

Buy to let Criteria Guide



platinum  options ltd

01438 567207
sales@platinumoptions.co.uk
www.platinumoptions.co.uk

Buy to Let Criteria Guide
July 2020


Foundation
Home Loans

BTL Criteria Guide Contents

At a glance eligibility between typical applicant types	3
Applicants.....	4
Credit History	5
Income.....	5
Employment	6
Affordability.....	6
Loan	6
Loan purpose	7
Deposit	7
General property criteria	8
Property Types Considered	9
Walls construction type	10
Roof construction type	11
Property Tenure	11
Property Reports (As determined by a valuer).....	12
Unacceptable Properties.....	12
Documentation	14
Solicitors.....	15

At a glance eligibility between typical applicant types		Experienced Landlords Someone who has operated a BTL property within the last 6Months			First Time Landlords Someone who hasn't operated a BTL property within the last 12 months. They may apply as individuals or Limited Companies.
		Individual	Limited Company	Portfolio Landlord With or looking to acquire 4 or more mortgaged properties	
APPLICANT ELIGIBILITY	First Time Buyers (FTB's) <i>An applicant who has never owned a property. Any additional borrower can be a FTB</i>	No	No	No	No
	Ex Patriate (Ex-pat) <i>A UK national living and working abroad</i>	No	Yes	As per individual or limited company	No
	Maximum Borrowers	2	4		As per individual or limited company
	Minimum Age <i>Any additional borrower can be 18 or older</i>	21	21		
	Maximum Age	85	No Maximum		
	Guarantors	No	Yes <i>All Directors to provide a personal guarantee for full loan amount</i>		
PRODUCT ELIGIBILITY	House in Multiple Occupation (HMO) <i>An HMO house is a property rented out by at least 3 people who are not from 1 "household" (e.g. a family) and they share toilet, bathroom and kitchen facilities with other tenants</i>	Yes	Yes	Yes	
	Multi-Unit Freehold Block (MUFb) <i>A single building with multiple, separate, independent residential units owned under a single freehold title, meaning no unit is subject to a lease. This particular property type comes in a variety of configurations such as purpose-built blocks or flats or houses converted into flats</i>	Yes	Yes	Yes	No
	Short Term Let (STL) <i>A STL / rental involves a letting agreement that lasts less than 6 months but can be as short as 1 night</i>	Yes	Yes	Yes	No
	Let Residential to Buy a new Residential <i>Must have other BTLs in the background</i>	Yes	Yes	Yes	No
	Consumer Buy to Let	No	No	No	No
	F1 Product	Yes	Yes	Yes	Yes
	F2 Product				Yes
	F3 Product				No
	Large Loan				No
PROPERTY ELIGIBILITY	Maximum loan size & LTV <i>Standard Property</i>	£M to 75% £2M to 65%			£1M to 75% £1.5M to 65%
	Maximum loan size & LTVs <i>HMO & Multi Unit Property</i>	£1M to 75% £1.5M to 65%			N/A
	LA build houses	Acceptable where the valuer indicates good marketability			No
	Ex-LA flats/MOD and flats or maisonettes over commercial premises	Considered on a case by case basis, subject to construction type, location. Balcony access considered subject to valuer comments. Acceptable where the valuer believes there is reasonable level of private ownership (no proof required)			No
OTHER ELIGIBILITY	ICR	Tax bands: • Basic rate: 125% • High rate: 145% • Where joint Application with combined low rate & high rate tax payer: 135%	125%	As per individual or ltd co	As per individual or ltd co
	Gifted deposits	Yes	Yes <i>(If via Directors or Shareholders)</i>	Yes	No

