

At a Glance



Over 55 Buy-to-Let Options

What is it?

Our Over 55 Buy-to-Let Mortgages are secured on a Buy-to-Let property. There are a range of options, allowing your customer to choose whether they service the interest and capital, or let the interest roll-up.

Please note:

- Most forms of Buy-to-Let Mortgage are not regulated by the Financial Conduct Authority (FCA), however if the property was not originally purchased with the intention of letting it out, it may be regarded as a Consumer Buy-to-Let which is regulated by the FCA.
- Our Over 55 Buy-to-Let Mortgage meets the FCA requirements for Consumer Buy-to-Let Mortgages.
- You may need to change the initial disclosure you make to your customers.
- We require advisers who recommend this product to have passed an appropriate examination in Equity Release as prescribed by the FCA.

How do we define a Buy-to-Let property?

A Buy-to-Let property is a property that:

- The owner does not occupy
- Is let out with an Assured Shorthold Tenancy (AST) in place

Who is this product likely to appeal to?

- Customers who want a cash lump sum
- Customers who own one or more Buy-to-Let properties
- Customers who want the freedom to choose whether they pay off any of their mortgage balance

How the Buy-to-Let Mortgage works

There are two product options available for customers who want to take out an Over 55 Buy-to-Let Mortgage.

Over 55 Buy-to-Let Lifestyle	Over 55 Buy-to-Let Voluntary Select
Your customer will receive a one-off lump sum and no payments are due. The interest is added to the loan each month for the life of the loan.	Your customer can make a contribution of up to 10% of the initial loan amount each year, without facing an early repayment charge (ERC).



Buy to Let Options

Criteria	
Minimum loan amount	£10,000.
Maximum loan amount	£750,000, nationwide.
Minimum age of youngest borrower	55.
Maximum age of youngest borrower	90 (at the date of completion).
Minimum property value	£70,000.
Maximum property value	£6 million, nationwide. Properties above £6 million are reviewed on a case by case basis.
Property location	England, Scotland and Wales.
Portfolio	Your customer can apply for, or hold, more than one Over 55 Buy-to-Let Mortgage.
Purchases	Purchases are not permitted.

Letting Criteria	
Formal tenancy agreements	The property must be let as a single residence prior to completion on an Assured Shorthold Tenancy (AST) of not more than 12 months duration. Our solicitors will need to approve the terms of the AST prior to completion.
Company properties	We cannot accept applications from limited (Ltd) or limited liability partnership (LLP) companies or partnerships.
Tenancy conditions	The property can only be let as a single family dwelling. Houses in Multiple Occupation (HMO) are not permitted. Any Assured Shorthold Tenancy Agreement must also prohibit assigning, underletting, sub-letting or parting with possession of the property.
Tenants	The following tenancies are not permitted: <ul style="list-style-type: none">• Housing Association• Companies• University• Students• Council• Family and related persons• DSS tenants• Tenants without the Right to Rent• Tenants with diplomatic immunity
Tenant deposits	Any deposit paid by the tenant must be protected in a Government authorised tenancy deposit scheme. Our solicitors will need to approve evidence of this prior to completion.
Tenant safety	Our solicitors will need to approve Certificates to confirm gas and electricity services and appliances have been checked by approved Engineers within 12 months prior to completion.
Landlord licence	If any licence is required to let and/or manage the letting of the property a copy of the licence must be provided to our solicitors prior to completion.
Future lettings	Any future lettings must only be by way of a standard AST of no more than 12 months and your customer will be required to sign a separate Declaration confirming this.
Our letting criteria	We may change our letting criteria at any time as described in the Terms and Conditions.
Property Portfolio Schedule	We will require a completed Property Portfolio Schedule upon application. Our Property Portfolio Schedule can be downloaded from our website.

