



octane

Buy to Let lending criteria

Foreign Nationals | HMOs and MUBs | Top Slicing

*Light refurbishment permitted

Loan

Minimum loan	£200,000
Maximum loan	£15,000,000
Term	Minimum 6 years, maximum 25 years
Interest rates	Fixed for 2 or 5 years
Product Fee	4 or 5%. Can be added to the loan.
Repayment method	Interest only. Capital repayments amount subject to ERC's in fixed period.
Monthly repayments	Direct debit from a UK bank account only
Max Gross LTV	• Residential: Max 80% gross including fees and deferred interest. Max 75% net. • Semi Commercial: Max 70% gross including fees and deferred interest. Max 65% net.
Max Net LTV	• Single residential unit: 75%, maximum loan £3.5m • HMO: 75%, maximum loan £3m • MUFb: 75%, maximum loan £10m • Multiple-property portfolios: 75%, maximum loan £15m • Semi-commercial: 65%, maximum loan £15m Subject to underwriting
Regulated loans	Unregulated only. Owner occupier and Consumer Buy to Let are not acceptable.
Deposit	• Documentary evidence of the source of deposit will be required and must fall in line with the borrowers source of wealth • Vendor deposits and second charges are not accepted • Builder incentives accepted and capped at 5%
Re-mortgage period	• Acceptable to remortgage within 6 months of purchase or remortgage subject to underwriters discretion • No back to back transactions • No Capital raising within 6 months of purchase or remortgage
Undervalue purchase	Maximum LTP 85% residential and 75% semi-commercial, subject to policy exceptions
Portability	Loans are not portable
Interest retention	• Up to 6 months for untenanted properties or properties requiring a self-funded refurbishment • Retained interest will be used to service the loan for the retention period

Affordability

Minimum ICR	ICR is calculated using the lower of passing gross rent or gross market rent confirmed by the surveyor • Individual, non basic-rate taxpayer or overseas borrower: 140% • Individual, basic-rate taxpayer: 125% • Limited company: 125%
Top slicing eligibility	Surplus eligible personal income may be used subject to minimum ICR 90% based on lower of passing or market rent Minimum £30,000 combined income and must be evidenced using: • Last 3 months payslips • Latest SA302/Tax year overviews • Latest Signed accountant certificates • Pension statement All income used for top-slicing must be UK-derived and verified. Acceptable sources are confirmed as: • Employed income • Eligible bonus/commission (max 75% unless guaranteed) • Self-employed or contractor income • Land and property income and dividends
Stress Rates	• 2 year fixed: higher of pay rate + 2% or 5.5% • 5 year fixed: pay rate

Deferred Interest	• 1% pa during the fixed rate period • Pay rate serviced is fixed rate less deferred 1% pa • Deferred interest does not compound during the fixed period • Deferred interest payable or capitalised into the outstanding balance at the end of the fixed term
Portfolio aggregate exposure limit	No maximum loan with other lenders. PRA portfolios will be checked to ensure the total rent covers mortgage payments by at least 125%.

Property	
Location	England and Wales only
Acceptable property	• Single Residential units • HMO, no max rooms • MUB, no max units • Property portfolios • Semi-commercial (up to 50% commercial) • Holiday lets • Flats above commercial where valuer indicates strong demand
Unacceptable property	• Mobile Homes, houseboats and caravans • Equestrian centres, with or without residential accommodation • Consumer Buy to Let • Owner-occupied security • Overseas property • Land with or without planning • Properties with planning irregularities subject to underwriter review
Construction	Standard construction only – timber or steel frame may be considered by referral
High rise flats	• Flats in buildings with more than 5 storeys only permitted where value indicates good demand and there is a lift • EWS1 needed upon valuer advice • Ex local authority flats >8 storeys (15 storeys in London) will not be considered
Works	• Borrower funded light refurbishment up to 10% of the property's existing value may be considered; evidence of available funds to complete the works will be required • Works to be non-structural and do not require planning or building regulations approval • Interest retention will be made during works period
Title	• Freehold title absolute • Leasehold with minimum 65 years unexpired lease term remaining at origination; fewer may be acceptable by referral • Charge of part of a title is not acceptable • Freehold required as security if owned by the borrower or connected parties; not needed if >50% of units owned by independent leaseholders
Valuation	• AVM • Remote/Desktop valuation • Short form report
Valuation basis	• Residential single dwelling open market value • Small HMO (max 6 occupants) in non-article 4 area valued on open market value • Small HMO (max 6 occupants) in article 4 area valued on an investment basis • Large HMO (over 6 occupants) valued on investment basis • Semi-commercial; commercial element valued on investment basis
Valuation basis – new build	As above but with new build premium deducted
Size	• Minimum 30m² per unit – smaller size may be considered on MUB's subject to referral • HMO room sizes must be in accordance with HMO legislation and licence
Ground rent and service charge	• Confirmation from freeholder that all payments are up to date • Onerous automatic ground rent increases not allowed • Ground rent limits of £600 outside London and £1k in London
Holiday lets and Airbnb	• Only permitted where the planning permission or lease is not restricted to Holiday let use only • Rental income for ICR calculation based on lower of market and current passing rent • Agent to confirm passing rent for previous 12 months and url link to the property advertisement • Borrower must have minimum of £30k personal income excluding rent from security property • First time landlords not permitted • Airbnb not permitted inside London
Agricultural and occupational restrictions	Not allowed

Tenancies	No sub-letting and no tenants with diplomatic immunity
Guaranteed Rent	Permitted
Flying freehold	Permitted but does not exceed 15% of unit floor area and valuer confirms liquidity is not affected
Listed properties	• Grade II or locally listed acceptable • Grade I or II* are not permitted
Buildings Insurance	Policy is to include fire, flood, water damage and subsidence cover where applicable. The interest of Octane Capital should be noted.

Borrower

Acceptable Borrowers	• Individuals and sole traders • Private Limited Companies, including new SPV's and family investment companies • Overseas individuals and limited companies in approved jurisdictions, subject to policy
Minimum age	21
Maximum age	• 75 at the time of origination • Additional affordability assessment may apply where personal income is being used beyond retirement
Max number of individual borrowers, shareholders >20% and directors	4
Personal guarantees	Where LTV exceeds 55%, all shareholders >25% ownership are required to provide a limited guarantee
Borrower lending limits	• Maximum £15m with Octane • No max with other lenders
Max number of BTL mortgages	No max with Octane or other lenders
First time landlords/ First time buyers	Not acceptable, experienced landlords only
Portfolio landlords	• A borrower is a portfolio landlord where, on completion, they own 4 or more mortgaged BTL properties • Assets and liabilities schedule including full details of the portfolio is required including values, mortgages amounts, rent and mortgage payments
Portfolio landlords - business plan and cashflow forecast	Required, to include expenditure
Expat	Accepted subject to location with policy
Foreign National	• Accepted where the borrower resides in an approved jurisdiction, UK residency history not required • Excludes citizens from countries on Sanctions lists • Where top slicing is required, only eligible UK income can be used • The borrower will need to appoint a servicing/process agent as well as a reputable letting/ managing agent
UK Bank Account	All borrowers require a UK bank account

Adverse Credit permitted unless:

Defaults	Any recorded over £1,000 in last 13-18 months
CCJs	Any CCJs/Defaults >£5k in the past 24 months
Unsecured	More than 3 missed unsecured payments in the past 12 months on balances over £1,000
Mortgage or Secured Mortgage Payments	Any missed secured payments in the past 12 months
IVA/Bankruptcy/CVA	Not permitted

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