# Guidance notes for BTL Transfer of Equity

## What is a Transfer of Equity (TOE)?

A TOE is the addition or removal of a borrower from an existing TMW mortgage. The two may take place simultaneously e.g. where one borrower is being replaced by another.

## Who can request a TOE?

For removal of a borrower, the borrower remaining as a mortgage holder must request the TOE. For addition of a borrower, the existing mortgage holder must request the TOE. This can be done directly between the borrower and TMW. If you prefer for a mortgage broker to deal with the TOE request on your behalf, you will need to complete a third-party authority form to allow the broker to deal with your account. Completion of this section of the form will only allow the mortgage broker to have authority on the mortgage in relation to the TOE request. Borrowers being removed and/or parties being added cannot request the TOE.

## How do I apply for a TOE?

The TOE application form must be completed and posted to us. A fee of £150 is payable once the TOE has been approved.

## Is a new valuation required?

Our underwriting checks are designed to reduce the need to instruct a new physical inspection but we will base our underwriting on up to date capital value and rental income figures using automated valuation methodology. If we are unable to obtain an automated valuation and we decide that an updated valuation is necessary, we will require a new physical valuation (this will typically be because the original valuation and loan to value ratio do not support the TOE but you believe the property value has changed). A fee is chargeable in this regard.

## Can I request more than one TOE?

Yes, if you have multiple BTL mortgages with us, you can apply for multiple TOEs on the same application form, provided that the new and existing borrower details are the same across all mortgages.

## What if I have a court order requiring that a jointly owned property/properties are transferred into my name?

TMW is not bound by the court order to approve any TOE and each application will be assessed on its own merits. This may result in you having to remortgage the properties with another lender or having to sell the properties to realise the equity awarded to you by the court.

## How long is the TOE approval valid for?

Once approved, the TOE must take place within 6 month days of the approval. Should this time elapse and you still want to proceed with the TOE, please contact us as it may be possible to extend the approval by receiving a letter form you confirming that your circumstances haven't changed and by updating valuations and credit searches.

## Key lending criteria for TOEs

Applications where you and/or a family member are living in a TMW BTL property are not acceptable.

If you have more than £1,000,000 in outstanding BTL mortgage balances with Nationwide Building Society (including TMW), additional underwriting criteria apply and you should contact us before applying for a TOE.

### Removing a borrower

You must declare the current passing rent for the BTL property to us. We require a minimum interest coverage ratio (ICR) of 145% based on a 4.99% stress rate. If your total declared income is below £45,000, you may be eligible for an ICR of 125%. By exception, we may request proof of rental income and/or any other personal income.

The maximum allowable loan to value (based on current valuation) is 80%.

### Adding a borrower

Maximum LTV (based on current valuation) is 95%.

The above criteria are not exhaustive. All TOE applications are subject to credit scoring and an underwriting assessment.

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