

# Top slicing explained

## Top slicing highlights:



Helps meet the rental cover calculation for short-term fixed rate products



Allows landlords to achieve greater flexibility around loan size



Gives access to properties with lower rental yield, helping maximise investment opportunity



Offered across our entire buy to let mortgage range for new purchases



### LOAN AMOUNT NEEDED

If the loan amount needed is not available because the property's rental income doesn't meet our minimum ICR requirement, **top slicing could offer a solution.**



The landlords **surplus portfolio income, earned income, or a combination of the two** can be included to reach the loan amount needed.

**Rental income** from the property isn't sufficient to achieve the loan amount needed.

The property must meet a minimum ICR of 110% when calculated at the pay rate of the chosen product. Disposable earned income can then be used to demonstrate the landlord could meet any financial stresses in line with our standard lending criteria.

## Key points:

1

Top slicing is fully integrated and automatically offered on buy to let applications – simply select this on the decision result screen of the application. We're currently not accepting top slicing on remortgage applications.

2

In all cases, we'll look to assess portfolio income first, so it's likely we won't need any additional information. However, if a customer uses surplus earned income then some verification will be required.

3

Surplus earned income doesn't need to be paid to us, we simply make an assessment of whether this is available.

4

A customer can even swap to top slicing later in the process without needing to submit a new application. This could be useful if the property doesn't meet the expected valuation.

5

For limited company applications we can only consider the incomes of the first two applicants. Make sure you key the applicants with the most disposable income as applicants 1 and 2.

6

Top slicing can be used on more than one application as long as the applicants are the same. If not then the first application must complete before another can be submitted.