Applicants	
Criminal convictions	<ul style="list-style-type: none"> Applicants subject to criminal proceedings or that have any convictions that are unspent under the Rehabilitation of Offenders Act (1974) are not considered
Ex-pats	<ul style="list-style-type: none"> Must have a UK bank account Must have a credit footprint in the UK Must be paying UK tax or have declared income for UK tax purposes Must have at least one BTL property in the UK Must have confirmation in writing (from their employer) of their residential address in the foreign country and the period of residency Must have a UK correspondence address
First time buyers	<ul style="list-style-type: none"> A first-time buyer is defined as someone who has never owned a property. First time buyers can only be considered where there is another borrower on the application who is not a first-time buyer. Where an applicant does not currently own a property but wish to be considered as a non-first-time buyer suitable evidence of prior property ownership will be required by way of: <ul style="list-style-type: none"> Credit Search Historical mortgage agreement Land Registry title deeds
First time landlords	<ul style="list-style-type: none"> First time landlords are acceptable where: <ul style="list-style-type: none"> The applicant is currently an owner occupier The deposit coming from the applicants own resources and not gifted They are not acceptable where: <ul style="list-style-type: none"> The property is above commercial premises The property is ex-Local authority, MoD or housing association A property where the applicant owns adjacent land or access road The property is a House in Multiple Occupation or a Multi-Unit property
Guarantors	<ul style="list-style-type: none"> Individuals Guarantors are not considered Limited Company All Directors will be required to sign a personal guarantee for 100% of the loan amount
Intermediary's own applications	<ul style="list-style-type: none"> Acceptable, but they cannot certify their own ID or Proof of Address.
Job seekers allowance/income support	<ul style="list-style-type: none"> Applicants in receipt of job seekers allowance or income support will not be considered
Limited company	<ul style="list-style-type: none"> Acceptable where the SPV is registered in England or Wales with one or more of the following Standard Industrial Classification (SIC) codes: <ul style="list-style-type: none"> 68100 Buying and selling of own real estate 68209 Other letting and operating of own or leased rental estate 68320 Management of real estate on a fee or contract basis They cannot have any other SIC code registered. Newly incorporated limited companies are acceptable, subject to the incorporation being in place in time for the mortgage offer Umbrella companies/trading companies are not considered
Maximum age	<ul style="list-style-type: none"> Individual applicant 85 years and 364 days Limited company No maximum age for directors
Minimum age	<ul style="list-style-type: none"> At least one applicant must be 21 years All applicants must be over 18 years
Maximum applicants	<ul style="list-style-type: none"> Individual applications 2 Limited company applications up to 4 directors

Credit History	
All accounts	<ul style="list-style-type: none"> All accounts must be up to date at the time of application
Arrangements with lenders (including forbearance)	<ul style="list-style-type: none"> Active arrangements with other lenders are not considered
Bankruptcy & IVA	<ul style="list-style-type: none"> No bankruptcy or IVA/administration order registered against any applicant Applicants with a financial associate that has been declared bankrupt may be considered
Company Voluntary Arrangements	<ul style="list-style-type: none"> Directorship of involuntarily liquidated or wound up companies, receiverships and Company Voluntary Arrangements are only considered where there are no outstanding debts owed to creditors
Debt management plan	<ul style="list-style-type: none"> Applicants who have entered into, or are still repaying, a debt management plan in the last 24 months are not considered
Defaults	<ul style="list-style-type: none"> Product dependant – please refer to product guide
Mortgage arrears	<ul style="list-style-type: none"> Product dependant – please refer to product guide
Mortgage conduct	<ul style="list-style-type: none"> Where we are unable to verify mortgage conduct using the applicants credit file, 12 months payment history is required
Credit Cards, Mail order, mobile phone or, utility	<ul style="list-style-type: none"> Product dependant – please refer to product guide
Payday loans	<ul style="list-style-type: none"> Applicants who have entered into, or are still repaying, a pay day loan in the last 24 months are not considered
Repossession and voluntary surrender	<ul style="list-style-type: none"> No repossession or voluntary surrender registered against any applicant
Satisfied CCJs & Defaults	<ul style="list-style-type: none"> All CCJ's and defaults must be satisfied at the time of application irrespective of when they occurred
Unsecured loan arrears	<ul style="list-style-type: none"> Product dependant – please refer to product guide

Income	
All income must be declared and evidenced	
Foreign currency income	<ul style="list-style-type: none"> Not considered
Minimum income	<ul style="list-style-type: none"> No minimum income. We need to confirm that the mortgage the applicant has applied for is affordable and they have a source of income that is independent of the rental income to be earned from the mortgage
Salary, dividends and/or pension	<ul style="list-style-type: none"> Acceptable
Rent	<ul style="list-style-type: none"> Accepted if the portfolio will generate sufficient income to satisfy current and known future loan repayments and rental coverage requirements as well as applicant's daily costs
Trust funds & investment income	<ul style="list-style-type: none"> Acceptable as additional income

