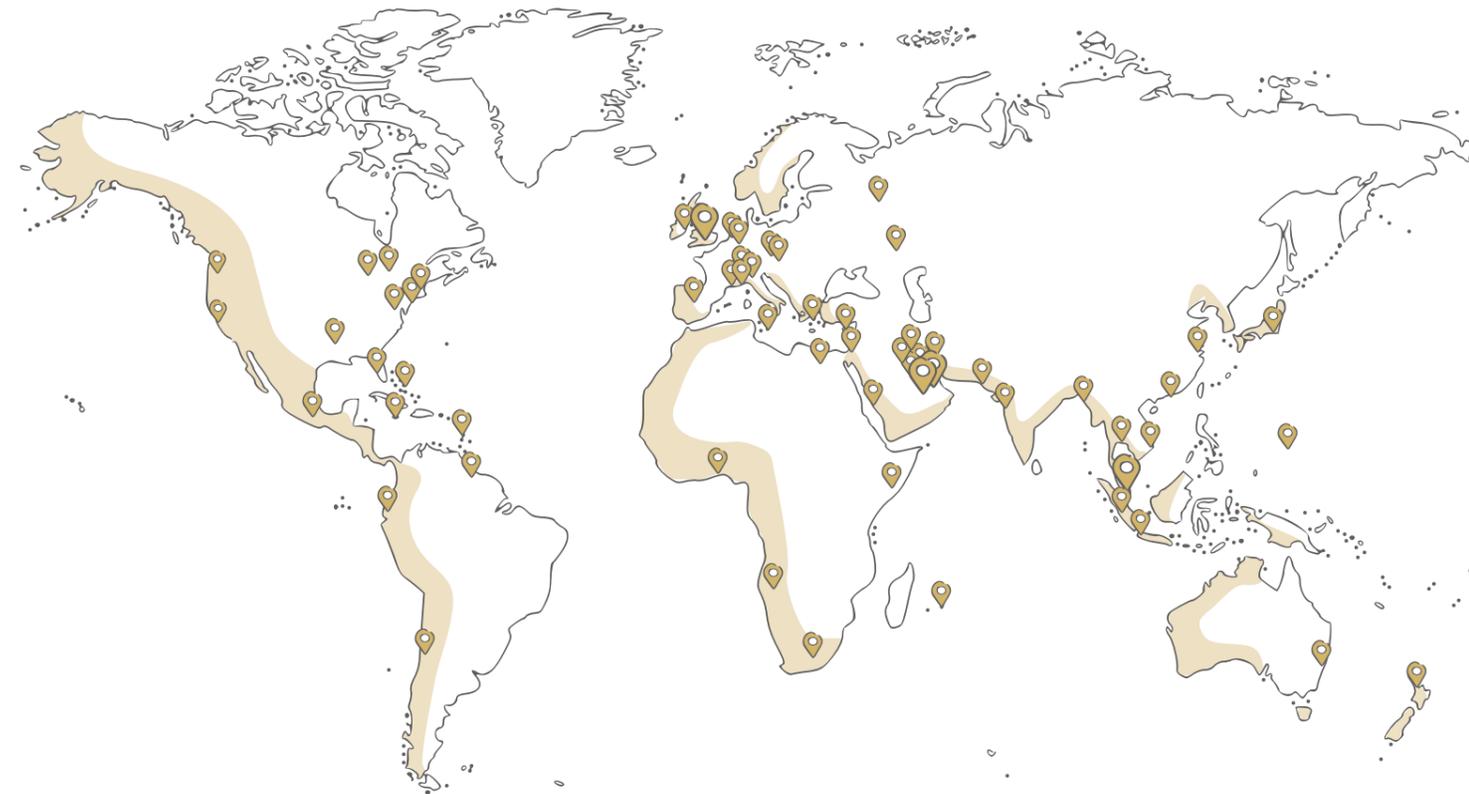
From April 2017 landlords will experience cuts to the mortgage interest relief they can claim, impacting the amount of profit they will receive from rental income. Our brokers are trained thoroughly on all regulatory and government changes as they happen, enabling them to give expert guidance on how it could impact you. In the case of tax changes, we work with a trusted property tax specialist who can advise on this matter.

