

HOLIDAY LET CRITERIA GUIDE

FOR INTERMEDIARY USE ONLY
EFFECTIVE FEBRUARY 2025


The Cumberland
For Intermediaries

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HOW WE CAN HELP

Our Relationship Managers are experts in the specialist markets we service and cover England, Scotland and Wales.

Click [here](#) to find the Relationship Manager who covers the postcode of the property.

1. APPLICANTS

We lend to individual applicants and limited company SPV

- Minimum borrowing age 18
- On the date the application is taken, the oldest applicants age at the end on the mortgage term cannot be later than their 86th birthday
- Maximum 4 joint applicants

Applications from tenants acceptable where they:

- reside in tied accommodation
- live with a partner who is a homeowner
- already hold a portfolio of properties.

Where there is history of an applicant being a homeowner previously, we will review on a case-by-case basis.

- The borrower or shareholder must resident in the UK (excludes BFPO)
- We do not lend to trusts in any form (Income, Deposit, Beneficiary)
- Maximum investment portfolio- 6 properties (HL/BTL)

Applicants with Impaired Credit History, defined as:

- Credit Reference Search shows that in the last 2 years they have been 3 months or more overdue on a mortgage or loan (secured or unsecured), unless due to a Bank or Third Party error; OR
- Credit Reference Search shows that in the last 3 years they have had 1 or more CCJs (settled or unsettled) with a total value of greater than £500; OR
- Has been subject to an IVA or Bankruptcy Order which was in force at any time within the last 3 years.

2. PROPERTY & LOAN

- Up to 75% Loan to Value (including fees)
- Minimum property value £150,000
- Maximum loan £2m (single loan)
- Maximum mortgage exposure up to £2m with Cumberland
- Property should be suitable for immediate let
- Leasehold properties with minimum 85 years unexpired lease at start of mortgage & minimum 50 years at end of term
- Flats – No more than 6 storeys high. Flats over commercial can be considered
- Flats (England & Wales) - leasehold flats only, not freehold. Minimum 85 years unexpired lease at start of mortgage term, 50 at end of term

3. AFFORDABILITY

- Minimum joint income £25,000
- Minimum joint income where Top slicing of background income required to meet shortfall at stressed rate is £50,000.

Top slicing additional criteria

- Rental coverage meets at least 100% at the stressed rate.
- Applicants are not borrowing into retirement.
- Self employed applicants are able to provide 2 years account
- Employed applicants have at least a 12 month employment track record
- Capital raising to clear existing debts is not acceptable

4. RENTAL COVERAGE

To meet our criteria for rental coverage, annual net rental income – the following scenarios (section 1 & 2) are for interest only applications, see section 3 for additional information in relation to repayment mortgages (capital and interest).

➤ For House Purchase & re-mortgage with additional borrowing

For variable products or product rates fixed for a period of less than 5 years, the annual rental income should be a minimum of 145% (after deduction of 20% from the gross rent for letting agent costs) of the annual mortgage interest calculated using the rate of 5.5% or product rate +2%, whichever is the highest.

For product rates fixed for a period of 5 years or more, the annual rental income should be a minimum of 145% (after deduction of 20% from the gross rent for letting agent costs) of the annual mortgage interest calculated using the product rate.

➤ For re-mortgage with no additional borrowing (excluding arrangement fee if being add to the loan)

The annual rental income should be a minimum of 145% (after deduction of 20% from the gross rent for letting agent costs) of the annual mortgage interest calculated using the product rate.

➤ For loans on a repayment basis (capital and interest) for all categories of lending noted above

For the new lending affordability calculation, where a repayment mortgage is required, we will look to evidence DSC at 125% coverage with a further check that it will meet ICR at 145% (after deduction of 20% from the gross rent for letting agent costs). The case must meet both hurdles.

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www.cumberland.co.uk/intermediaries

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