TOPIC 13

Assessing the property

LEARNING OBJECTIVES

We've looked at how a lender assesses the status of the borrower in terms of their ability to maintain mortgage payments and repay the mortgage. This topic looks at the other side of a mortgage application – the assessment of the property as security for the mortgage.

As we saw in Unit 3, a legal charge (the mortgage) gives the lender certain rights over the property during the term of the mortgage. One of the main rights is the right to seek possession and sell the property to settle the balance of the mortgage if the borrower defaults. The lender will need to be confident that, in the event of repossession and sale, the proceeds will be sufficient to settle the debt.

By the end of this topic, you should have an understanding of:

- basic information about the property that the lender requires;
- issues that may affect the value of the property as security including:
  - title;
  - form of tenure;
  - location;
  - type, age, condition and construction;
  - insurance considerations;
- assessing yields on buy-to-let property.

THINK . . .

Before you start work on this topic, take a moment to think about what you already know. What issues will the lender need to be aware of in order to assess the property's value as security?

For instance:

- what does the lender need to know about the legal ownership of the property (the 'title')?

- how might the existence of easements and covenants affect the value of the property?
- what are the different forms of tenure and what issues might arise in relation to these?

13.1 What basic information is required?

The lender will take a number of factors into consideration when assessing the property as security, and will also carry out or commission a valuation, during which the property details given on the application are checked. We will look at valuations and surveys in Topic 14.

Table 13.1 sets out the basic information about a property that the lender requires as part of the application process. This information should be available as part of the sales particulars from the estate agent, or from the vendor if no agent is involved.

TABLE 13.1 WHAT INFORMATION DOES THE LENDER REQUIRE?

Details required	Notes
Address or plot number and location	
Purchase price	
Type of property	House, bungalow, terraced/semi-detached/detached, method of construction, etc
Tenure of property	Freehold, leasehold (and years unexpired) or commonhold
Number and type of rooms and accommodation	(Often recorded by ‘ticking the box’)
Whether vacant possession is available	Extremely important because the presence of tenants radically affects the market value (unless the proposition is buy to let)
Alterations proposed	Details, costs, how they will be funded
Proposed use of the property	Residential, business, mixed, etc

Name of the builder and whether the builder is a member of the National House Building Council (NHBC) or a similar protection scheme	Applies to new builds and those less than ten years old
Inspection arrangements for self-builds	Details of how the standards and quality of work will be confirmed at each stage if the builder is not an NHBC member. The following might be acceptable to the lender: ▪ appropriate structural warranty inspector ▪ suitably qualified building professional with appropriate insurance cover, eg architect, architectural technologist or structural engineer
Expected rental amount (for BTL property)	

WHAT HAPPENS IF THERE IS A SITTING TENANT?

With an assured shorthold tenancy (AST), the tenancy agreement sets out a fixed period for the tenancy, usually 12 months. A BTL landlord can regain possession at the end of the agreement, so most BTL lenders will offer mortgages where an AST is in place.

Although rare, some residential properties are sold with a sitting tenant: someone with a tenancy agreement that is not classed as an AST and is protected by law. In these cases it is more difficult to remove the tenant, who will devalue the property. Most buyers will want vacant possession, which means that they will have unrestricted use of the property and no sitting tenants. Few mortgage lenders will lend on properties with a protected sitting tenant because the occupant could gain an overriding interest in the property.

13.2 What are the legal title requirements?

The vendor must have title to the property in order to sell. If it is in dispute, or there are defects in the title, the property may be worth less – it may even be unsaleable.

CHECK YOUR UNDERSTANDING 1

We looked at the different classes of title in Topic 5. Try to **match** the classes of title to the descriptions given below.

