



September 2015

HMO Light Refurbishment Mortgage

(England, Scotland & Wales)

Product Code RRM-3R2

Light Refurbishment product for HMO properties.

This mortgage will allow the purchase or remortgage of an HMO property typically requiring a new kitchen, new bathroom and re-decorating, or maybe new windows, re-wiring, or re-plastering. Please call for guidance on any specific requirements.

Up to 75% LTV Mortgage for Residential Properties

- Mortgage designed to buy, renovate/refurbish, then rent.
- Mortgages available from £75,000 to £2.5m (above £2.5m in exceptional cases)
- Loans over £750k may be restricted to 65% LTV
- Maximum loan up to 75% of purchase price
- Choice of 3 years or 5 years, interest only, or part repayment and part interest only
- Applicants to provide evidence of capital to fund the improvement works
- No 1st time landlords
- Applicants should be able to evidence strong personal net worth
- Applicants must demonstrate their experience in renovation/refurbishment projects
- Raise further capital up to 75% of improved property value after improvements
- Rental stress test is 125% of margin + 2.75% for variable rate (higher for fixed rates)
- Fast application process

LTV	Up to 65%		66% - 70%		71% - 75%	
Variable interest rate	4.85% + LIBOR		5.10% + LIBOR		5.20% + LIBOR	
Lender fee	1.50% of loan amount of which 1.25% can be added to the mortgage					
Term	3 years	5 years	3 years	5 years	3 years	5 years
ERC (% of amount repaid)	3/3/1	3/3/3/3/1	3/3/1	3/3/3/3/1	3/3/1	3/3/3/3/1
ERC free allowance	10% of the mortgage balance in any 12 month period					
Fixed Rates	See additional fixed rate guide					

E&OE

LIBOR is currently 0.75%

ERC = early repayment charge expressed as a percentage of the amount repaid in the 1st 3 or 5 years

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Further lending criteria on page 2....

- Applicants should have letting experience in HMO/Student letting
- Refurbishment work must not require planning consent



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- The property must be in a habitable condition at application (must have a working kitchen and bathroom)
- No structural changes to the property
- Refurbishment cost not to exceed 25% of day1 purchase price/property value
- Property should be in an area with strong rental demand for proposed use
- Valuer will re-inspect the property following refurbishment work
- Refurbishment works must be completed and tenants in place within 6 months of initial release of mortgage funds in order to qualify for the further advance to 75% of the improved property value

Call an adviser on 0117 223 2050 to discuss.