

Residential Criteria Guide

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Applicants	
Minimum age	18 years.
Maximum age	75 years and 364 days where affordability can be assessed. Otherwise lend to current applicable state pension age.
Maximum borrowers	2 applicants. Can consider up to 4 if there is a family tie between the applicants with the maximum LTV being 80% or on Joint Borrower Sole Proprietor (JBSP) Applications.
First time buyers	Accepted.
Marital status	We can consider sole name for re-mortgages if the mortgage is currently in sole name.
Guarantors	Guarantors are not considered.

Residency	
Residency	Applicants should be permanently resident in the UK for the last three years. Any applicant who does not meet these criteria may be considered on a case by case basis, see below section on Armed Forces.
HM Armed Forces	Members of HM Armed Forces who are serving or have served abroad will be considered.
Foreign Nationals	At the time of application all applicants must meet the minimum residency requirement, and for Foreign Nationals must have either indefinite leave to remain (settlement), right of abode, or, in the case of the EU/EEA/Swiss nationals, Settled/pre-settled status* Where the above does not exist, we may still proceed where they can provide a suitable working visa that allows the applicant to extend their stay and/or allows them to apply for indefinite leave to remain. Please refer to your Regional Account Manager or contact our Broker Support Team. *Where an EU/EEA/Swiss national is currently residing in the UK and has applied for settlement, but no decision has been made, evidence of the application will be required.
Embassy staff	Not considered.

Adverse	
All accounts	All accounts must be up to date except as indicated in the Product Guide.
CCJs/Court Decree	Product dependant – Please refer to product guide.
Defaults	
Mortgage arrears	
Unsecured loan arrears	
Credit cards, Mail Order, Comms, Utilities	
Bankruptcy/Sequestration & IVA/CVA/Protected or Unprotected Trust Deed	F1 F2 & F3: No Bankruptcy/Sequestration or IVA Order/CVA/Protected or Unprotected Trust Deed registered against any borrower. F4: Bankruptcy/Sequestration and IVA/CVA/Protected or Unprotected Trust Deed satisfied three or more years ago will be considered.
Payday loans	F1, F2 & F3: Applicants who have live short-term credit accounts are not considered. F4: Maximum 1 live short-term credit account subject to satisfactory conduct.
Debt Management plan and Debt Payment Programme (set up under the Debt Arrangement Scheme)	Not considered on F1. Considered on F2, F3 & F4 provided 12 months of satisfactory conduct can be evidenced.
Arrangements with lenders (<i>including forbearance</i>)	Active arrangements with other lenders are not considered.
Repossession and Voluntary Surrender	No repossession or Voluntary Surrender registered against any borrower.

Income	
Minimum income	No minimum income, income must be declared and evidenced . Any applicant in receipt of job seekers allowance or income support will not be considered.
Foreign currency	Not considered.

Employment type	
Employed	Minimum term: No minimum current employment (excluding zero hours contracts). Minimum 3 months employment history. First time buyer: Minimum 6 months employment history with any employer. We can consider a first time buyer with less than 6 months employment history where they are currently working for their first employer.
Self-employed	Minimum 1 year's accounts considered. Where a company director owns 20% or more of the company shares they will be classed as self-employed.
Contractors	Fixed term contracts and contractors using an umbrella company considered. Applicants should be in contracting roles for the last 12 months. Applicants must have 3 months remaining on their contract. Applicants on Seasonal contracts are not considered.
Retired	Private Pension: Considered as primary or secondary income. State Pension: Only considered where other income is available.