Title class	Description
Absolute	Title subject to defect in registration. Very rare.
Good leasehold	Clear title is established – the most secure form.
Possessory	Applies in connection with leases longer than seven years. The leasehold is good but the right of the lessor (freeholder) themselves to grant title may not be guaranteed.
Adverse possession (unregistered land)	Applies if land has been occupied for 12 years without challenge from the legal owner – at this point the occupier may apply for possessory title.
Adverse possession (registered land)	The owner is registered as the owner but is not protected from a claim by another person that they owned the land before it was registered.
Qualified	Applies where the land has been occupied for 10 years without objection from the registered owner.

13.3 How might disputes affect the property's value?

As part of the due diligence process, the conveyancer will enquire about any disputes between the vendor and their neighbours or other parties connected (or claiming to be connected) to the property. Failure of the vendor to disclose a dispute could lead to legal action if the purchaser is later affected by it. In some circumstances the nature of the dispute could threaten the value of the property or lead to the transaction falling through. Examples would include disputes over:

- boundaries;
- trees or hedges;
- access;
- noise.

13.4 Are there any problems relating to freehold tenure?

Freehold tenure means that the owner is largely free from the restrictions and obligations that could apply to leasehold property. Thus this form of tenure will not usually have a negative impact on the property value. However, the value of freehold property might be affected by the existence of easements and covenants – for instance, a property with a right of way through its garden is likely to be valued lower than a similar property without such an easement. A flying freehold can also have an adverse impact on the value of a property.

Freehold flats present particular difficulties, as we saw in Topic 4. For example, there is no clear responsibility for certain areas in the building – damage to the ceiling of one flat may also involve the floor of the flat above it, but it may not be obvious who is responsible for repair. For this reason many lenders will not provide mortgages for freehold flats.

CHECK YOUR UNDERSTANDING 2

a) From your studies for Topic 5, can you recall the difference between an easement and a covenant?

b) From your studies for Topic 4, can you recall what a flying freehold is and why can it cause problems?

13.5 Are there any problems with leasehold tenure?

There are a number of issues that could affect the value of a leasehold property:

- The lease may contain restrictions or obligations that a buyer might find unreasonable.
- The length of the remaining lease term is crucial, and properties on long leases sell at significantly higher prices than those on short leases.
- Lenders are usually cautious about lending on former local authority flats, with typical concerns including the type of estate where the property is situated, the type of construction (particularly concrete), the height of the building (tower blocks), access and proposed developments, the proportion of flats that are now privately owned and maintenance of the building. Many lenders will not lend on former local authority flats in high-rise blocks.

In recent years, many new build houses (estimated by some campaigners to be more than 100,000) were sold on a leasehold basis, with owners paying a ground rent to the developer. The owner also had to seek permission from the developer to make changes to the property. It was common for the lease to dictate that ground rents doubled every ten years, and for developers to charge exorbitant fees to consider applications for changes to the property, such as building a conservatory or changing external doors and windows.

The problem came to a head when many lenders refused to grant mortgages to prospective buyers of the properties, and conveyancers warned buyers about the potential problems, leaving the existing owner unable to sell. Developers would often sell the freehold to speculators, who would then demand much higher fees than the developer had initially indicated for the house owner to buy the freehold.

As we saw in section 4.5.6, the Leasehold and Freehold Reform Bill includes a ban on the sale of leasehold new build houses. In response to pressure, a significant number of firms with existing leasehold arrangements reduced ground rents to zero.