The truth is, it is a more challenging market than it once was but, thanks to Enness' access to the entire buy to let lending market, we are still able to find financing for even the most complex of cases.

[Find out what our brokers can achieve for you](#)

[CONTACT US](#)

Expat and foreign national buy to let mortgages



The UK has long been considered a safe haven for property investment. At times of global uncertainty, high net worth clients are choosing to put their money into UK assets in order to protect it over the long-term.

It can be challenging for a foreign national to get an expat mortgage in the UK – particularly if they aren't residing there and have no UK footprint at all – but Enness is extremely experienced in finding a solution to this. Even if your accounts are in a foreign language, we have the contacts to be able to work with them in order to prove your affordability.

Likewise, if you are a British expat living abroad, we are well-equipped to help you purchase a buy to let back home, retaining your foothold in the British property market whilst you are away.



Stamp duty land tax (SDLT)

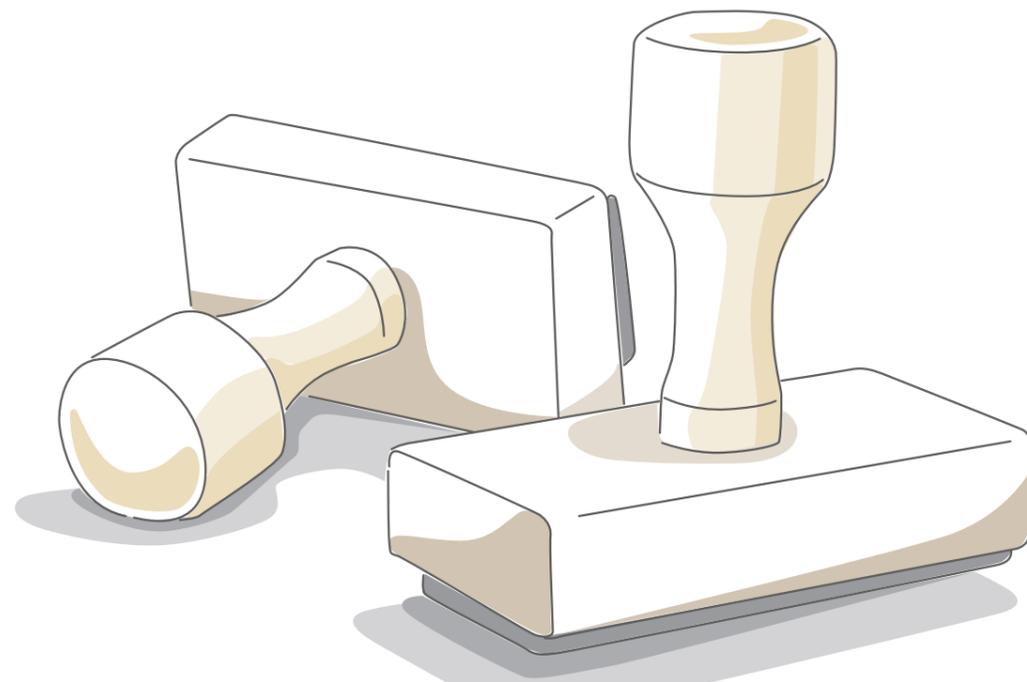
Investors now face an additional 3% SDLT on their buy to let investments.

The government has long been concerned the buy to let boom is exacerbating the housing crisis, with landlords blamed for putting pressure on supply. They are, to an extent, being sacrificed to help first time buyers on to the property ladder. The government has promised the higher rate will raise an extra £1 billion for the Treasury by 2021 – a significant proportion of which has been allocated to fund the construction of new homes.

As a result, investors are taking a longer term view over their buy to let portfolios, looking at capital gains over time, rather than profit from rental income. Whatever your long term goal, Enness has the experience to secure you a product perfect for your circumstances.

