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Version 1.1

CRITERIA GUIDE

Buy to Let & Limited Company Buy to Let

Call 03333 701 101 or visit www.pepper.money to discover more

Aimed at Professional intermediaries only; not for public distribution. UK Mortgage Lending Ltd (UKMLL) t/a Pepper Money is authorised and regulated by the Financial Conduct Authority (FCA) under registration number 710410 as a provider of regulated mortgages. The FCA does not regulate our Buy to Let mortgages. UKMLL is a member of the Finance and Leasing Association and follows its Lending Code as a provider of second charge regulated mortgages.

Registered Office: 4 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ. Registered in England and Wales under Company Number 08698121. Calls may be monitored or recorded for training, compliance and evidential purposes.

Applicant Criteria (for Buy to Lets) and Director Criteria (for Limited Company Buy to Lets)

Applicant Details	
Minimum age	21
Maximum age	85 at end of term. For joint applications the age of the oldest applicant is used.
Maximum applicants	2
Guarantors	Not accepted
First time landlords	Accepted where applicants are a homeowner

Director Details	
Minimum age	21
Maximum age	85 at end of term. For joint applications the age of the oldest applicant is used.
Maximum Directors	4
Guarantors	Not accepted
First time landlords	Accepted where applicants are a homeowner

Maximum Allowable Adverse	
CCJs/Defaults	<p>None in last 12 months</p> <p>On Pepper 24, 18, 12 and 6 products we will ignore 2 individual defaults (per application) up to and including £200.00 each where these defaults relate to utilities, communications or mail order providers. On Pepper 36 products we will ignore 1 individual default (per application) up to and including £200.00 where this default relates to utilities, communications or mail order providers</p>
Mortgage arrears	<p>Arrears status of 0 in last 6 months</p> <p>None missed in the last 12 months</p>
Unsecured arrears	<p>Fixed Term - None in the last 6 months</p> <p>Revolving credit - Missed payments considered</p>
IVA/Bankruptcy	Accepted where applicants have been discharged 6 or more years ago
Debt management plans	Accepted if satisfied over 12 months ago
Pay day loans	Accepted where the account closed more than 12 months ago
Repossessions	Accepted where repossession occurred more than 6 years ago

Please refer to the product guide for further details on each product level.

Nationality & Residency for Buy to Let Applicants	
Residential status	3 years UK residential address history required for all applicants.
Visa Requirements	<p>Accepted subject to:</p> <ul style="list-style-type: none"> • 3 years UK residency <p>One Applicant MUST have indefinite leave to remain. Additional applicants must have Indefinite leave to remain OR Right to Reside with acceptable visa type:</p> <ul style="list-style-type: none"> • EU Settlement Scheme (EUSS) - Pre-Settled Status • EU Settlement Scheme (EUSS) - Settled Status • Leave to Remain • Family Visa • Skilled worker visa • UK Ancestry Visa • Health and Care Worker visa • British National (Overseas) visa • Intra company transfer visa <p>Visa's must have a minimum 12 months validity</p>
Diplomatic immunity	Not accepted

Nationality & Residency for Limited Company Buy to Let Directors	
Residential status	3 years UK residential address history required for all applicants.
Visa Requirements	<p>Accepted subject to:</p> <ul style="list-style-type: none"> • 3 years UK residency <p>One Applicant MUST have indefinite leave to remain. Additional applicants must have Indefinite leave to remain OR Right to Reside with acceptable visa type:</p> <ul style="list-style-type: none"> • EU Settlement Scheme (EUSS) - Pre-Settled Status • EU Settlement Scheme (EUSS) - Settled Status • Leave to Remain • Family Visa • Skilled worker visa • UK Ancestry Visa • Health and Care Worker visa • British National (Overseas) visa • Intra company transfer visa <p>Visa's must have a minimum 12 months validity</p>
Non EU Nationals	<p>Accepted subject to:</p> <ul style="list-style-type: none"> • 3 years UK residency • 3 years continuous UK employment history • Indefinite rights to remain
Diplomatic immunity	Not accepted

Income Criteria (for Buy to Let Applicants and Limited Company Buy to Let Directors)