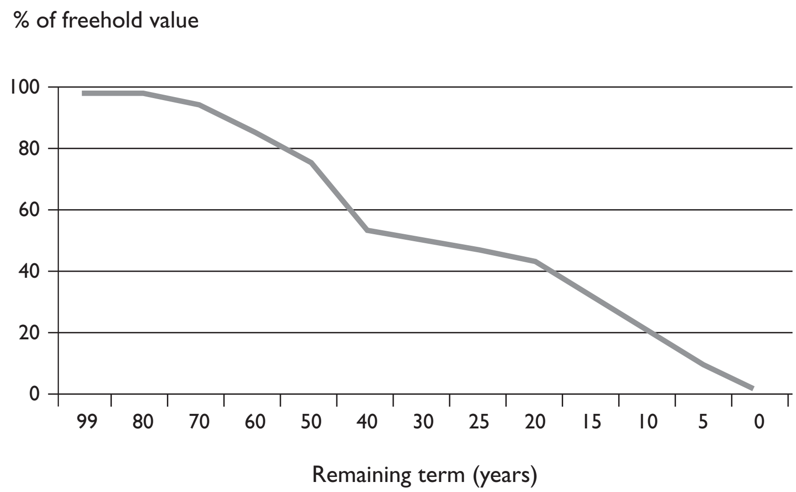
CHECK YOUR UNDERSTANDING 3

We looked at leasehold in Topic 4. When someone buys a leasehold property, what are they actually buying?

13.5.1 Is the term of the lease significant?

A lease has a defined term and is, therefore, a diminishing asset. A number of organisations produce 'graphs of relativity' relating to leasehold property. In simple terms, these show the value of a lease as a percentage of the freehold value of a flat as the lease term decreases. In 2009 the Royal Institution of Chartered Surveyors (RICS) used statistics from a number of organisations to show how the value of a leasehold flat reduced in relation to the value of the freehold over the term of a 99-year lease. Figure 13.1 indicates the reduction in value of a leasehold property in Greater London and England as calculated by one of the contributing organisations to the RICS research. (Note that this is the most authoritative and complete study carried out to date, and more recent, smaller studies do not show any marked change from the general pattern.)

FIGURE 13.1 REDUCTION IN VALUE OF LEASEHOLD PROPERTY IN GREATER LONDON AND ENGLAND



Source: RICS (2009)

The relative value of the lease decreases over time. Because the lease reverts to the freeholder at the end of the term, a lender could be left with no security if the lease expired during the term of a mortgage. Even if the lease expired some years after a mortgage was due to finish, the reduced value of the lease as it neared expiry would affect the lender's security.

In view of these risks, lenders generally insist that leasehold properties have a specified minimum unexpired period on the lease beyond the end of the mortgage term, typically of at least 30 to 40 years, with some requiring as much as 60 or even 80 years more than the mortgage term. If the remaining term was shorter, and the lender had to take possession after default, the shorter remaining term would significantly devalue the lease, and other lenders would almost certainly not consider a mortgage for a new buyer. This would restrict the potential market to cash-only buyers.

MARRIAGE VALUE

If a lease has less than 80 years to run, the leaseholder will have to pay a premium and an additional 'marriage value' to extend the lease. Some lenders will not lend on a lease with less than 80 years left to avoid potential problems.

In simple terms, the marriage value is the difference between the value of the property with the current lease and the value if the lease was extended by 90 years. As the term of the existing lease reduces, the value of the property decreases, and so the difference in the two prices increases. A property with 80 years or more left automatically has no marriage value. The freeholder has a right to 50 per cent of the marriage value.

Once the Leasehold and Freehold Reform Bill passes into law, marriage value will no longer apply to leasehold property.

A new owner must have owned the lease for two years before they have the statutory right to extend it. If a lender granted a mortgage on the basis that the buyer would apply to extend after the qualifying two years, they would risk the owner not keeping to their part of the bargain, particularly as the premium for extending increases as the term shortens.

Once the Leasehold and Freehold Reform Bill passes into law, the leaseholder will no longer be required to have held the lease for two years in order to exercise their right to extend; this right will be available to the leaseholder immediately.

Some lenders will consider a short lease, but will require an agreement that the current owner will apply to extend the lease by serving a statutory notice of claim on the landlord, and that the rights under the legislation will be transferred to the new owner at the same time as the lease (ie on completion). That means the new owner can then continue with the lease extension in their own name. In reality, a leaseholder considering selling a property with an unexpired lease term below 80 years should consider extending the lease before putting the property up for sale or, as a minimum, starting the extension process with a view to assigning the right to the new owner.