See the Acceptable income document for acceptable incomes

Product Criteria											
Green Options	- Green EPC A - where the security has an EPC rating of A - Green EPC B - where the security has an EPC rating of B - Green EPC C - where the security has an EPC rating of C - Green EPC A to C - where the security has EPC ratings between A to C - Not considered for listed properties You can check the property EPC rating on the government EPC site here You can check the EPC rating for properties in Scotland here										
Professionals Product	- Professionals will be considered for a Loan to Income ratio of up to 5.99 times subject to affordability - Maximum two applicants per application Eligible professionals and required qualifications are listed here										
Key Workers Product	- Key Workers from the list below can be considered where this is their main income for a Loan to Income ratio of up to 5.5 times subject to affordability - Maximum two applicants per application Eligible Key Workers: <table border="0"> <tr> <td>Armed Forces Personnel</td><td>- Full-Time Army/Navy/RAF</td></tr> <tr> <td>NHS Clinicians</td><td>- NHS Nurses, Paramedics, Ambulance Drivers, Midwives</td></tr> <tr> <td>Firefighters</td><td>- UK Fire Service</td></tr> <tr> <td>Teachers</td><td>- Public Sector Teachers & University Lecturers</td></tr> <tr> <td>Police/Prison Officers</td><td>- Police Force/HMPS</td></tr> </table> *Scottish equivalents accepted	Armed Forces Personnel	- Full-Time Army/Navy/RAF	NHS Clinicians	- NHS Nurses, Paramedics, Ambulance Drivers, Midwives	Firefighters	- UK Fire Service	Teachers	- Public Sector Teachers & University Lecturers	Police/Prison Officers	- Police Force/HMPS
Armed Forces Personnel	- Full-Time Army/Navy/RAF										
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Police/Prison Officers	- Police Force/HMPS										
Joint Borrower Sole Proprietor Product	- Up to two households (Occupying and Supporting) - Up to 4 Applicants - No more than 2 Applicants in each household - Income considered for all Applicants - JBSP Specific Product must be selected - Accepted relationship to the occupying household as follows: - Parents - Grandparents - Grandchildren - Siblings - Children - Spouses - Civil Partners - Uncles and aunts - Step relations and in laws also accepted - We will require all applicants in the supporting household to take independent legal advice as part of the application process										
EPC Saver	- The EPC Saver Product offers the EPC Plus service and is free to customers who have completed a mortgage with Foundation on an EPC Saver product and is available to you for a period of 3 months from the date of completion of your mortgage and is not transferable. Click here for more information. - The EPC Plus Service is not available on Properties constructed within the last 10 years, as these will have had a Standard Assessment Procedure (SAP) EPC created at the time of construction and these provide an accurate assessment of a property's energy efficiency and are valid for 10 years										

Loan Criteria	
Minimum term	5 years.
Maximum term	40 years.
Minimum loan	£50k
Maximum loan	F1 & F2 £3m (including fees) F3 £1m (including fees) F4 £500k (including fees)
Maximum LTV	Max LTV 90%. Interest only: 70%. Part & Part 80% subject to interest only element not exceeding 70%. New build flats are capped to 65% of the re-sale value of the property. Flats and maisonettes over commercial premise can be considered on a case by case basis, but are capped to 60%. Loans below £90k (net of fees) capped at 75%. Property values less than £90k capped at 75%. Fees can be added up to the maximum loan size for the product. <i>The above is subject to product availability.</i>
Re-mortgage	Properties must be owned for a minimum of 6 months. £4£ Remortgage available when no further borrowing. No LTI cap for £4£ remortgage.
Porting	Foundation Home Loans products are not portable.
Right to buy	Not considered if security is subject to pre-emption.

Deposit Criteria	
Overseas deposits	Deposits from overseas accounts can be considered provided they are from an acceptable region.
Developer deposit/incentive	Considered up to 5%.
Gifted deposit	100% gifted deposit considered from family members Family members considered: • Parents (including step parents and in-laws) • Grandparents • Grandchildren • Siblings • Children • Spouses • Civil Partners • Uncles and aunts Gifted deposits from outside of the UK are considered provided they are from an acceptable region.