Income	
Rental income	Rental income accepted as primary income source for individual and limited company landlords
Earned income	<p>For Employed individuals:</p> <p>At least one applicant must have a minimum of 3 months in the current job, with 6 months continuous employment, and not be within a probationary period.</p> <p>For Self-Employed: Company Directors:</p> <p>Minimum trading period of 12 months for at least one director. Directors with a shareholding of 25% or more will be underwritten as self-employed.</p> <p>For Self-Employed: Sole Traders:</p> <p>Minimum trading period of 12 months.</p> <p>For Retired individuals:</p> <p>State and Private pensions accepted.</p>
Other income sources	
Pension income	<p>State retirement pension (SRP) - latest annual statement of pension.</p> <p>Private pension - latest payslip from pension provider or letter from pension provider</p>
Secondary/additional income	Employment/self-employment income from a maximum of 2 sources per applicant Considered. Benefits and maintenance may be included as additional income.

Loan Criteria	
Maximum LTV	<p>Maximum LTV for Standard BTL (Individual and Limited Company)</p> <ul style="list-style-type: none"> • LTV 80% for properties with EPC A-C; • LTV 75% for properties with EPC D; • LTV 70% for properties with EPC E. <p>Maximum LTV for BTL HMO (Individual and Limited Company) is 75% for properties with EPC A-C.</p>
Maximum term	35 years
Minimum term	5 years and 1 month
Minimum loan	£25,001
Maximum loan	<p>For Buy to Let: The maximum loan size is £2 million within the following LTV limits:</p> <ul style="list-style-type: none"> • Up to £750,000 available to 80% LTV • Up to £1 million available to 75% LTV • Up to £1.5million available to 70% LTV • Up to £2 million available to 65% LTV <p>For BTL HMO: The maximum loan size is £1 million within the following LTV limits:</p> <ul style="list-style-type: none"> • Up to £500,000 available to 75% LTV • Up to £1 million available to 70% LTV
Number of mortgages with Pepper	<ul style="list-style-type: none"> • Aggregated exposure of £4m with Pepper Money, including any joint loans the applicants are party to • Includes all residential, Buy to Let and Limited Company Buy to Let loans
Remortgage applications	Accepted where applicant has been the registered owner for the last 6 months at application
Repayment	<ul style="list-style-type: none"> • Capital & interest • Interest only to 80% LTV, supported by an acceptable repayment strategy and maximum age of 85
Portable	Products are not portable
Offer validity	90 days
Let to buy	Not accepted
Consumer Buy to Lets	Not accepted
Buy to Let HMO	Accepted properties with a maximum of 6 bedrooms, and a maximum of 2 kitchens.
ICR and borrow rates	<p>For BTL (Individual and Ltd Co), 125% of pay rate for standard rate, 140% for higher rate, and 165% for additional rate taxpayers used for rental calculation on 5 year fixed rates.</p> <p>For Individual BTL HMO, 155% of pay rate for standard rate is used, and for Ltd Co HMO, 140% standard rate is used.</p>

Deposit Criteria	
Evidence of deposit	Required on all purchase applications
Applicants savings	Accepted
Capital raising remortgage	Accepted
Inheritance	Accepted
Gifted deposit	Accepted from a close relative
Acceptable Deposits (Ltd Company specific - SPV only)	<ol style="list-style-type: none"> 1. Retained profits 2. Sale of another SPV property 3. Remortgage of another SPV property 4. Existing equity: this would apply to a property that is currently held by an individual and the asset is to be transferred to a new SPV structure. 5. Funds from another SPV, where the companies have common ownership or are part of a Group, held in common ownership.
Unacceptable sources	<ul style="list-style-type: none"> • Builders deposit • Unsecured borrowing • Vendor deposit