STAMP DUTY DUE – England & Wales

Purchase price	First home	Buy to let / second home
£100,000	–	£3,000
£250,000	£15,000	£10,000
£500,000	£15,000	£30,000
£750,000	£27,500	£50,000
£1 million	£43,750	£73,750

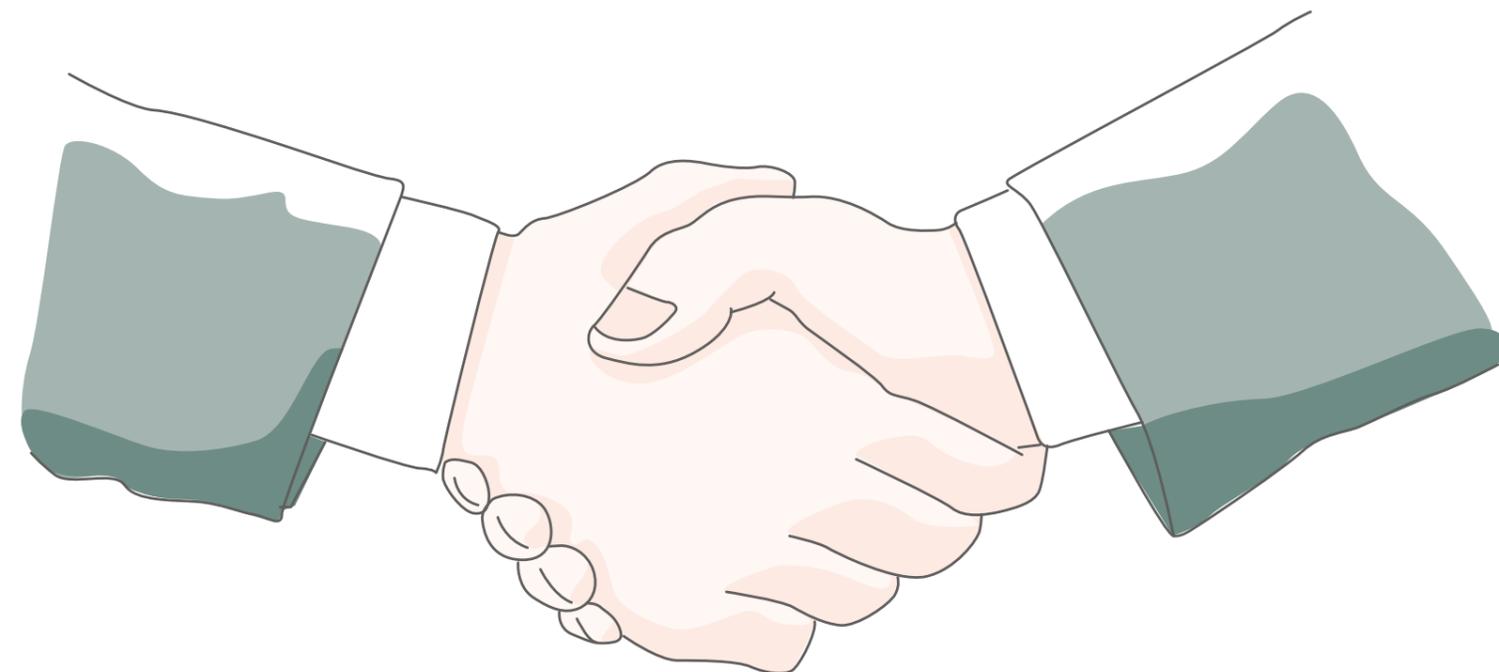


Our service

We work with a lot of clients who have chosen to incorporate their properties into a company – for example a limited company or Special Purpose Vehicle (SPV) – as there are benefits when it comes to taxation and rental calculation.

Higher rate or additional rate tax payers can be more flexible in terms of how they take their income from the limited company or SPV. Our property tax specialists can advise on how best to approach taxation on any profits, something which has recently changed with cuts to the tax relief landlords will enjoy.

