

## Portfolio Landlord Support Guide - for intermediary use only

The purpose of this guide is to help you understand how Metro Bank supports Portfolio Landlords following the Prudential Regulatory Authority (PRA) changes implemented on 30 September 2017.

### 1. PRA II - A brief overview

From 30 September 2017, the PRA's new underwriting standards will come into force. Landlords with four or more distinct mortgaged Buy to Let properties will now be defined as "Portfolio Landlords".

Due to the more complex nature of lending to portfolio landlords, lenders will be required to take a proportionate approach based on their knowledge of the borrower, their portfolio and any alternative sources of income they have.

Metro Bank's new criteria, accommodating the Portfolio Landlord changes, commenced on 30 September 2017. The criteria will apply when brokers are submitting cases for "Portfolio Landlords".

### 2. Metro Bank's definition of Portfolio Landlord

A borrower(s) having four or more BTL mortgages collectively\* - also included is a borrower who offers personal guarantee(s) to a Limited Company Buy to Let loan. Unencumbered properties are not taken in to consideration and are therefore not included as part of the four or more property rule.

\*Please note that the four or more properties also includes the one that you are applying for.

### 3. Will Metro Bank allow applications from Portfolio Landlords? Yes

### 4. Do we offer specific portfolio landlord schemes? No

### 5. What are Metro Bank's new documentation requirements?

We will require a number of documents to assess an application. Documents include:

- A portfolio schedule, an assets and liabilities schedule
- A cash flow statement
- Bank statements covering the previous three months
- If the borrower has not purchased a BTL property within the past 12 months a business plan will be required.

### 6. Will there be additional underwriting checks by Metro Bank?

An initial assessment will be based on documentation evidence supported by a variety of data checks and validation with partnering suppliers.

### 7. Will a rental assessment be carried out for background properties?

The total borrowing on the portfolio and the new property being purchased/remortgaged will be stressed at 140% at 5.5%.

We also accept top slicing - earned income can be considered to support buy to let loans where the rental income is equal to, or greater than 100% cover of the mortgage interest amount calculated at Metro Bank's 5.5% stress rate. This must be evidenced by income and expenditure (minimum individual income on these applications is £50,000, or joint income of £75,000).

### 8. How does a mortgage intermediary provide Metro Bank with details of their customers portfolio of properties?

Editable PDF's are available via the intermediary website which can be populated and uploaded to the application through our Intermediary Mortgage portal. Excel spreadsheets are also acceptable.

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### 9. What other background checks will you undertake on the portfolio – e.g. will you use an automated valuation process to assess rental and valuations?

Initial assessment will be based on documented rental evidence supported by the use of AVM's and validation with partnering suppliers on the valuation and rental income expected from each property in the portfolio.

### 10. Will Metro Bank continue to use rental income from portfolios to assess affordability? Yes

For further information please refer to our lending criteria guide on: [metrobankonline.co.uk/intermediaries/helpful-documents](https://metrobankonline.co.uk/intermediaries/helpful-documents) or contact the broker helpdesk on 0203 427 1019.