Product features	
Early repayment charges (ERCs)	Fixed for the first 8 years after the completion of the initial loan, cash reserve facility withdrawal or additional borrowing. Not applicable thereafter. Please refer to our Guide to Fixed ERCs.
Regulation and FSCS?	Whilst our Buy-to-Let Mortgages share characteristics with a Lifetime Mortgage, they are not a Lifetime Mortgage, as defined by the FCA. There are two different types of mortgages for Buy-to-Let properties, and our products can be used for either scenario: <ul style="list-style-type: none"> • 'Buy-to-Let' is used to describe most mortgages on properties that are let out. These are not regulated by the FCA. This means that your customer will not benefit from the protection of the FCA conduct rules or the Financial Services Compensation Scheme (FSCS). • 'Consumer Buy-to-Let' is used to describe mortgages on properties that were not originally purchased to let out. These are regulated by the FCA. This means that your customer will benefit from the protection of the FCA conduct rules and the Financial Services Compensation Scheme (FSCS).
Covered by Equity Release Council product standards?	Canada Life are a member of the Equity Release Council. Our range of Over 55 Buy-to-Let Mortgages do not meet all of the Council's product standards as the mortgage is not secured against the borrower's main residence. The following product standards do not apply: <ul style="list-style-type: none"> • The right to remain in the property for life, or until the customer moves into long term care. • The right to move to a suitable alternative property. However, the remaining product standards do apply: <ul style="list-style-type: none"> • No Negative Equity Guarantee • Fixed interest rates
Ability to port the mortgage?	No.
Keeping your customers informed	They will receive an Annual Statement detailing their account.

Further advances	
Are further advances available?	Yes, subject to lending criteria at the time of application.
Is further financial advice required?	Yes.
Which product can it be taken on?	Your customer must stay within their original product LTV range, and they cannot switch to a new product. For example, if they originally took Over 55 Buy-to-Let Lifestyle Option, they can only apply for the maximum available within that LTV range.
Minimum amount?	£4,000.
Maximum amount?	The maximum amount available within the product range.
What fees are payable?	Completion fee = £0, free of charge. Your customer may need to pay a valuation fee and/or a financial advice fee.
What interest rate will be charged?	A fixed interest rate will be applied to each additional loan amount, based on the prevailing further advance interest rate on the product at the time when your customer applies. This interest rate may be higher or lower than the interest rate which is applied to their initial advance. Our current additional borrowing interest rates can be found on our website.
Are further advances guaranteed?	Further advances are subject to Terms & Conditions and lending criteria at the time. This option is not guaranteed.

Fees

Is a full tariff of charges available?	Yes, our full tariff of charges can be found on our website.	
What fees are associated with setting up a Canada Life mortgage?	Valuation fee	Free of charge, uncapped
	Completion fee	Free of charge
	Advice fee	Your customer is responsible for paying any advice fees
	Legal fee	Your customer is responsible for paying their legal fees

Over 55 Buy-to-Let Lifestyle

Can your customer make any payments?	No. The interest is rolled-up and added to the outstanding loan balance. Your customer can opt to make a partial redemption, but may incur an ERC.
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Over 55 Buy-to-Let Voluntary Select

Voluntary contribution amount	Up to 10% of the initial loan amount each year, without an early repayment charge (ERC). If the completion fee is added to the loan balance (rather than paid at completion), it is included in the 10% allowance.
Annual allowance	The annual allowance is renewed on the anniversary of the date the mortgage completes. Any unused allowance does not roll over into the following year.
What is the minimum contribution amount?	The minimum payment amount is £50.
What is the maximum contribution amount?	The maximum payment amount is the full 10% allowance, as stated in your customer's Offer Letter.
How soon can they make their first contribution?	The first payment can be made on the day following completion.
How frequently can a contribution be made?	Unlimited payments can be made each year.
How can a contribution be made?	Payments can be made by debit card (via telephone only), cheque, bank transfer or standing order. We always enclose a Standing Order form with your customer's Welcome Letter.
Penalty for not making a contribution	Customers are not penalised if they do not use their annual payment allowance.