Property Criteria

General Criteria	
New build definition	<p>A property is to be considered new if it is a first sale by the builder.</p> <p>However, properties which have not sold on physical completion will be considered on an individual basis.</p>
Minimum property value	<p>For Buy to Let: £70,000</p> <p>For BTL HMO: £100,000</p>
Locations considered	England, Wales & Isle of Wight
Retentions	Not offered
Acceptable property	<ul style="list-style-type: none"> • Houses: Private and ex Local Authority or social housing • Flats & Maisonettes: Private only • Licensed HMO properties accepted
Minimum EPC	<p>For BTL, properties with an EPC rating of A – E are acceptable (For EPC A-C, LTV up to 80%; for EPC D, LTV up to 75%; for EPC E, LTV up to 70%).</p> <p>For HMO, properties with EPC with A-C ratings are acceptable.</p>
HMO Valuation	<p>For HMO Valuations, the valuer needs to be able to access all of the bedrooms.</p> <p>If the valuer cannot get access to all of the bedrooms a reinspection may be required.</p> <p>A fee may be charged for this, which will be payable directly to Legal & General.</p>

Alternative Construction	
Timber framed construction	Modern timber framed properties clad with masonry are considered as acceptable. Timber framed properties which are not deemed to be of a modern type clad with masonry will be reviewed on an individual basis and will be considered on their merits.
Flying freeholds	Flying freeholds will only be considered up to 20% of the total floor area.
Coal mining and other forms of extraction	Any properties with a coal mining or metalliferous mining entry/feature within 20m of any building will not be considered.
Electromagnetic fields	Any properties within 100m of above ground high voltage electrical supply apparatus will not be considered.
Contaminated land	Where there is potential for contaminated land, a pass certificate must be available from an appropriate body.
Japanese knotweed	Where a property has Japanese knotweed (or any other invasive weed) located within or immediately adjacent to the site defined as category 4, 3 or 2 in RICS paper IP 27/2012 will not be considered.
Solar panels	Properties where solar panels have been installed and are subject to a lease agreement may be considered. An amendment to the lease may be required.

Tenure	
Freehold	Houses only accepted.
Leasehold	The lease must have a minimum unexpired term of 85 years at the time of completion.
Commonhold	Not considered.

Property Reports	
Structural reports	<p>Reports may be accepted from members of the following bodies:</p> <ul style="list-style-type: none"> • The Institution of Structural Engineers (www.istructe.org.uk) • The Institution of Civil Engineers (www.ice.org.uk) <p>The report must be referred to the valuer for comment. If the report is not addressed to the applicant, written confirmation must be obtained from the originator that its contents may be relied upon by the applicant(s)</p> <p>We will not lend on any property with either ongoing movement or where monitoring is required, where this is identified by either the valuer, or where evident in the structural engineer's report.</p> <p>The valuer may request additional reports from specific governing bodies.</p>
Specialist reports	<p>We may require specialists' reports. These most commonly will be:</p> <ul style="list-style-type: none"> • Timber and damp, electrical, trees, cavity wall ties; • Mining report (as these are obtained by the solicitors, a special condition is imposed at offer); • Any such reports should be prepared by a reputable firm and should be forwarded to us. for review and referral to the valuer. <p>The valuer may request additional reports from specific governing bodies.</p>

Unacceptable Property	
General	<ul style="list-style-type: none"> • New build properties without suitable warranty • Properties suffering on-going structural movement or insurance claims • Grade I & grade II* listed properties • Back to back/cluster homes • Properties located within 20m of a mine entry/feature • Properties within 100m of above ground high voltage electrical supply apparatus (excluding small substations) • Properties subject to compulsory purchase orders • Large flying freeholds (greater than 20% of floor area) • Japanese knotweed located within or immediately adjacent to the site, defined as category 4, 3 or 2 in RICS paper IP 27/2012 • Properties without an internal WC, bathroom or kitchen • Properties subject to any onerous occupancy restrictions, including agricultural • Shared ownership/shared equity schemes (only acceptable if applicant will own 100% of the interest on completion) • Properties subject to enforcement notices • Crofting properties/land • Self-build properties • Properties with a commercial element • Non-standard construction
Flats/Maisonettes	<ul style="list-style-type: none"> • Flats in Local Authority or ex Local Authority owned blocks • New build flats/maisonettes • Flats with a gross external floor area less than 35m² • Flats above commercial premises • Studio flats • Freehold flats • Balcony access
Non-standard construction	<ul style="list-style-type: none"> • Pre-cast reinforced concrete (PRC) • Cast-in-Situ concrete • Metal framed construction • Single skin • Large panel systems (LPS) • Modern methods of construction (MMC)
Flooding	Properties at significant risk of flooding or that cannot be suitably insured will not be considered.
Restrictive covenants	<p>We are unable to consider any property with a restricted occupancy clause within the planning permission. For example, it can only be occupied for a maximum of 11 months in any one year. Similarly, property that can only be used for retirement or sheltered accommodation is not accepted. This is the same for any property where a planning restriction (e.g. agricultural restriction) effectively limits a property's appeal on the open market.</p> <p>Please note: for new builds we do consider Section 106 planning obligations.</p> <p>We are unable to consider properties within a pre-emption period.</p>