Employment

At least one applicant must be defined as employed, self-employed or retired

Employed	<ul style="list-style-type: none"> No minimum term of employment Fixed term contractors are considered to be employed
Self-employed	<ul style="list-style-type: none"> No minimum period of trading is required Where a company director owns 20% or more of the company shares they will be classed as self-employed – this includes umbrella company contractors
Retired	<ul style="list-style-type: none"> Retirement income accepted

Affordability

- Affordability will be assessed on the basis of rental income coverage on an interest only basis.
- The income coverage ratio (ICR) calculation is based on the notional rate at:
 - Basic rate tax payers: 125% of the monthly mortgage payment for individuals
 - Higher rate tax payers: 145% of the monthly mortgage payment for individuals
 - Where joint application with combined low rate and high rate tax payer: 135% of the monthly mortgage payment for individuals
 - 125% of the monthly mortgage payment for Limited Companies
- Where the method of repayment is Capital & Interest, a further test will be undertaken to ensure the rental coverage of the proposed mortgage payments is met by a minimum of 100%

Loan

Maximum LTV & loan size	<table border="1"> <thead> <tr> <th>Property type</th> <th>Up to (£)</th> <th>Standard</th> <th>First time landlord</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Standard Property</td> <td>£1m</td> <td>75%</td> <td>75%</td> </tr> <tr> <td>£1.5m*</td> <td>65%</td> <td>65%</td> </tr> <tr> <td rowspan="2">HMO & Multi-unit</td> <td>£1m</td> <td>75%</td> <td>Not considered</td> </tr> <tr> <td>£1.5m</td> <td>65%</td> <td>Not considered</td> </tr> </tbody> </table>	Property type	Up to (£)	Standard	First time landlord	Standard Property	£1m	75%	75%	£1.5m*	65%	65%	HMO & Multi-unit	£1m	75%	Not considered	£1.5m	65%	Not considered
	Property type	Up to (£)	Standard	First time landlord															
	Standard Property	£1m	75%	75%															
		£1.5m*	65%	65%															
	HMO & Multi-unit	£1m	75%	Not considered															
		£1.5m	65%	Not considered															
<ul style="list-style-type: none"> *£2m for Large loans only Fees can be capitalised up to max loan 																			
Maximum number of mortgaged BTL with any lender	<ul style="list-style-type: none"> Unlimited 																		
Maximum portfolio value with Foundation	<ul style="list-style-type: none"> £3 million with Foundation Home Loans 																		
Minimum term	<ul style="list-style-type: none"> 5 years 																		
Maximum term	<ul style="list-style-type: none"> 30 years 																		
Minimum loan	<ul style="list-style-type: none"> £50,000; may vary dependant on product £500,000 on large loan product 																		
Portability	<ul style="list-style-type: none"> No 																		

Loan purpose	
Re-mortgages	<ul style="list-style-type: none"> • No minimum time of ownership when early re-mortgage product selected (cash purchases not applicable), otherwise: • Property must be owned for a minimum of 6 months • Where bridging was involved this will be reduced to 3 months (capital raising not permitted if ownership is less than 6 months)
Purchase at undervalue and inter-family sales	<ul style="list-style-type: none"> • Inter-family sales allowed where there is an immediate family connection and we can consider the Purchase at Undervalue provided the lending is based on the lower of the purchase price or valuation. • For Ltd Company: A purchase at undervalue where a property is owned by one limited company and then sold to another/SPV where there is no intercompany loan (relating to the equity) are allowed provided the controlling shareholders in both companies are the same
Capital raising	<ul style="list-style-type: none"> • Capital raising for business purposes (Including the repayment of a Directors Loan) acceptable where monies being raised are to invest in their rental buy to let business • Capital raising when the SPV is purchasing a property from an individual so long as the loan purpose of the additional monies is acceptable
Purchase	<ul style="list-style-type: none"> • Accepted - subject to unacceptable loan purposes below
Unacceptable loan purposes	<ul style="list-style-type: none"> • Back to back sale within the last 6 months • Sale and rent back • Capital raising for business purposes • Consumer buy to let • Re-mortgage for repayment of tax or gambling debts • Purchase via a property club • Financing self-build