IN BRIEF

CALCULATING THE COST OF EXTENDING THE LEASE

The calculation in principle considers the diminution (loss) in the landlord's interest in the property as a result of the extension, and the marriage value. There are two elements to the diminution of interest.

- The landlord will not receive ground rent during the extended term, and so will be entitled to an amount to compensate.
- The lease will revert to the landlord 90 years later than on the original lease and they will need to be compensated for that.

The cost of lease extension will be the diminution value and 50 per cent of the marriage value.

13.6 How does location affect value?

Geographical location is of great importance in relation to property value. Generally, areas of economic prosperity attract population clusters that drive up demand, with London and the south-east of England being prime examples. This is not to say that property prices are inevitably low in sparsely populated areas – sometimes they have higher prices to reflect exclusivity.

Even within towns and cities, the very name or postcode of an area can affect property values positively or negatively. Think of your own area and you will easily come up with names of districts that are considered 'upmarket' and those that are less desirable.

13.7 How does type, age and condition affect a property's value?

The type of property will have an impact on its value. Generally, flats are less valuable than houses, and detached houses are more valuable than terraced and semi-detached houses. Bungalows are often more expensive than a house with a similar number of bedrooms, although bungalows do appeal to a more limited market. This may mean they are less sought after in areas where there are many bungalows.

WHAT IS THE VALUE TO THE LENDER IF THERE IS A LIMITED MARKET?

The design of a dwelling is a matter of personal taste: what is delightful to one person can be unappealing to another. Sometimes, a property can be so unusual that the lender will seriously doubt its potential for resale and, as well as looking at market value, a lender must consider value in a 'forced sale situation' where possession is taken due to default on the loan. If there is a limited market for the property, or even no possibility of a buyer, the land is almost worthless to the lender in the short term.

EXAMPLE

In recent years, a large market has developed for specialist 'retirement' apartments aimed at those aged 55 and over. The leasehold apartments are self-contained within a larger complex and offer communal facilities designed for older people. Many complexes employ full-time staff on site to provide 24-hour assistance. Prices vary, but are usually higher than comparable 'normal' apartments, and annual fees tend to be high. These retirement apartments are notoriously hard to sell when a resident dies, wants to move or goes into care; the combination of a limited market and high service fees tends to deter many potential buyers.

13.7.1 Age of the property

Period property with original fixtures and fittings can often be valued at a premium over its modern counterparts, provided it is in sound condition. The amount of similar property in an area will be a contributory factor – where there is a glut of older property, the premium may be reduced; where period property is rare, it can increase. Ultimately, the price achieved for a property, new or old, will depend on its appeal to the buyer, its condition and potential.

13.7.2 Condition of the property

Most buyers will be looking for a property in good condition that needs no work and can be occupied immediately. While many buyers are able to see past décor that might not suit their taste, most expect property to be well maintained and presented; the better the condition of the property, the higher the value and the higher the chance of a successful sale. The valuer will take special note of necessary repairs and report these back, with recommendations, to the lender.

Buying a property that needs work can be an opportunity to add significant value, and a prospective purchaser might be willing to invest additional capital in a property to improve it. In that situation, the lender might be prepared to lend a higher amount than would otherwise be the case. The buyer would be prudent to investigate similar properties in the locality that may be in better condition and establish the prices asked for them. This would give a good indication of the potential value of the property after the improvements have been completed.

13.8 Why is it important to know about the property's construction?

The materials and methods used in construction can crucially affect the value and expected life of the dwelling – and this is very important to a lender with a 25-year loan secured on the property. On a house with a large area of flat, felt-covered roof, for example, the felt may need to be replaced regularly in order to maintain the integrity of the building and hence the property's value. Obtaining a mortgage on a property of traditional, or standard, construction is not generally a problem; non-standard buildings can be difficult to mortgage, as a result of which the value can be reduced.