Additionally, the rental calculation for most buy to let lenders allowing for limited company buy to lets is 125% at 5%. We're seeing more and more lenders move into this market and have access to market leading rates so we're adept at arranging financing for these landlords.



CASE STUDY

Buy to let purchase via Special Purpose Vehicle (SPV)

—Antonio Michael



THE SCENARIO:

A client was recently referred to Enness looking to finance a buy to let purchase in Bath. The client and her husband each owned 50% of a property development company – sharing a large buy to let property portfolio, all of which was owned via an SPV. My client wished for the buy to let purchase to be completed via the SPV as well.

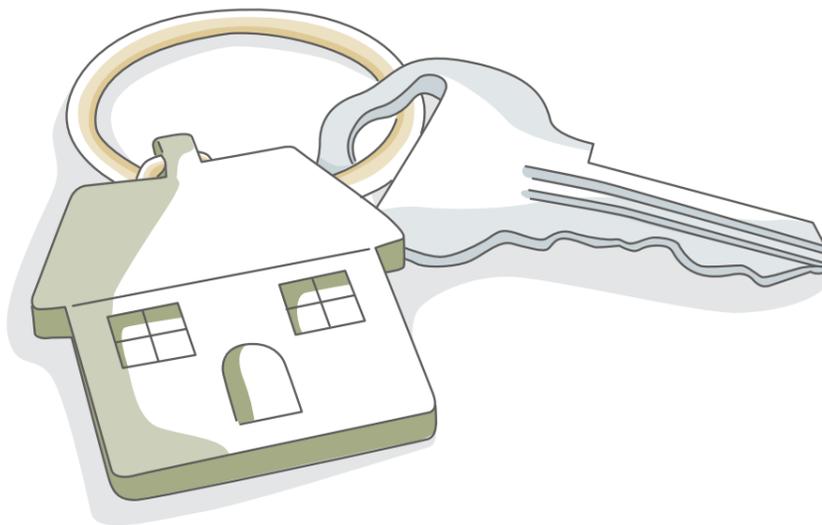
Property developers and investors typically use SPVs to contain and manage risks associated with their developments, each of which will have different investor profiles.

My client's main residence was owned in her husband's name; with whom she develops properties and as such has no personal property footprint in the property market. My client wanted to purchase the property with as little deposit as possible, borrowing £487,500 to purchase the £650,000 property, creating a challenge for lenders as most would not allow for such a small deposit. The fact the client also had no main residence and declared very little of her income posed a further challenge.

Thanks to Enness' relationships with an extensive network of lenders, I was able to work with one who used a very low stress test, with no minimum income required. The particular lender offered a reduced rental calculation, meaning we were able to get a higher loan to value, with a small deposit. As a result, I was able to secure an interest only loan at a rate of 3.5% LIBOR over a 25-year term.

If you are considering purchasing buy to let property via an SPV, or have a portfolio in an SPV already, we have partnered with a specialist acquirer of property SPVs in order to extract profit and avoid the cost and risk associated with ongoing ownership. This specialist can release profit from your property SPV in 30 days, taking all risks on your behalf, delivering fast payment to shareholders, no ongoing liabilities, certainty in terms of outcome and an entirely private transaction.

If you would like to discuss how Enness' partnership with an SPV specialist can benefit you, speak to one of our expert brokers today.



CASE STUDY

Investment in UK property market from Vietnamese national

—Michael Frimpong



THE SCENARIO:

A Vietnamese businesswoman was recently referred to us by a professional introducer who saw us as the only mortgage brokerage with the ability help the client given her residency status in Vietnam. The client lived in Hanoi, making frequent trips to London for work and wanted to invest in the London buy to let property market.

The client was purchasing a buy to let property for £1million in a new build development in South West London and wanted to borrow as much as she possibly could to fund it. The biggest challenge with this was the client's residency status; very few lenders engage with Vietnamese clients. The client was also self employed and didn't have an internationally recognised accountant. The client had also never owned property in UK before, leaving her without a UK footprint. To make things more complicated still, all the necessary financial documentation was in Vietnamese, including any proof of income.

