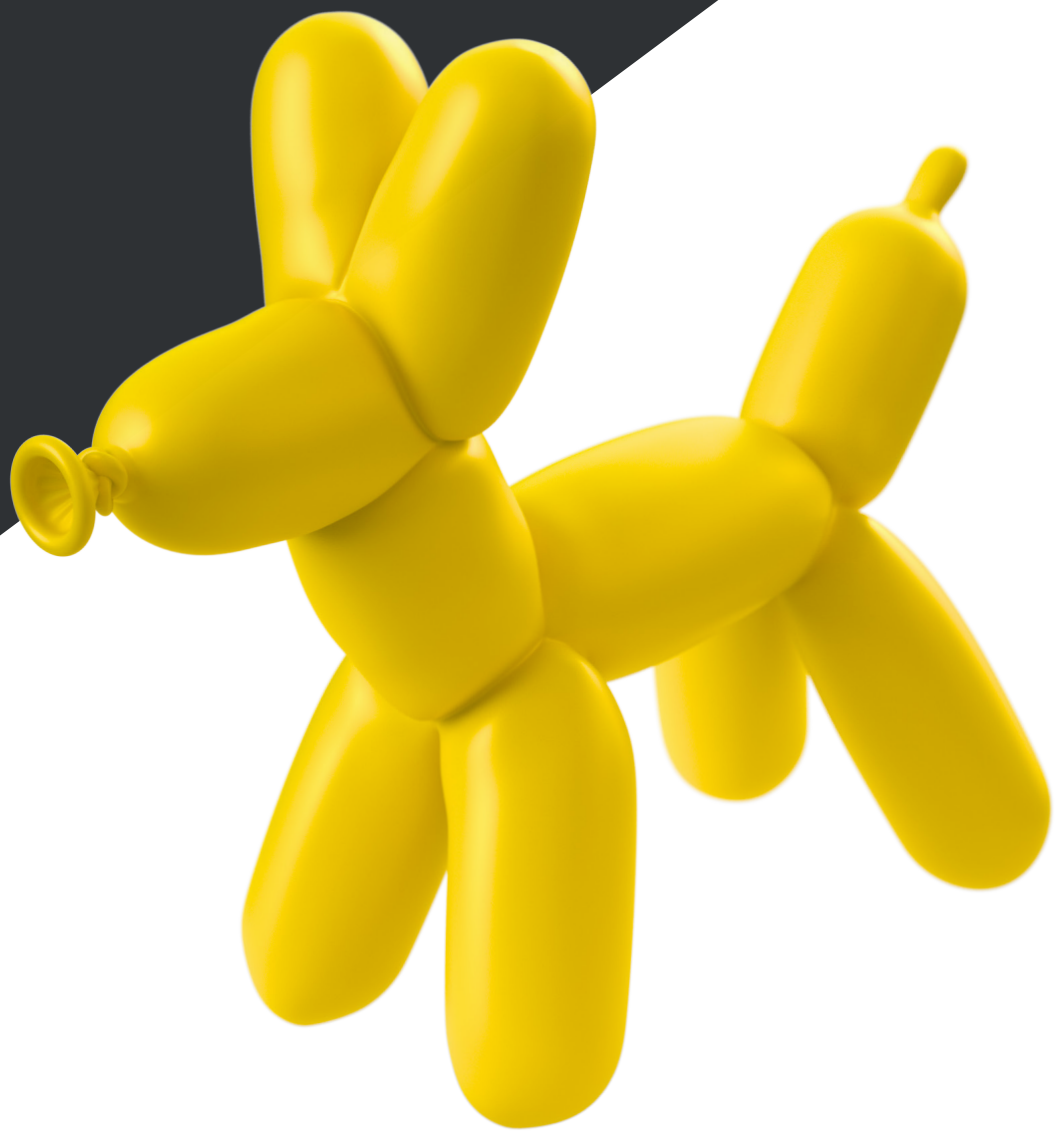


Buy to Let Criteria Guide

April 2025



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Eligibility between typical applicant types