Traditional construction is, generally speaking, bricks, mortar and tiled roof. For non-traditional construction, there may be inherent faults that reduce the potential lifetime of the property. As technology develops, more innovative methods of construction are used. Provided the methods are of proven solidity, lenders are likely to be prepared to lend on them. For new builds, lenders consider whether the builder participates in the Buildmark scheme or similar schemes. Lenders may not be willing to lend on non-traditional construction completed prior to the launch of these schemes.

PREFABRICATED HOUSING

Prefabrication became a significant construction method after the First World War to help solve the acute housing shortage as quickly and cheaply as possible. The pace of this development increased dramatically after the Second World War, resulting in more than 150,000 such houses between 1945 and 1951, when the programme ended. In some areas of the UK, local initiatives meant pre-fabrication continued until the early 1970s.

While the immediate post-war methods were invaluable in increasing housing stock, the methods were not conducive to durability or modern standards of insulation, with most expected to last around ten years. Houses built after the initial programme were intended to last for at least 60 years. Many of the buildings survive today but have been subject to remedial work, after which mortgage lenders would accept them as security.

MODERN CONSTRUCTION METHODS

Pressure to meet the demand for new property has led to innovation, in particular the development of pre-manufactured structures assembled on site. These structures are designed to meet modern standards and are backed by accreditation schemes.

The RICS valuation guide for new-build property provides guidelines on valuing modern methods of construction. It is also applicable to older properties.

Valuers should first check the lender's policy on the property's construction, and whether the lender accepts the building accreditation scheme. With a second-hand property subject to remedial work, this could amount to checking whether any insurance or warranty applies to the work. Valuation should be carried out based on evidence of comparable sales in the relevant local market.

13.9 Cladding on residential buildings

The Grenfell Tower disaster of 2017 was the most serious of a number of fires in tall residential buildings over the past few decades. A subsequent public inquiry outlined numerous failings from a number of organisations, but the main reason for the seriousness of the fire has been identified as an inadequate external wall system (EWS).

The main components of the EWS are the external walls of a residential building, including cladding, insulation and fire break systems. The Grenfell fire was able to spread quickly largely due to the design of the external cladding, which did not provide adequate fireproofing. Concerns over the safety of buildings with similar construction resulted in most lenders declining to provide mortgages on apartments in those blocks, unless the owners could provide proof that the building structure was safe. This left many owners unable to sell.

Following government advice about external wall systems for residential buildings above 18 metres, later changed to include all residential buildings, the RICS created an assessment process (EWS1) for residential buildings to give assurance to lenders, valuers, residents, buyers and sellers about a building's fire risk. The building owners commission a qualified expert to carry out a fire risk assessment of the building's external wall system, in line with government guidance. The assessor completes an EWS1 form using one of the following options:

- **Option A** – External wall materials are unlikely to support combustion.
- **Option B** – Combustible materials are present and:
  - B1 – fire risk is sufficiently low that no remedial works are required; or
  - B2 – fire risk is high enough that remedial works are required.

The form applies to the whole building – individual apartments are covered by the building's EWS1 – and the form is valid for five years, at which point another assessment will be required. RICS is clear that the form is not a fire safety certificate. The process allows valuers to assess whether there are potential issues, how the potential cost of remedial action would affect the property value and whether the property would provide adequate security for a mortgage.

Government advice initially applied only to buildings above 18 metres, but changes in 2020 potentially brought all residential buildings within scope. RICS issued guidance with criteria to help valuers decide when an EWS1 form would be required.

13.10 What are the issues relating to multiple-use property?

Some buildings are designed for more than one use: a building containing a shop with a flat above, for example. The multiple-use aspect of a property can have a detrimental effect on the value of the flat compared with purpose-built flats, and some lenders may decline to lend.

Flats above shops are generally difficult to mortgage because the buyer has little or no control over the commercial part of the building, and the flat's marketability could be affected by noise, smells and other problems. Location is a factor, so a flat above a small parade of shops closing at 5pm in a quiet residential area or village may be easier to mortgage than a flat above a shop in a busy high street. However, areas change, and a shop could easily become a restaurant or takeaway.