Regardless of these obstacles, and thanks to our unusually wide network of lenders, we knew exactly which one to approach – a Jersey-based bank who was able to engage with the client on the ground in Vietnam, specialising in Asian and African clients. My excellent relationship with the head of mortgages there meant I was able to communicate with him directly, allowing us to overcome some of the challenges with the documentation. The client was able to place six months' worth of interest cover on deposit to allay any fears of rental voids from the bank's perspective.

The lender was willing to provide a rate of 3.47%, on a 25-year term, cheaper than many buy to let loans for UK-based investors. I was also able to secure 70% loan to value (LTV), which is significantly higher than the average loan for a non UK based client.



CASE STUDY

£2 million buy to let purchase

–Chris Lloyd



THE SCENARIO:

A couple recently approached me as they were looking to purchase a £2 million buy to let property in Central London at 65% loan to value (LTV). They had previously owned buy to let properties and had just sold one, which was to be the deposit for the new property. These clients also lived in Central London and owned two limited companies with very strong net profits, of which they drew little income from.

They were currently renting and did not own any other properties, which can make things very difficult when buying such a large property. This generally raises concerns with lenders that a client may be trying to get a larger mortgage to live in the property themselves, as buy to let mortgages tend to be less focused on income and affordability and more so on rental income, compared to residential mortgages.

Because of this, it was my job to present the case to a lender and prove they would have been able to buy it as residential property if they needed to.

It was clear from the company net profits that I could have secured lending at 4.5 times my client's income with a different lender, so there would be no reason for them to purchase with a buy to let mortgage at a higher rate – (it would have actually been cheaper for them to buy on a residential basis).

My clients were also tied into a tenancy agreement for a number of years and their current property was bigger than the new purchase, not to mention more suitable, as it was closer to their children's school.

Based on all of the above, I was able to pitch the case to a lender who was happy to lend at a competitive fixed rate of just 3.24% and complete within just four weeks.

This was an excellent result for a £2 million buy to let mortgage at 65% LTV, which was also on total interest only.

This worked extremely well for my clients as it meant they were able to receive additional income from the rent on the buy to let, making their lifestyle even cheaper.

CASE STUDY

Buy to let investment property for successful financial professional

–Harley Allen



THE SCENARIO:

A client was recently recommended to me by a previous client; they were looking to raise capital on an existing residential loan so that he and his wife could invest in their first buy to let investment property, and their current lenders were unwilling to finance to purchase.

The buy to let investment property in question was a house in West London worth £1.8million, and their existing loan amount was £700,000. My clients were hoping to raise as much as they could for the new purchase and required a loan of £500,000.