Deposit	
Gifted deposits	<ul style="list-style-type: none"> • 100% gifted deposit accepted from immediate family members <ul style="list-style-type: none"> ○ Parents (including step-parents and in-laws) ○ Grandparents ○ Grandchildren ○ Siblings ○ Children ○ Spouses ○ Civil partners • Gifted deposits outside of the UK may be considered
Individual deposit & monies provided by a director or shareholder	<ul style="list-style-type: none"> • Acceptable: <ul style="list-style-type: none"> ○ Build-up of savings ○ Sale of investment/pension ○ Inheritance ○ Sale or re-mortgage of personal property ○ Dividends ○ Pension
Developer deposit	<ul style="list-style-type: none"> • Acceptable, with a maximum of 5% (provided not secured by way of a second charge and rental guarantees)
Overseas deposits	<ul style="list-style-type: none"> • Deposits from overseas accounts can be considered on a case by case basis •
Limited company – equity in security property	<ul style="list-style-type: none"> • Acceptable where the individual(s) owning the property are moving the property from their own name(s) to an SPV with an ownership structure that mirrors the current ownership. If the structure is not the same, then the remaining deposit must

	come from a different source. For example, if the SPV has 2 Directors, with 50% shares each, and the property is currently in the personal name of 1 of those 2 Directors, then the owner can utilise 50% Equity for their shareholding, but the other Director will have to provide their 50% share of the deposit from their own source.
Limited company - funds via retained profit, directors or shareholders	<ul style="list-style-type: none"> Retained profit in SPV Sale/re-mortgage of SPV owned property Directors loan or shareholders funds – Subject to evidence of source of funds (see Individual deposit above for details)
Limited company – loan from another company	<ul style="list-style-type: none"> Intercompany loan – Acceptable where the company is within the same group Loan from a company in common ownership – Acceptable where the shareholders of both companies are identical

General property criteria

Adjacent property or land	<ul style="list-style-type: none"> Where an applicant owns adjacent land or access road to the security property these will be considered on a case-by-case basis Adjacent terraced or semi-detached properties with shared access and owned by the same applicant are considered provided: <ul style="list-style-type: none"> maximum of two properties must be capable of having its own adequate and documented access rights Each property must have separate services/utilities. Where an applicant owns/is to own 2 flats in a block and the flats are adjacent with a communal wall these are considered provided the applicant or a family member does not reside in the adjacent property. Applies to flats and maisonettes.
EPC rating	<ul style="list-style-type: none"> Minimum rating E
Properties converted into flats where same applicant resides in one of the flats	<ul style="list-style-type: none"> Separate main access will be acceptable Same main access will be acceptable provided there are other non-related owners in the block Unacceptable where there are several flats in the property (ie converted house) and the other flats belong to the applicant or an immediate member of the applicant's family and they reside in one of the properties
Exposure	<ul style="list-style-type: none"> We continually review concentration risk across our whole portfolio and where we identify over exposure this may necessitate us been unable to progress an application. Each borrower is permitted to hold a maximum of 3 current mortgages with us in any one full post code
Letting	<ul style="list-style-type: none"> The security must be let on an Assured Shorthold Tenancy (AST), or Company Let and must not exceed 36 months, except in the case of Short Term Let applications
Locations	<ul style="list-style-type: none"> Property must be located in England and Wales Scotland & Northern Ireland are not considered Landlords of property in Wales must be registered with Rent Smart Wales (with the exception of short term let applications)
Minimum value	<ul style="list-style-type: none"> £75,000; may vary dependant on product
Retention	<ul style="list-style-type: none"> 100% retention considered for new build properties only Partial retentions are not considered and lending will be based on the lower valuation figure before works, assuming the property has been confirmed as suitable security in its current condition by the valuer
Right to buy	<ul style="list-style-type: none"> Acceptable if the security is not subject to pre-emption
New build warranties	<p>Acceptable new build warranty is required – warranties stated in the UK Financial Handbook together with Protek and Checkmate</p> <ul style="list-style-type: none"> All other warranties will be reviewed internally

Property Types Considered

At the time the property is inspected by our valuers, it must be in a suitable condition to let and suitable for mortgage purposes with good marketability. Our valuer will be asked to provide recent comparable evidence for both rental demand and recent sales to support the valuations figures being provided.