13.11 How might insurance issues affect value?

Insurability can affect the valuation of a property; some properties are uninsurable or, at best, difficult to insure. For example, insurance companies are reluctant to cover property in areas where subsidence has occurred, or properties with a history of subsidence that has not been professionally rectified with guarantees. The property value will be reduced in this situation and lenders may be reluctant to lend on affected properties.

Obtaining affordable insurance on properties on flood plains or near rivers where flooding is commonplace has become a significant issue in the UK since the early 2000s, with severe flooding becoming more frequent. A property's flood risk can be checked using the property's history and official flood maps, and insurers will assess flood risk as low, moderate or significant.

It is usually possible to insure properties exposed to flood risk, as a result of voluntary agreements between the government and members of the Association of British Insurers. However, until 2016 there were no measures to control the premiums payable by owners at risk of flooding. The 'Flood Re' scheme (a reinsurance scheme) came into force on 4 April 2016, and will continue for 25 years. It is designed to provide affordable home insurance for those properties at highest risk of flooding, and to increase the availability and choice of insurers. Although it is a company, Flood Re is a not-for-profit fund, owned and managed by the insurance industry. Details of the scheme are shown in Figure 13.2.

REINSURANCE

A process by which an insurer passes on some of the risk to another insurer or company in return for a premium.

FIGURE 13.2 WHAT ARE THE KEY FEATURES OF THE FLOOD RE SCHEME?

Annual levy

- The scheme is subsidised by an annual levy on all home insurers. The total annual levy is split between insurers based on their share of the home insurance market.

Premium and excess

- The insurer pays a capped insurance premium to Flood Re for each property insured under the scheme, based on the property's council tax band, and pays an excess for every claim.
- The premium is not affected by the property's level of flood risk, and is the same for all properties in the same council tax band. The premium will be lower than would normally apply to a high-risk property due to the subsidy.
- If the insurer can reinsure the flood risk elsewhere for a lower premium it is allowed to do so.

Increased competition

- Homeowners in a flood risk area can select their insurance in the normal way, and the intention is that more insurers will be prepared to offer insurance as a result of the scheme, which should increase competition.
- The insurer will assess the premium in the normal way, but may add the cost of their Flood Re premium to the homeowner's premium and increase the excess accordingly.

Claims and settlement

- Claims will be made to the insurer and settled in the normal way. Once the claim has been settled, the insurer will claim a settlement from Flood Re for any flood damage.

Eligibility

- To be eligible for Flood Re, property must be residential, have been built before 1 January 2009, be insured by the individual home owner and have a council tax band.

13.12 What are the issues to consider with buy to let?

When considering lending on buy-to-let property, the lender needs to be confident that the property is adequate security for the mortgage, just as for any other mortgage application. The lender also needs to make sure that the potential rental income is sufficient to enable the borrower to make mortgage repayments. This is important because the borrower's commitment to retaining ownership of the property will be different from their commitment to their own home.

The PRA introduced 'stress tests' for lenders to assess the affordability of mortgages for buy-to-let property falling outside the FCA's consumer buy-to-let regime. The requirements are detailed in section 24.6.2.

When an investor looks at property as a potential buy-to-let purchase, the main concern will be the yield achievable, although the prospect of making capital gains will also be a factor. The net yield is the more accurate figure for assessing the return on a property investment.

KEY TERMS

GROSS YIELD

Rent as a percentage of purchase price.

NET YIELD

Rent minus running costs as a percentage of purchase price.

%

GROSS AND NET YIELDS ON RENTAL PROPERTY

We can see from the example below how gross and net yields can be calculated.