Loan Purpose Criteria	
Purchase at Undervalue	Acceptable where genuine negotiated purchase price, purchase via sealed bids or where the property is to be purchased from an immediate family member only (also allowed with gifted deposit) – relevant conditions to be added.
Unacceptable loan purpose	Foundation Home Loans will not consider the following loan purposes: • Back to back sale within the last 6 months • Purchase from/ through Property Investor Club • Capital Raising for business purposes (excluding Buy to Let related capital raising to fund a BTL purchase both outright and with a mortgage) • Capital Raising for consolidation of gambling or HMRC Debt • Repayment of development finance

Repayment Strategy Criteria	
Acceptable repayment strategy	• Sale of security property provided equity at completion of at least £200k for properties located within London and the South East of England). £150k equity for properties located in the rest of the UK * • Endowment policies • Regular savings • Regular Investments (stock & bonds) • Pensions • Sale of other property • Cash ISAs (No growth rate is assumed and current balances must be sufficient to cover the interest only element of the loan) * To determine the location of a property please use the below website: https://www.ons.gov.uk/methodology/geography/ukgeographies/eurostat
Unacceptable repayment strategy	• General savings • Inheritance • General Equity investments • Sale of security on death • Sale of non-property assets

Property Criteria	
Minimum value	£75k
Locations	Properties must be located in England, Wales and Scotland. Properties in Northern Ireland are not considered. Foundation Home Loans will lend on properties in Scotland provided they are in one of the below locations: *Mainland Scotland, Isle of Skye, Isle of Arran, Isle of Bute and Isle of Seil. Valuations may be subject to additional costs depending on location. *Remote locations may not be considered.
Retentions	Foundation Home Loans will consider full retentions where work is required to the security. In all other instances, lending will be based on the current valuation assuming the property is considered to be suitable security.
Builders Retention Scheme	This is typically to address the gap between the quality of the finished house demanded by the customer and the standards applied by warranty providers in order for them to issue their cover notes. The retention scheme will place a contractual restriction on a percentage of the full purchase price subject to the builder completing the non-material items not covered by the warranty. Foundation Home Loans will advance the full monies to the solicitor on completion and the customer is required to pay interest on this amount. The retention will be held by the solicitor pending completion of the works.
New build warranties	Acceptable new build warranty is required – warranties stated in the UK Finance Mortgage Lenders' Handbook. All other warranties will be reviewed on a case by case basis.

Property Types Considered	
Property types considered	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. Freehold/Tenement flats & maisonettes – Only acceptable in Scotland. Leasehold houses (including New Build houses only if they have an unexpired lease term of at least 250 years at the start of the mortgage).
Minimum property size	30 sq. metres. Basement Flats must be self-contained with a separate bathroom and a source of natural light.
Flats above/adjacent to commercial premises	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. 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. • Separate suitable access is required • Maximum 60% LTV
Modern timber framed construction	Considered with external brick skin.
Flying freehold	Must be no greater than 20% of the total floor area of the property.
Cladding	A suitably certified EWS1 form is required for buildings where cladding material is noted by the surveyor. EWS1 Forms are valid for 5 years Where Part B is completed, the form must be signed by an Incorporated or Chartered Engineer who is a member of the Institution of Fire Engineers (MIFireE/FIFireE) or equivalent. Ratings of A3 and B2 are not accepted. 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.
Ex Housing Ex Local Authority Ex Ministry of Defence	Acceptable where the valuer believes there is reasonable level of private ownership (no proof required). Balcony Access - Acceptable subject to the valuer confirming satisfactory levels of saleability.
Floors in a block	No limit on number of floors where there is a lift. Can consider Properties located on the first 7 floors without a lift subject to Valuers comments.
Number of kitchens	Accepted up to 2 provided these are not separate utilities.
New build	Defined as built/significantly converted in the last two years of standard construction. Flats and maisonettes accepted at 65% (based on the re-sale value of the property).
Grade I, II & II* and Grade A, B & C	Accepted, subject to availability of comparables.
EPC Rating	On all purchase applications valid EPC details for the property are always required. You can check the property EPC rating on the government EPC site here. You can check the EPC rating for properties in Scotland here.
Leased Solar Panels	Acceptable where the lease agreement is in line with UK Finance Lenders' Handbook 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
 - 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
 - iii. Timber frame post 1980 clad externally with masonry, but where there is no masonry external skin then the external cladding must be of adequate quality and with equivalent life expectancy.
- g) Other wall types may be considered, subject to valuers comments

Roof construction type (Must meet the following criteria)

Flat roof	Finished with lead / zinc / glass reinforced plastic (GRP) /elastomeric single ply membrane / asphalt / mineral felt acceptable, subject to valuation.
Green roof	Subject to the acceptability of the waterproof substrate.
Pitched roof	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").