Property types considered	<ul style="list-style-type: none"> • Freehold houses and bungalows • Coach house flats (modern building containing a flat at first floor level set over a number of garages/carports which are held under separately owned leases) • Leasehold flats & maisonettes Crossover (Tyneside) leases are acceptable • Leasehold houses (with an unexpired lease term of at least 250 years at the start of the mortgage)
Self-contained annex	<p>Accepted provided:</p> <ul style="list-style-type: none"> • Covered by one title • Has one AST • Applicant's residency can't be in property (main or annexe) • Not have planning consent for alternative usage • Be appropriate to the size of the main property • Not be designed for sub-letting
Minimum property size (inc. any unit as part of a MUB)	<p>30 square meters</p> <p>Basement Flats must be self-contained with a separate bathroom and a source of natural light</p>
Ex Housing Association Ex Local Authority Ex Ministry of Defence	<p>Acceptable where the valuer believes there is reasonable level of private ownership (no proof required)</p> <p>Balcony Access - Acceptable subject to the valuer confirming satisfactory levels of saleability</p>
Flats (or maisonettes) above/ adjacent to commercial premises	<p>Considered provided the property is NOT immediately above or adjacent to properties described as those that would potentially provide an unwanted heat, noise, or smell or may present safety concerns.</p> <p>This would include but is not limited to: restaurants (class A3), pubs & bars (class A4), takeaways (class A5), nightclubs, casinos, amusement arcades, petrol stations, launderettes & dry cleaners, taxi businesses, industrial uses (classes B2-8) & other similar uses involving machinery such as mechanics or garages</p> <ul style="list-style-type: none"> • Separate suitable access is required • Maximum 60%
Flying freehold	<ul style="list-style-type: none"> • Must be no greater than 10% of the total floor area of the property.
Floors in a block	<ul style="list-style-type: none"> • No limit on number of storeys where there is a lift • Up to 5 storeys without a lift
Cladding	<p>A suitably certified EWS1 form is required for buildings where cladding material is noted by the surveyor</p> <p>Ratings of A3 and B2 are not accepted</p> <p>No EWS1 form is required for new builds/conversion for properties started from the 1st April 2019 with 6 or more storeys under the new 2018 Building Regs.</p>
Local authority-built houses	<ul style="list-style-type: none"> • Accepted where the valuation indicates good marketability
HMOs & Multi-units	<ul style="list-style-type: none"> • HMOs Up to 6 occupants • Large HMOs & MUBs Up to 8 bedrooms and all multi-unit up to a max of 10 units • HMOs not considered where the property is currently occupied as a single dwelling

Modern timber framed construction	<ul style="list-style-type: none"> Accepted with external brick skin (single skin not accepted)
New build	<p>Defined as built/significantly converted in the last two years of standard construction</p> <p>New build flats are capped to 70% of the re-sale value of the property</p>
Selective licensing	<ul style="list-style-type: none"> Accepted
Studio flats	<ul style="list-style-type: none"> Accepted subject to: <ul style="list-style-type: none"> Being self-contained, with a separate bathroom Having natural light Minimum size of 30 square metres
Number of kitchens (Non-HMO/MUB)	<ul style="list-style-type: none"> Accepted up to 2 provided these are not separate utilities
Grade I, II & II*	<ul style="list-style-type: none"> Accepted, subject to availability of comparables
Leased Solar Panels	<ul style="list-style-type: none"> Acceptable where the lease agreement is in line with UK Finance requirements The valuer must be satisfied that the solar panels have no impact on the structural integrity of the property

Walls construction type

Must meet the following criteria

- a) **Bungaroosh Craft Earth techniques** e.g. Cob, Clunch or Wychert
- b) **Cavity or solid masonry**
- c) **Concrete**
 - i. Bryant in-situ cast concrete
 - ii. Laing-Easiform post 1945 (houses only)
 - iii. LPS Houses subject to a structural engineer's report
 - iv. Rebuilt PRC if repaired under a scheme originally licensed by PRC Homes Ltd (with contemporaneous certification) where the remainder of the structural block (other semi or rest of terrace) has been repaired to the same standard
 - v. Wimpey No-Fines
- d) **Modern Methods of Construction (MMC)** properties must have been constructed by Barratt Developments, Bellway, Berkeley, Bovis Homes, Cala Homes, Crest Nicholson, Galliford Try, Persimmon, Redrow or Taylor Wimpey and have the benefit of appropriate warranties
- e) **Steel / Steel & Concrete Frame**
 - i. Steel frame houses post 1987 clad externally with masonry (unless retro fit cavity insulation installed)
 - ii. Steel or Concrete frame (flats) – Specifically in relation to cladding of combustible material
- f) **Timber**
 - i. Period hardwood timber frame pre-1900
 - ii. Period softwood timber frame pre-1900 where this is a local vernacular construction type

