

## SCHEDULE 2

Requirements for registered consumer buy-to-let mortgage firms  
*Conditions applicable to creditors and credit intermediaries*  
*Information and practices preliminary to the conclusion*  
*of the consumer buy-to-let mortgage contract*

### Pre-contractual information

6.—(1) A creditor and, where applicable, a credit intermediary must provide a borrower with a lending illustration on paper or another durable medium—

- (a) without undue delay after the borrower has given the necessary information on the borrower's needs, financial situation and preferences in accordance with paragraph 12; and
- (b) in good time before the borrower is bound by any [<sup>F1</sup>buy-to-let mortgage contract] or offer.

(2) The lending illustration must include at least the following—

- (a) the name of the borrower;
- (b) the date of issue of the lending illustration;
- (c) the date until which the lending illustration remains valid;
- (d) the name, address and telephone number of the creditor;
- (e) where applicable, the name, address and telephone number of the credit intermediary;
- (f) the amount of the loan required, including any charges added to the amount of the loan;
- (g) the value of any property against which the loan is to be secured;
- (h) the term of the consumer buy-to-let mortgage contract;
- (i) a description of whether the consumer buy-to-let mortgage contract is to be provided on an interest-only basis, a repayment basis or a combination of the two;
- (j) the type of interest rate payable;
- (k) the interest rate payable including, if applicable, the initial interest rate and any reversionary rate;
- (l) the frequency and amount of each instalment and the number of instalments;
- (m) the overall cost of the consumer buy-to-let mortgage contract;
- (n) the annual percentage rate of charge;
- (o) where the [<sup>F2</sup>buy-to-let mortgage contract] allows for variations in the interest rate, either—
  - (i) an illustration of how the annual percentage rate of charge might change in the event of an increase in the interest rate of 1%, and the resulting increase in the amount of each instalment; or
  - (ii) an additional annual percentage rate of charge which illustrates the possible risks for the borrower linked to a significant increase in the interest rate, including the possible increase in the amount of each instalment;
- (p) details of any early repayment charges;
- (q) a warning of the risk that interest rates may rise;
- (r) a warning of the risk that rental income may fall;

**Changes to legislation:** There are currently no known outstanding effects for the The Mortgage Credit Directive Order 2015, Paragraph 6. (See end of Document for details)

- (s) where applicable, a warning of the risk that the property may be repossessed if the borrower does not keep up with mortgage repayments;
  - (t) where applicable, a warning of the risk of foreign currency loans; and
  - (u) where it is an interest-only loan, a warning that the borrower will still owe the loan amount at the end of the term.
- (3) The creditor or, where applicable, the credit intermediary, must provide the borrower with a copy of the draft consumer buy-to-let mortgage contract at the time of the provision of an offer.
- (4) In this paragraph “lending illustration” means the personalised information needed by the borrower to compare the products available on the market, assess their implications and make an informed decision on whether to conclude a consumer buy-to-let mortgage contract.

<b>F1</b>	Words in Sch. 2 para. 6(1)(b) substituted (31.12.2020) by <a href="#">The Mortgage Credit (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/656)</a> , regs. 1(2), <b>8(1)(a)(2)</b> ; 2020 c. 1, Sch. 5 para. 1(1)
<b>F2</b>	Words in Sch. 2 para. 6(2)(o) substituted (31.12.2020) by <a href="#">The Mortgage Credit (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/656)</a> , regs. 1(2), <b>8(1)(a)(2)</b> ; 2020 c. 1, Sch. 5 para. 1(1)

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