Tenure	
Minimum unexpired lease	- Unexpired lease term must be greater than or equal to: – 125 years on a new build flat at start of application – 250 years on a new build house at start of application - No minimum lease requirements for second hand properties at start of application - There must be a minimum lease term of 50 years remaining at the end of the mortgage term – Where there is a combination of an Interest Only mortgage term and the mortgage term is less than 10 years and the outstanding lease at the end of the mortgage term is less than 55 years, the security is considered unsuitable - There must be evidence of comparable sales data in order for the Valuer to provide a property valuation
Leasehold flats	Borrowers who own the Leasehold flat and whole of Freehold title are considered, where both the leasehold and freehold titles are subject to first legal charge. For any other leasehold property, the freehold and leasehold titles must be owned by separate and unrelated entities. Borrowers who own a share of the freehold and there is no management structure (ie no formal management company in place) are accepted subject to special conditions being met.
Freehold	Houses and bungalows only. Freehold flats are accepted in Scotland only.
Commonhold	Not considered.
Freeholder/leaseholder connection	Where the leaseholder (Applicant) is connected to the freeholder we require an additional charge over the freehold title

Reports (As determined by a valuer)	
Structural Engineer	Where required, must always be obtained prior to any approval of a Mortgage Offer Report to be obtained from an appropriately qualified engineer – S.Eng. MICE or MISE.
Timber and Damp	Dry rot, wet rot, infestation by wood-boring insects. Report to be obtained from one of the following: • Property Care Association (PCA) • Wood Protection Association (formerly BWPDA) • Safeguard (Europe) Ltd • Sovereign • Wykamol Dry rot only: • A dry rot diagnostic inspection must be undertaken by an experienced professional member (as listed above) • The suitability of the property will be considered subject to the cause of the decay and the proposed remedial action detailed within the report
Electrical Installation	Where required, report to be obtained from a National Inspection Council for Electrical Installation Contractors (NICEIC) or NAPIT approved contractor.
Japanese Knotweed	If identified by the valuer it will be reported in line with the latest RICS guidance to valuers. Where the presence of Japanese Knotweed indicates either Management Action A or B, a satisfactory specialist report will be required before a valuation figure can be provided. Specialist reports from members of either the Property Care Association or Invasive Non-Native Specialists Association will only be accepted.
Gas Installation	Where required, Report to be obtained from a Gas Safe registered contractor.
Trees	Where required, report to be obtained from a consultant/contractor approved by the Arboricultural Association, NCH ARB, Dip Arb.
Cavity Wall Tie	Where required, report to be obtained from a Structural Engineer, qualified Building Surveyor or a reputable specialist company experienced in wall tie replacement.
Concrete Screening	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	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 Property	
Property Construction and configuration	• 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 • Property subject to a demolition / closing order • Property with ongoing structural movement or movement that requires monitoring • Properties with more than six bedrooms • Services/utilities are shared with any adjoining or adjacent building which will not form part of the mortgaged property unless shared septic tank • 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 4 hectares/10 acres • Prefabricated or large panel concrete construction (LPS) • Pre-fabricated reinforced concrete construction (PRC) • Concrete block construction designated • Mundic Properties of High Alumina Cement • Mundic block materials
Property location	• 3 or more adjacent terraced/semi-detached properties with shared access owned by the same applicant • Electricity pylons or cables are going directly over the property however if within influencing distance may be acceptable, subject to valuers comments. • 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	• 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 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 as determined from time to time • Any property designated defective under relevant legislation
Property types	• Chalet style properties on holiday parks • Commonhold • Freehold flats & maisonettes other than Scotland • Mobile homes • Houseboats • Serviced flats and apartments • Shared ownership • Second homes/holiday homes

Unacceptable Property	
Property Usage	● Bed & Breakfast ● Bespoke student accommodation ● Commercial properties ● Farms & small holdings ● Live/work units ● Timeshares
Valuer Outcomes	Where the valuer determines the property (all properties) as unacceptable including where: ● The valuation indicates an expected reduction in valuation ● The condition significantly affects marketability ● The valuation report indicates the interior/exterior condition of the property is poor and demand is poor ● The valuation report indicates a falling demand for the property ● The saleability of the property is affected by local factors and demand is poor

