



KINNISON
PROPERTY FINANCE EXPERTS

Mortgage Market Update – COVID-19 Buy to Let Landlords' Questions Answered

As the mortgage market continues to operate, albeit in a constantly changing environment, we address some of the common questions landlords are currently facing.

How have lenders reacted in the current COVID-19 climate?

Lenders have adjusted their risk appetite due to the uncertainty around valuations and landlords claiming mortgage payment holidays as their tenants have experienced difficulty in paying the rent due. As valuers are not able to carry out physical valuations, lenders are relying on Automated Valuation Models ("AVMs") or desktop valuations. Given such limitations lenders are managing their risk by restricting Loan to Values ("LTVs"). Some specialist Buy to Let lenders, who's access to funding from the capital markets relies on physical valuations, have temporarily withdrawn from the market.

Are lenders offering 75% loan to value buy to let mortgages?

Yes they are. Simple residential units where an AVM or desktop valuation can be done are proceeding. For mortgage applications on properties which require a physical valuation, these are being processed up to valuation stage and put on hold until a valuer is able to visit the property.

Is there a difference between a new BTL mortgage and refinancing an existing BTL mortgage?

For existing landlords there is no difference. Lenders will assess their existing portfolio to ensure these are self-financing and that they are not currently facing financial difficulty due to Covid-19.

Will taking a mortgage payment holiday affect my chances of getting a BTL mortgage?

Look at your cash flow closely and do not request a mortgage payment holiday unnecessarily. Lenders are keen to support BTL borrowers whose tenants are facing financial difficulty paying their rents. If you want to apply for a new BTL mortgage whilst taking a payment holiday, a lender may be less inclined to lend as a payment holiday may be seen as a signal that your property portfolio is already financially strained.



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My property is currently empty and I cannot get a new tenant due to the current social distancing restrictions. How will this affect my ability to re-finance?

Most lenders will want to ensure the property is tenanted as they rely on the passing rent to assess affordability. There are some lenders who can take a more holistic view on affordability and if you can demonstrate that you can afford the mortgage payments without rental receipts there are still options available to re-finance.

Whilst lenders are keen to assist landlords with their financing requirements, they are experiencing significant pressure on their staff resources. Many are relying on and working more closely with external mortgage advisers who can prepare all the information required for the mortgage approval process. A carefully prepared mortgage application can certainly increase a landlord's chances of getting the financing they need.

If you are currently looking to finance a new acquisition or to refinance your existing mortgage(s), or would just like to discuss your personal position and current options please contact the Kinnison team at www.kinnison.finance or directly at e: info@kinnison.finance ; t: +44 (0)20 3871 2823

The above information is our understanding of the position as at 11th May 2020. Both the government and lenders are introducing changes on a regular basis.

Your home or property may be repossessed if you do not keep up repayments on a mortgage or any debt secured upon it.

Through our partnership with the ICAEW we have a dedicated mortgage advisory service for ICAEW members, through [Kinnison Limited](#), offering our bespoke service at a significantly discounted fee structure.

For mortgages below £750,000 our typical fee is £498 (£199 payable on application and £299 on completion). For more complex cases and mortgages above £750,000 our typical fee is up to 0.6% of the mortgage amount. Of this, 20% is payable when you receive your mortgage offer and the balance of 80% on completion. For example on a mortgage application of £800,000 the fee would be £4,800 in total. Of this, £960 (20%) would be payable on issuance of your mortgage offer and the balance of £3,840 (80%) on completion. The total fee is non refundable. We may also be paid commission from the lender.

These fees apply to mortgages regulated by the Financial Conduct Authority. The Financial Conduct Authority does not regulate most buy-to-lets, commercial lending and some bridging finance. Fees for non-regulated mortgages will vary depending on your requirements and individual circumstances.

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