



Loans are getting scarce (Monkey Business Images)

**BUY-TO-LET** investors may struggle to secure a mortgage in areas where local authorities have imposed additional regulations on landlords.

NatWest, which is part-owned by the taxpayer, refuses to lend on buy-to-lets (BTL) in Newham, on the basis that the east London council imposes an extra charge on its landlords. Newham requires landlords to obtain a £500 special licence.

Ian Gray of [largemortgageloans.com](http://largemortgageloans.com) said: “This means NatWest would have to apply for a licence for each property it repossesses.”

The bank said the move was part of a wider approach. “We do not lend on a property with restrictions on the legal title. This decision forms part of our overall lending policy and is not restricted to any one area of the UK,” it said.

Brokers say landlords can find it more difficult to secure a mortgage in areas where councils apply additional regulations.

Matt Brereton at the Federation of Master Builders said: “Local authorities in Scotland require all landlords to be registered, even those with only one property, and to pay

a fee.”

David Hollingworth of the broker London & Country Mortgages said: “This licensing of private landlords not only brings an added cost to the landlord but another layer of bureaucracy and complexity that must be taken into account.”

Ray Boulger of broker John Charcol said: “Other types of rental property where there are more lender restrictions include lets to tenants claiming housing benefit, student lets and housing association lets.”

Many councils recently introduced licensing for landlords with three-bedroom houses in multiple occupation (HMO) in addition to the mandatory licensing for larger, five-bedroom HMOs. Fees range from £500-£800.

June Inglis of Oxford-based estate agent Finders Keepers said: “Oxford council has some of the most stringent HMO licensing in the country. The landlord must let the property to unrelated persons to retain the licence.

“If they wanted to let a large house to a family, they would immediately lose the HMO licence and it would be incredibly difficult to obtain a new one.”

It is not only regulatory restrictions that could trip up a BTL application, said Jonathan Harris of broker Anderson Harris. “Some banks claim to offer buy-to-let mortgages but have puzzling criteria,” he said. “Accord will lend only to those who already have a BTL mortgage. Clydesdale assesses BTL on a main residential basis, ignoring rental income.”

The stricter criteria comes against a backdrop of increasingly attractive headline rates for BTL, which has encouraged many investors to turn to property.

One of the most competitive deals is from The Mortgage Works, a two-year fix at 2.49% for 40% deposits. The deal has a 2.5% fee.