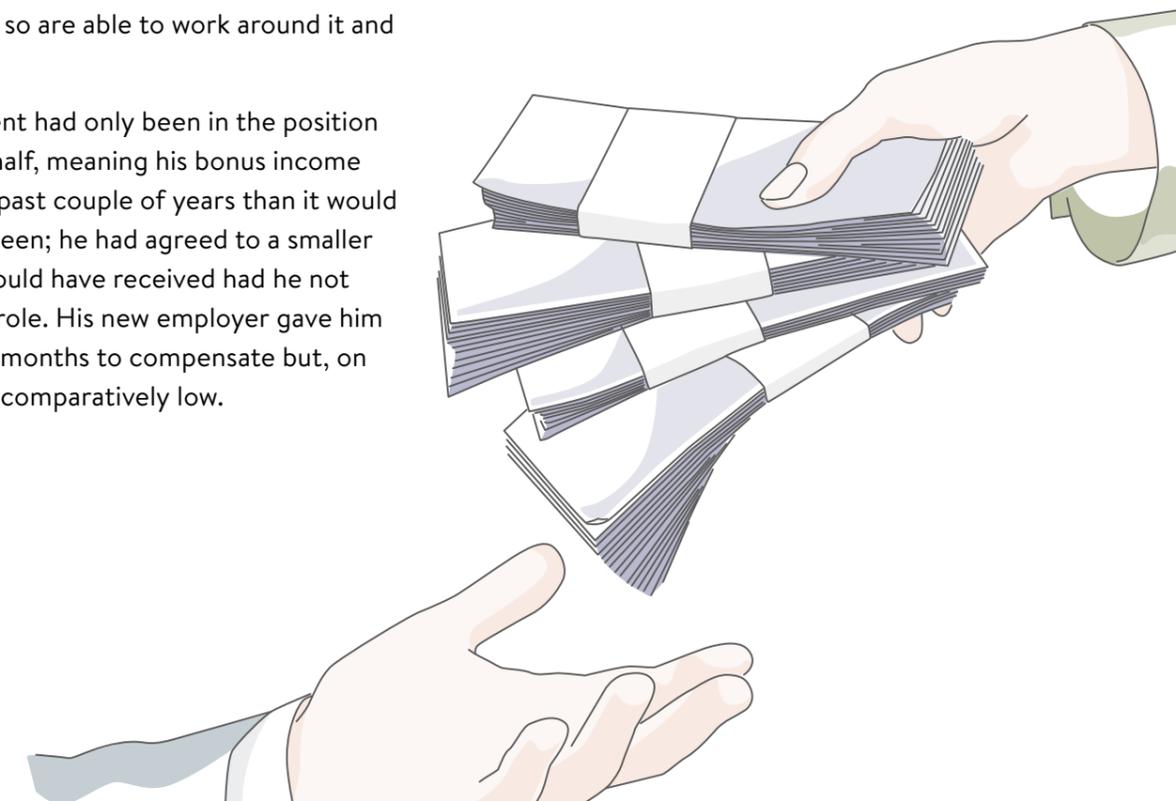
Due to my client's role as an investment manager, his income was based on performance and made up largely of annual bonuses, presenting a challenge when proving affordability. At Enness, however, we work with a lot of clients who are in a similar position so are able to work around it and find a solution.

However, my client had only been in the position for a year and a half, meaning his bonus income was lower in the past couple of years than it would otherwise have been; he had agreed to a smaller bonus than he would have received had he not left his previous role. His new employer gave him a bonus after six months to compensate but, on paper, it was still comparatively low.

Thanks to our large network of lenders, I knew of a specialised lender with whom I have a great relationship with. After I had presented my client's case to the lender and cleared the details of his job security and income set up, the lender was willing to accept 100% of the bonus from his previous employment, and offer excellent terms.

- 2.09% fixed for 2 years
- 35 year term
- Free valuation
- Free Legals

Needless to say my clients were ecstatic with the results and the couple look forward to purchasing their first investment property.



Conclusion

With all the changes in recent years impacting buy to let investors, it has never been more important to speak to an independent mortgage broker about your options.

We're always closely monitoring the market, keeping up to date with each and every lender's criteria and products. As such, we're able to provide the most beneficial solution to your specific circumstances.

In the professional buy to let sector, we are expecting to see considerable growth and improvement. This type of funding has traditionally been seen as harder to come by – but at Enness we have built strong relationships with these lenders over many years, and have no trouble sourcing solutions.

[CONTACT US](#)





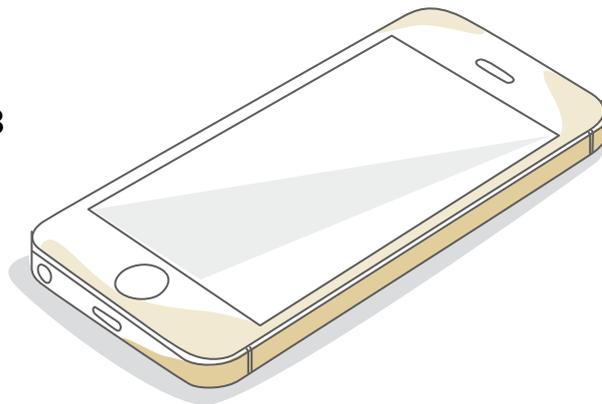
ENNESS

Are you thinking about investing in a mortgage?

Pick up the phone and give us a call for a free consultation.

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