Buy to Let Options

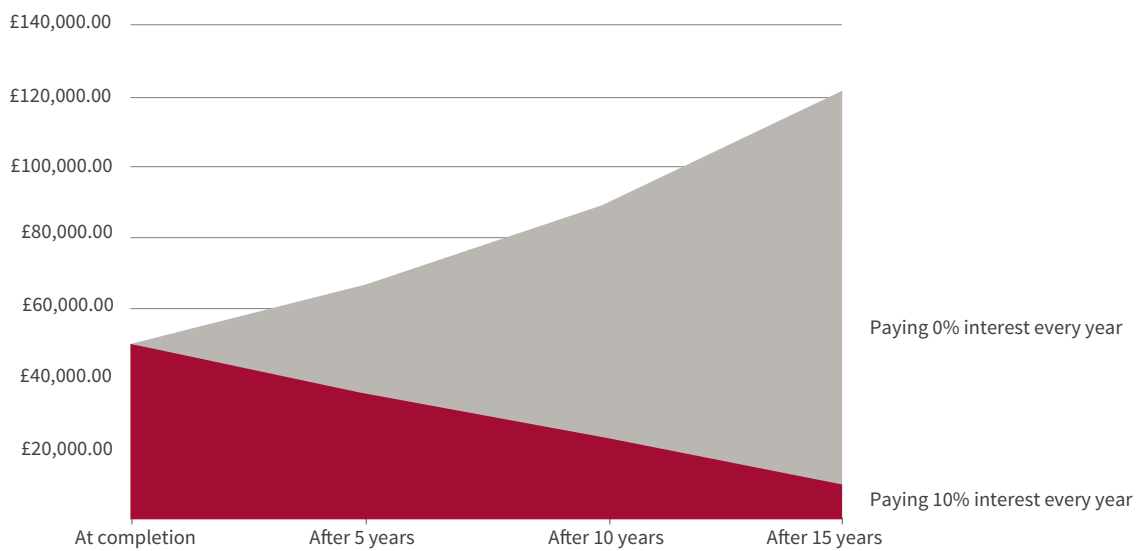
Impact of making voluntary contributions

This illustrates the impact of making voluntary contributions.

Case study: 73 year old male borrower, who has borrowed £50,000 (on a property valued at £250,000). He paid the completion fee at the point of completion, and is making 10% voluntary contributions.

	Remaining balance after 5 years	Remaining balance after 10 years	Remaining balance after 15 years	Overall cost of the mortgage
Over 55 Buy-to-Let Voluntary Select Assuming no payments made	£66,841	£89,355	£119,452	£119,452
Over 55 Buy-to-Let Voluntary Select Paying 10% of initial loan every year	£38,668	£23,520	£10,000*	£78,269

*Minimum loan balance of £10,000 required, unless the mortgage is fully redeemed





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Interest Rates and LTVs

	Over 55 Buy-to-Let Lifestyle	Over 55 Buy-to-Let Voluntary Select
Monthly interest rate (MER)	5.63%	5.82%
Annualised interest rate (AER)	5.78%	5.98%

Age	LTV %	LTV %
55	19%	19%
56	20%	20%
57	21%	21%
58	22%	22%
59	23%	23%
60	24%	24%
61	25%	25%
62	26%	26%
63	27%	27%
64	28%	28%
65	29%	29%
66	30%	30%
67	31%	31%
68	32%	32%
69	33%	33%
70	34%	34%
71	35%	35%
72	36%	36%
73	37%	37%
74	38%	38%
75	39%	39%
76	40%	40%
77	41%	41%
78	42%	42%
79	43%	43%
80 - 90	44%	44%

- The LTVs may be adjusted in certain circumstances, such as non-standard construction types. Please speak to our Underwriting team for further information

Contact us

To discuss our Home Finance products,
please contact:

Email: hf-support@canadalife.co.uk



Phone: 0800 068 0212



To talk a case through with our underwriters

Email: hf-underwriting@canadalife.co.uk



Phone: 0800 068 0212



To submit an application

You can submit application forms to us:

Online: https://kfi.canadalife.co.uk/advisers/sign_in



By email: hf-applications@canadalife.co.uk



By post: Canada Life Home Finance,
110 Cannon Street, London, EC4N 6EU



Visit our website for more information:
www.canadalife.co.uk

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