Timber frame post 1980 clad externally with masonry (unless retro fit cavity insulation installed)

Roof construction type

Must meet the following criteria

Flat roof	<ul style="list-style-type: none"> Finished with lead / zinc / glass reinforced plastic (GRP) /elastomeric single ply membrane / asphalt / mineral felt (dormers / extensions only up to a maximum of 50% plan roof area)
Green roof	<ul style="list-style-type: none"> Subject to the acceptability of the waterproof substrate
Pitched roof	<ul style="list-style-type: none"> Clad with tiles (clay or concrete) / slates (natural or artificial) / stone tiles / thatch / lead / copper / zinc / modern steel sheet (not corrugated metal sheets sometimes known as “wriggly tin”)

Property Tenure

Commonhold	<ul style="list-style-type: none"> Not considered
Freehold	<ul style="list-style-type: none"> Houses and bungalows only
Minimum unexpired lease	<ul style="list-style-type: none"> Flats: The lease must have at least 50 years remaining at the end of the mortgage term Houses: The lease must have at least 250 years remaining at the start of the mortgage term <p>New Build Flats: An unexpired lease term of at least 125 years at the start of the mortgage</p>
Leasehold flats & maisonettes <i>(Connected party: member of the applicant's family, companies within the same group, trusts and trustees, companies and their directors & shareholders, partners and their families)</i>	<ul style="list-style-type: none"> 4 Flats or less in the block <ul style="list-style-type: none"> Freehold owned by applicant(s) or a party connected to the applicant(s) - 1st charge required over the freehold and leasehold Freehold independently owned by an unconnected party – 1st charge required over the leasehold Freehold shared by the leaseholders in the block in a formal management structure – 1st charge required over the leasehold unless the applicant owns all flats in the block, at which point we would also require a 1st charge over the freehold More than 4 flats in the block <ul style="list-style-type: none"> Freehold owned by applicant(s) or a party connected to the applicant(s) - 1st charge required over the leasehold at least 50% of the flats in the block to be independently owned Freehold independently owned by an unconnected party – 1st charge required over the leasehold Freehold shared by the leaseholders in the block in a formal management structure – 1st charge required over the leasehold unless the applicant owns all flats in the block, at which point we would also require a 1st charge over the freehold
Leasehold houses	<ul style="list-style-type: none"> Freehold owned by applicant(s) or a party connected to the applicant(s) - 1st charge required over the freehold and leasehold Freehold independently owned by an unconnected party – 1st charge required over the leasehold Freehold shared by the leaseholders in the block in a formal management structure – 1st charge required over the leasehold unless the applicant owns all houses under the lease we would also require a 1st charge over the freehold
Tyneside lease (cross-over)	<ul style="list-style-type: none"> Accepted where there is no connection between the applicant and the other property 1st charge required over the leasehold of the security and over the freehold of the other property

Property Reports (As determined by a valuer)

Cavity wall tie	<ul style="list-style-type: none"> Must be produced by a Structural Engineer, qualified Building Surveyor or a reputable specialist company experienced in wall tie replacement
Electrical installation	<ul style="list-style-type: none"> Must be produced by a National Inspection Council for Electrical Installation Contractors (NICEIC) or NAPIT approved contractor
Gas installation	<ul style="list-style-type: none"> Must be produced by a Gas Safe registered contractor
Japanese knotweed	<ul style="list-style-type: none"> Specialist report is required in respect of eradicating the plant and the work to be completed must include an insurance backed 5-year warranty against re-appearance of the plant
Structural engineer	<ul style="list-style-type: none"> Must be produced by an appropriately qualified engineer – S.Eng. MICE or MISE Where required, must always be obtained prior to any approval of a mortgage offer
Timber and damp (including dry rot)	<p>Dry rot, wet rot, infestation by wood-boring insects. Report to be obtained from one of the following:</p> <ul style="list-style-type: none"> Property Care Association (PCA) Wood Protection Association (formerly BWPDA) Safeguard (Europe) Ltd Sovereign Wykamol <p>Dry rot only:</p> <ul style="list-style-type: none"> A dry rot diagnostic inspection must be undertaken by an experienced professional member (as listed above) <p>The suitability of the property will be considered subject to the cause of the decay and the proposed remedial action detailed within the report</p>
Trees	<ul style="list-style-type: none"> Must be produced by a specialist consultant/contractor approved by the Arboricultural Association, NCH ARB, Dip Arb
Concrete screening	<ul style="list-style-type: none"> Properties in areas where "mundic" is a known problem (properties built from concrete blocks laid onto mass concrete foundations) must be subject to a screening test in line with RICS guidance. A result of Class A1, A2 or A3 is required for a property to be considered acceptable
Roofing	<ul style="list-style-type: none"> Report to be obtained from a Roofing Contractor who is part of the National Federation of Roofing Contractors Limited (NFRC) / Confederation of Roofing Contractors (CRC)