Documentation	
Direct Debit mandate	Required prior to completion of the mortgage and must be drawn on a UK bank account as follows: - Personal account, in the name(s) of a single or joint applicants - Business account, providing the applicant is a sole trader and is named on the bank account title (i.e. "trading as")
Mortgage conduct	Where we are unable to verify using the applicants credit file then evidence of the past 12 months mortgage payment history will be required.
Bank statements	May be requested in certain scenarios.
Document validity	Credit search – 6 months Direct Debit Mandate – 8 months (from date of signature) Full mortgage application – 6 months (from submission date) Proof of deposit/income– 8 months (from date of receipt) Proof of identification – 12 months Valuation – 8 months Mortgage offer – 4 months
Proof of identity and residency	Where we are unable to satisfy our requirements electronically, documentary proof of identity, and or residency will be required and the broker portal will be updated. The table below defines what evidence is required to satisfy our requirements
List 1 – Proof of identity	List 2 – Proof of residency
Full valid UK/non-UK passport	Current UK driving license (old style)
Current UK issued biometric residence permit	Current UK driving license – photocard (full or provisional)
Current UK driving license – Photocard (full or provisional)	Bank/Building society statement or credit card statement (internet statements will only be accepted as proof of the current or overseas address)
New style blue disabled badge parking card (both sides to be provided)	Utility bill (internet statements will only be accepted as proof of the current or overseas address) NB: Mobile telephone bills are not accepted
Identity card issued by the electoral office of Northern Ireland	Notification of a state or local authority funded benefit, tax credit or pension
EU member state or Switzerland national identity card	Latest posted Inland revenue tax notification (must be dated within last 12 months)
Valid Police warrant card	Current UK issued Biometric Residence Permit (BRP)
HM forces identity card	Latest Council tax demand letter
Current UK issued firearms certificate or shotgun license	Annual residential mortgage statement
	Latest Council or housing association tenancy agreement for current address only

Note: The same document cannot be used to verify both identity and residency.
When using bank statements to prove residency, please send only one page.

Documentation continued	
Payslips	We will require the latest payslip when only the basic salary is being used towards affordability. Three months consecutive payslips will be required when additional employed income is being used e.g commission, overtime etc.
P60	Not typically required but may be requested by the Underwriter on a case by case basis.
SA302/online calculation for self-employed	Where the self-assessment is submitted online via an accountant/other we require: • 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: • Latest 2 years HMRC Tax Calculations [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 • CTA • AIA • CIMA • CIPFA • IFA • CTTA • CA (ICAS)

Solicitors	
Applicant(s) solicitor requirement England & Wales	Accepted provided: • All solicitors are registered with the Law Society of England & Wales • Minimum 3 SRA-approved managers/partners for firm in England & Wales (licenced conveyancers are not considered) • All solicitors must have attained membership to the Law Society's Conveyancing Quality Scheme • Are on Foundation Home Loans Solicitors Panel Where an Applicant(s) solicitor does not meet Foundation Home Loans (FHL) criteria the Applicant(s) must select a firm from FHL's Closed Panel list to act on behalf of FHL and the Applicant may: • Instruct their own solicitors to act on their behalf on a separate representation basis and the Applicant(s) will be responsible for both sets of solicitors costs; OR • Elect to instruct the Closed Panel firm to act on their behalf. The Applicant(s) will responsible for their own costs and FHL's costs for the Closed Panel who will act on a dual representation basis.
Applicant(s) solicitor requirement Scotland	• Minimum 3 partners/directors for firm in Scotland • Are on Foundation Home Loans Solicitors Panel Where an Applicant(s) solicitor does not meet Foundation Home Loans (FHL) criteria the Applicant(s) must select a firm from FHL's Closed Panel list to act on behalf of FHL and the Applicant must: • Instruct their own solicitors to act on their behalf on a separate representation basis and the Applicant(s) will be responsible for both sets of solicitors costs. Note: The Closed Panel firm will only act for FHL on a separate representation basis.