Documentation

Application Requirements					
Full mortgage application	<p>Original fully signed and dated declaration.</p> <p>Signed and dated direct debit mandate.</p>				
Buy To Let (BTL) Portfolio Form	A completed form is required for all applicants with existing Buy to Let properties.				
Proof of deposit (purchase)	Applicants bank statements.				
Use of funds (remortgage with a further advance)	<p>Breakdown of use of funds, after any debts have been discharged.</p> <p>Account details and balance of any debts to be repaid.</p>				
Proof of address & identification	<p>One Applicant must have indefinite leave to remain. Additional applicants must have Indefinite leave to remain OR Right to Reside with acceptable visa type.</p> <p>We require any 2 documents from Table 1 or one document from each table.</p> <table> <tr> <th>Table 1</th><th>Table 2</th></tr> <tr> <td> <ul style="list-style-type: none"> Valid passport Valid photo card driving licence (full or provisional) National identity card Firearms certificate or shotgun licence Identity card issued by the Electoral Office for Northern Ireland </td><td> <ul style="list-style-type: none"> Valid (old style) full UK driving licence Recent evidence of benefit entitlement Instrument of a court appointment Current council tax demand letter or statement Non internet generated bank statements and utility bills </td></tr> </table>	Table 1	Table 2	<ul style="list-style-type: none"> Valid passport Valid photo card driving licence (full or provisional) National identity card Firearms certificate or shotgun licence Identity card issued by the Electoral Office for Northern Ireland 	<ul style="list-style-type: none"> Valid (old style) full UK driving licence Recent evidence of benefit entitlement Instrument of a court appointment Current council tax demand letter or statement Non internet generated bank statements and utility bills
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Proof of Visa	<p>Visa Types Acceptable:</p> <ul style="list-style-type: none"> EU Settlement Scheme (EUSS) - Pre-Settled Status EU Settlement Scheme (EUSS) - Settled Status Indefinite leave to remain Leave to Remain Family Visa Skilled worker visa UK Ancestry Visa Health and Care Worker visa British National (Overseas) visa Intra company transfer visa <p>Visa's must have a minimum 12 months validity</p>				
Rental/mortgage history	Where the applicant is currently renting, we will ask to see proof of their last 12 months' rental payments. This can be through their AST, in addition to bank statements or reference from a letting agent. For current homeowners and BTL landlords, where their mortgage history is not available on Equifax, we will require the latest 12 months' mortgage statements				

Application Requirements	
Portfolio landlords	<p>We allow portfolios up to 10 properties</p> <p>Written asset and liabilities statement which includes details of:</p> <ul style="list-style-type: none"> • Levels of rent received on each property • Outstanding mortgages • Current values of each property <p>Details of any void periods in last 12 months and brief overview of intentions for each property</p>
Company Details (applicable for Limited Company Buy to Let applications only)	
Company details	<ul style="list-style-type: none"> • The Company must be registered with Companies House • The Company must have active accounts • The Company must be active • No current adverse credit history • No debentures present • No disqualified directors • No minimum trading period • All directors must be natural persons • All directors must be party to the application
SIC code must be	<p>The SIC code of the company application must be one of the following:</p> <ul style="list-style-type: none"> • 68100 • 68201 • 68209 • 68320
Property Transfers	<p>Property transfers from Personal to Limited Company are acceptable at full market value. These will be treated as a purchase</p>
Guarantee	<p>Personal guarantees will be collected for each director</p>

The logo for peppermoney, featuring the word "peppermoney" in a lowercase, white, sans-serif font. The background is a solid red color with large, overlapping, semi-transparent circles in various shades of red and pink, creating a modern, abstract design.

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