Unacceptable Properties

Property Construction and configuration	<ul style="list-style-type: none"> Properties with an EPC rating lower than E Self-build Where the lifespan of the property is less than 25 years beyond the end of the proposed mortgage term Development has been undertaken without appropriate planning permission Non-HMO properties with more than six bedrooms HMO properties with more than 8 bedrooms MUFB properties with more than 10 units Multi-Unit Freehold Blocks where one or more individual units are subject to a separate leasehold title Where any income generating flat within a MUB and/or a studio flat is less than 30sqm
--	---

	<ul style="list-style-type: none"> • Where any income generating room within an HMO is below 6.5sqm • Property subject to a demolition / closing order • Property with ongoing structural movement or movement that requires monitoring • Services/utilities are shared with any adjoining or adjacent building which will not form part of the mortgaged property • Stage payments are required • Underpinning has been completed within the preceding 3 years • Unimproved or uninhabitable property (i.e. no kitchen or bathroom) • Properties with more than 7 storeys with no lift • Properties with more than 4 hectares/10 acres • Prefabricated or large panel concrete construction (LPS) • Pre-fabricated reinforced concrete construction (PRC) • Concrete block construction designated Mundic • Mundic block materials • Properties of High Alumina Cement
Property location	<ul style="list-style-type: none"> • Any adjoining property is the main <u>residence</u> of the applicant or an immediate family member of the applicant • An applicant who owns 3 or more attached properties in a row • Electricity pylons or cables are going directly over the property • Flat or maisonette immediately above or adjacent to properties that would potentially provide an unwanted heat, noise, or smell or may present safety concerns. This would include but is not limited to: restaurants (class A3), pubs & bars (class A4), takeaways (class A5), nightclubs, casinos, amusement arcades, petrol stations, laundrettes & dry cleaners, taxi businesses, industrial uses (classes B2-8) & other similar uses involving machinery such as mechanics or garages • Material environmental hazards are present • Property affected by coastal erosion • Property directly affected by local planning • Un-remediated contaminated site or where the Valuer advises a possible contamination issue • Unsatisfactory mining search is received
Property restrictions	<ul style="list-style-type: none"> • Farms, Small Holdings or Properties subject to restrictive covenants or occupancy e.g. agricultural, retirement flats etc. • Property on which there is a local authority grant outstanding • Purchased through Right to Buy and still subject to pre-emption • Uninsurable property or property subject to an ongoing insurance claim • Properties built under 10 years' old without an acceptable structural defects warranty • Any property designated defective under the Housing Act
Property Types	<ul style="list-style-type: none"> • Chalet style properties on holiday parks • Commonhold • Freehold flats & maisonettes • Mobile homes • Houseboats • Serviced flats and apartments • Shared ownership
Property usage	<ul style="list-style-type: none"> • Bed & Breakfast • Bespoke student accommodation • Commercial properties • Farms & small holdings • Live/work units • Timeshares