Property price when purchased	£132,000
Annual rental income	£6,916
Annual running costs	£600
Net rental income	£6,316
Gross yield (6,916 ÷ 132,000 x 100)	5.24%
Net yield (6,916 – 600 ÷ 132,000 x 100)	4.78%

An investor can compare the yield on BTL investment with that on other investments such as deposits, shares and bonds.

Property investment does carry some risk, and so the investor would need the yield to be higher than less-risky investments, such as cash, to make it worth taking the risk. Additionally, while the yield as shown allows the investor to compare investments, it does not allow for the fact that there may be mortgage payments to make.

TOTAL RETURN ON RENTAL PROPERTY

Let's take the previous example and assume the investor uses an interest-only mortgage of £92,400 (70 per cent), with an interest rate of 3 per cent, giving annual costs of £2,772. We calculated earlier that the net rental income would be £6,316.

Net income after mortgage costs (£6,316 – £2,772)	£3,544
Total return (£3,544 ÷ £132,000 x 100)	2.68%

Thus the mortgage payments significantly reduce the net income and reduce the total return.

Of course, property prices tend to increase over the years, and adding the capital growth to rental income will increase the total return on investment, particularly in property hotspots This means that the prudent buy-to-let investor looks for areas that have relatively high rental yields and potential for capital growth.

THINK AGAIN ...

Now that you have completed this topic, how has your knowledge and understanding improved?

For instance, can you:

- outline the basic information that the lender needs in order to assess the value of the property as security?
- explain the issues that might concern a lender in relation to freehold properties?
- explain why establishing the length of the lease is so important in relation to leasehold properties?
- explain why the location, type, age, construction method and material, and condition of the property might be important to the lender?
- outline how Flood Re works and why it provides reassurance to lenders as well as owners?
- explain how lenders and investors assess buy-to-let properties?

Go back over any points you don't understand and make notes to help you revise.

Test your knowledge before moving on to the next topic.

Test your knowledge

?

Use these questions to assess your learning for Topic 13. Review the text if necessary.

Answers can be found at the end of this book.

1) Lenders tend to avoid lending on freehold flats because:

    a) there might be difficulties in renewing the freehold.

    b) there is a limited market for this type of property.

    c) it may be difficult to establish liability for commonly owned parts of the structure.

    d) the owner can only acquire possessory title.

2) The Leasehold and Freehold Reform Bill reduces the qualifying period of ownership for a leaseholder's right to extend from two years to one year. True or false?

3) The cost of extending a lease reduces as the unexpired term reduces. True or false?

4) Which of the following is true regarding the EWS1 form issued as part of the RICS assessment process for blocks of flats?

    a) The form is valid for five years.

    b) Each individual flat requires an EWS1 form.

    c) The form is a fire safety certificate.

    d) It covers the building's internal and external walls.

5) Paula and Joe live in a converted water tower in a very rural area. The conversion was designed by an architect to their specific requirements. If they were to sell the property, for which of the following reasons might a lender have concerns about offering a mortgage on it? Select all that apply.

    a) It was built to Paula and Joe's specific requirements.

    b) It is in a rural area.

    c) It is a conversion of a non-residential building.

6) Apartments in a retirement complex are usually easier to sell than those in other purpose-built developments. True or false?

7) It is likely to be difficult to find a lender prepared to lend on a flat above a restaurant. True or false?

8) Which of the following properties is likely to be most attractive to a lender in terms of security?

   a) A brick-built, detached freehold Victorian property.

   b) A brick-built freehold bungalow on a road with a history of mining subsidence.

   c) A recently built leasehold flat in a purpose-built block.

9) Which of the following statements are true in relation to the Flood Re scheme?

   a) Insurers must reinsure flood risk through the Flood Re scheme.

   b) The premium the insurer pays to Flood Re on each property depends on how often the property has flooded in the past.

   c) Only properties built before 2009 are covered by the Flood Re scheme.

   d) The insurer may pass on the cost of its Flood Re premium in the premium it charges the property owner.

10) The net yield on a buy-to-let property always includes mortgage payments. True or false?