ROXTON WEALTH

THE SERVICES SERIES

HMO & Complex Lending

Property finance for situations that do not fit the standard lending box.

WWW.ROXTONWEALTH.COM

Specialist property finance, tailored to your strategy

Not every property investor fits the standard mortgage application.

Complex lending is about structuring the right case clearly, realistically and with the full picture in view.

Why complex lending exists

Traditional mortgage lending is often designed around familiar situations: one borrower, one property, straightforward employed income, and a standard residential home.

TRADITIONAL LIMITS

- A straightforward residential property
- Employed income from one role
- One applicant or household
- A standard mortgage term

SPECIALIST RELEVANCE

- An HMO or multi-unit property
- A portfolio of existing properties
- A limited company or SPV structure
- Complex or variable income

"Not every borrower, property or investment plan fits standard lending criteria."

DEFINITIONS

What counts as complex lending?

HMO Mortgages

Finance for Houses in Multiple Occupation, where the property is occupied by people from more than one household.

Portfolio Landlords

Finance for landlords with multiple properties, borrowing arrangements and rental income streams.

Limited Company Structures

Finance for property held through a limited company or Special Purpose Vehicle (SPV).

Multi-Unit Properties

Funding for buildings with multiple units, flats, rooms or units above commercial premises.

Complex Income

For borrowers with income from self-employment, dividends, retained profit, contracts or mixed sources.

Professional Landlords

For landlords operating property as a significant part of their business with future acquisition plans.

"Different property models need different finance conversations."

Complex lending is about the full picture

The Property

What is being purchased or refinanced? Is it an HMO, multi-unit block, semi-commercial property, or a property requiring refurbishment?

Ownership Structure

Will the property be owned personally, jointly, through a limited company, through an SPV or another structure?

Rental Income

Is it supported by current tenancy information, market evidence, a valuer's assessment or a specialist HMO valuation approach?

The Borrower

What experience does the borrower have? What is their personal and business financial position? What other commitments are already in place?

The Wider Strategy

Is this a one-off purchase, a refinance, a first HMO, a portfolio expansion, or part of a longer-term wealth strategy?

Exit Strategy

The property, numbers, experience, structure and exit plan should all support each other in one coherent story.

"A lender needs to understand how the property, income and plan work together."

Understanding HMO finance

An HMO is more than a property with more tenants. The definition, licensing rules, and standards can depend on where the property is located.

Licensing & Planning

Some HMOs require a licence. Local councils may also operate additional schemes or Article 4 directions that affect conversion and use.

Operational Reality

Lenders assess the layout, number of occupants, expected rent, and the borrower's experience within the overall strategy.

SHARED HOUSES | STUDENT PROPERTIES | BEDSITS | CONVERTED BUILDINGS

"An HMO or House in Multiple Occupation is a property occupied by people who form more than one household."

Criteria, valuations and reality

Valuation

Valuation may consider factors such as the bricks-and-mortar value, rental income, room configuration, licensing, and management approach.

Lender Criteria

Some lenders prefer experienced landlords; others consider first-timers with support. Limits may apply to room counts, location, or tenant type.

Rent and Affordability

Lenders factor in higher running costs, management fees, void periods, and utilities when stress-testing the loan.

Exit Strategy

A property that could easily revert to a standard home may be viewed differently from a highly specialised HMO.

"Applying to a standard buy-to-let lender with an HMO property is likely to result in a declined application."

Limited companies and SPVs

01

Structure Focus

An SPV is typically set up specifically to hold and manage property, rather than trading in other goods or services.

02

Individual Assessment

The company is the borrower, but lenders still assess the background, credit history and financial position of the directors.

03

Personal Guarantees

Most lenders will require the directors or shareholders to provide a personal guarantee, making them personally liable if the company cannot repay.

NOTICE: Roxton Wealth does not provide tax or legal advice. Investors should always seek independent professional advice on the most suitable ownership structure for their circumstances.

Portfolio landlords

A portfolio landlord is typically defined by lenders as a borrower with four or more mortgaged buy-to-let properties. At this level, the lending rules change.

- **Portfolio Review:** Lenders assess addresses, values, mortgage balances, and payments across the entire schedule.
- **Stress Testing:** Lenders ensure total rental income provides sufficient cover for total borrowing, even if rates rise.
- **Business Planning:** Requirements may include cashflow forecasts and statements of assets and liabilities.

"A portfolio is a business. The finance strategy should be managed like one."

Multi-unit and complex properties

Multi-Unit Blocks (MUFBs)

A single freehold building containing multiple self-contained units. Lenders assess unit count, rental income, and area demand.

Semi-Commercial

Properties including both commercial and residential elements. Lenders consider business type, lease terms, and overall building value.

Above Commercial

Lenders may be cautious about lending above restaurants, takeaways, or late-night venues due to noise, smell or fire risk.

Refurbishment

If a property is not yet habitable, investors may need bridging or refurbishment products before refinancing to a long-term mortgage.

"When a property does not fit the standard residential definition."

Warning signs in complex lending

- **Unclear Structure**
  If ownership, deposit source, or income is difficult to follow, lenders may decline simply due to lack of verification.
- **Licensing Issues**
  If required licences or planning permissions are not in place, lenders may refuse to proceed.
- **Valuation Methods**
  Assuming a commercial valuation when the lender uses bricks-and-mortar can lead to significant shortfalls.
- **Property Mismatch**
  Applying for a standard mortgage on an HMO or commercial property will lead to rejection when the valuer visits.
- **Rent Shortfalls**
  If expected rent is unrealistic or down-valued, the loan amount may be reduced, leaving a funding gap.
- **Weak Exit Strategy**
  Where bridging is involved, a planned exit that is not realistic or achievable within the timescale is a major risk.

"A declined application may mean the case needs a different lender or stronger evidence."

How Roxton Wealth supports investors

STEP 1

Research

We begin by understanding the property, ownership structure, income, and future strategy.

STEP 2

Lender Selection

We find a lender whose criteria, valuation approach, and property appetite align with the project.

STEP 3

Structuring

We help clarify the lending requirement, deposit, model, and the evidence needed to support it.

STEP 4

Application

We coordinate between lender, valuer, solicitor, and other professionals to keep things moving.

"The aim is to make sure the complexity is understood, structured and presented properly."

Part of wider wealth planning

Protection

Life cover and shareholder protection are relevant where a household or business depends on particular people.

Investments

Property may be one part of wealth building; other investments provide diversification and future liquidity.

Retirement

Expectations for property to support retirement should be weighed against management responsibilities and tax.

Legacy

Future ownership, succession, and family expectations all deserve careful consideration for family wealth.

"Property wealth can be powerful. The strongest plans make sure it is not the only part of the picture."

START A CONVERSATION

Structure your property finance clearly

Tell us about your property strategy, what you are looking to achieve and where you would like more clarity. Together, we can explore the options available and build a plan that fits your life. At Roxton Wealth, we help clients connect property finance, financial planning, protection, and long-term wealth goals.

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Secure, flexible remote appointments, with bespoke in-person meetings arranged across the UK.

IMPORTANT INFORMATION

Finance That Fits You.

This guide is for general information and education only. It does not constitute personal financial, mortgage, investment, pension, protection, tax or legal advice.

Any personal recommendation will be based on your individual circumstances, needs and objectives following a full assessment where required.

Your home or property may be repossessed if you do not keep up repayments on your mortgage.

Some forms of Buy to Let and Commercial lending are not regulated by the Financial Conduct Authority.

Tax treatment depends on individual circumstances and may change in the future. Roxton Wealth does not provide tax advice. Appropriate tax or accountancy advice should be sought where relevant.

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