Documentation	
Bank statements	<ul style="list-style-type: none"> • Must be from a UK bank/Building Society/Lender account and show the borrower's full name (or initial & surname) & address (online statements don't need the individuals full address displayed), the logo, the full sort code and/or account number • Provision of Bank Statements is not mandatory, but may be requested at the underwriters' discretion, to support the lending decision
Declaration	<ul style="list-style-type: none"> • Must be signed by all applicant's and will be obtained as part of the offer acceptance – originals must be received prior to completion
Direct Debit Mandate (DDM)	<ul style="list-style-type: none"> • Required prior to completion of the mortgage and must be drawn on a UK bank account as follows: <ul style="list-style-type: none"> ○ Personal account, in the name(s) of a single or joint applicant(s) ○ Business account, providing the applicant is a sole trader and is named on the bank account title (i.e. "trading as") ○ Business accounts for limited companies (limited company applications only)
Document validity	<ul style="list-style-type: none"> • Credit search – 3 months • Direct Debit Mandate – 6 months (from date of signature) • Full mortgage application – 6 months (from submission date) • Proof of deposit/income/portfolio Schedule – 6 months (from date of receipt) • Proof of identification – 12 months • Valuation – 6 months • Mortgage offer – 4 months
Income	<ul style="list-style-type: none"> • Payslips – must be the latest (at the time of application) & show basic income, gross and net pay, the pay date and tax period • SA302/online calculation for self-employed - where the self-assessment is submitted online via an accountant/other we require: <ul style="list-style-type: none"> ○ The latest commercial software tax calculation [SA302] together with either the corresponding version of the Tax Year Overview OR the corresponding HMRC supplied Tax Year Overview. • Where the self-assessment has been submitted online by the borrower or their accountant/other we require: <ul style="list-style-type: none"> ○ Latest HMRC Tax Calculation [SA302] together with either the corresponding online version of the Tax Year Overview OR the corresponding HMRC supplied Tax Year Overview • Accountants Certificate - must be signed & stamped by an accountant with one of these qualifications: ACA, FCA, ACCA, FCCA, AAPA, FAPA, ACMA, FCMA, MAAT, FMAAT, CTA or AIA
Mortgage statements	<p>Must be from a UK Bank/Building Society/Lender and show</p> <ul style="list-style-type: none"> • The applicants address • The mortgaged property address • Full name or initials and surname • The UK Bank/Building Society/Lender's logo • The account number
Online documents	<ul style="list-style-type: none"> • Online Bank & Mortgage statements are accepted • Online payslips are accepted • Online documents are not considered for identity and residency
Proof of identity & residency	<ul style="list-style-type: none"> • Please refer to the Identity & Residency document in the document library on Foundation's intermediary website. Note it is particularly important you do this to clarify our requirements under Covid-19 restrictions.

Solicitors

<p>Applicants solicitor requirements</p>	<ul style="list-style-type: none"> • Accepted provided: <ul style="list-style-type: none"> ○ All solicitors are registered with the Law Society ○ Minimum 3 SRA-approved managers/partners (licenced conveyancers are not considered) ○ All solicitors must have attained membership to the Law Society's Conveyancing Quality Scheme • Where an applicant's solicitor does not meet the solicitor requirements noted above, the applicant can continue to use their own selected firm to act on their behalf, but we will instruct one TWM to act on our behalf. The legal fees for both firms will need to be paid by the applicant through their own funds
<p>Dual representation</p>	<ul style="list-style-type: none"> • Accepted on all applications (with the exception of HMO/Multi Unit and Leasehold transactions where there is a connected party owning the freehold) subject to meeting our minimum requirements (see above)
<p>HMO/Multi-unit properties/leasehold transactions where a connected party owns the freehold</p>	<ul style="list-style-type: none"> • TLT or TWM (Foundation's own solicitors) must act for Foundation's behalf • Dual representation is accepted on such cases or if the applicant prefers they can select their own solicitor provided they meet our solicitor requirements (see above)
<p>Limited company application for standard properties</p>	<ul style="list-style-type: none"> • Dual representation is accepted provided the solicitor firm is experienced in providing the requisite conveyancing for limited companies
<p>No-Search Indemnity Insurance</p>	<ul style="list-style-type: none"> • Foundation Home Loans will now accept 'No Search Indemnity Insurance' for all re-mortgage transactions, with the exception of re-mortgages of HMO and MUB properties. • Solicitors must effect the No Search Indemnity Insurance with a provider of their choice and in order for it to be accepted, the policy must meet our requirements as set out in the UK Lenders Handbook and it must be placed on risk on completion. Solicitors must provide us with a copy of the No Search Indemnity Insurance policy within 10 working days of completion. • Additionally, during the Covid-19 period only, in relation to purchase transactions where Local and other searches have reached their 6-month maturity, we will also accept Search Expiry Insurance. • In all cases, by signing the COT, the Solicitor is confirming that the insurance cover is acceptable, meets our requirements and that title to the property is acceptable.