At a glance eligibility between typical applicant types		Experienced Landlords Someone who has operated a BTL property within the last 12 Months			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) An applicant who has never owned a property Any additional borrower can be a FTB	No	No	No	No
	Maximum Borrowers	2	4	As per individual or limited company	As per individual or limited company
	Minimum Age Any additional borrower can be 18 or older	21	21		
	Maximum Age	85	No Maximum		
	Guarantors	No	Yes All Directors to provide a personal guarantee for full loan amount	n/a	Available for individuals who become 'accidental landlords' for example through inheriting a property or renting out their previous home
	Consumer BTL	Yes	n/a		
Product Eligibility	F1 Product	Yes	Yes	Yes	Yes
	F2 Product				Yes
	F3 Product				No
	House in Multiple Occupation (HMO) 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	Yes	Yes	Yes	Yes
	Multi-Unit Freehold Block (MUFB) 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	Yes	Yes	Yes	No
	Short Term Let (STL) A STL / rental involves a letting agreement that lasts less than 6 months but can be as short as 1 night	Yes	Yes	Yes	No
	Let Residential to Buy a new Residential	Yes	Yes	Yes	No
	Multiple Properties On One Title Max 4 properties on one title (Flats or houses), Can be let on AST, STL, Holiday Let, Common Law Tenancy. All Multi Properties on one freehold title let on a Holiday Let basis are capped at 65% LTV across all products	Yes	Yes	Yes	No
	Mixed Use Residential valuation and Rental Income both need to be in excess of 60% of total for the property.	Yes	Yes	Yes	No
	Property Plus/HMO Plus Complex applications for properties with Heat, Smell & Noise and/or safety concerns considered. Complex layouts falling outside of standard HMO criteria considered	Yes	Yes	Yes	No

Eligibility between typical applicant types continued

At a glance eligibility between typical applicant types		Experienced Landlords Someone who has operated a BTL property within the last 12 Months			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	
Property Eligibility (Subject to product availability)	F1 F2 F3	£500k to 85% £750k to 80% £1.5m to 75% £2m to 70% £3m to 65%			
	Large Portfolio (£5m+)	£2m up to 70%			No
	Large Loan Standard Property	£3m up to 70% £5m up to 60%			No
	Large HMO	£1.5m to 75% (Max 10 bedrooms) £1.5m up to 65% (Unlimited bedrooms)			No
	HMO (up to 6 occupants)	£1.5m up to 75% £3m up to 65% Specials: £1m up to 75%			
	MUFBS	£1.5m to 75% £3m to 65% Specials: £1m up to 75%			No
	Short Term Lets	£1.5m up to 75% £3m up to 65%			No
	Holiday Lets	£2m up to 75% £3m up to 65%			No
	Multiple Properties on One Title	£3m up to 65% £2m up to 75% (holiday lets max 65%) (per application) Maximum 4 properties on one freehold title.			No
	Mixed Use	£3m to 70%			No
	Property/HMO Plus	£1.5m up to 75%			No
	LA build houses	Acceptable where the valuer indicates good marketability			No
	Ex-LA flats/MOD	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)			
	Flats or maisonettes over commercial premises	We are able to consider these properties under our standard product, subject to valuation. However, should the valuer assign a £0 valuation due to commercial proximity, we have the option to transition to our Property Plus product, provided it meets the necessary criteria. Upon confirmation of eligibility, you may proceed with your application.			
Other Eligibility	ICR	<ul style="list-style-type: none"> • 125%: Limited Company, Basic Rate Tax Payer & £4£ Remortgage • 135%: Combination of Basic and High Rate Tax payer • 145%: High Rate Tax Payer 		As per individual or Ltd Co	As per individual or Ltd Co
	Gifted deposits	Yes	Yes (If via Directors or Shareholders)	Yes	Case by case

Applicants	
Criminal convictions	Applicants subject to criminal proceedings or that have any convictions that are unspent under the Rehabilitation of Offenders Act (1974) are not considered.
Expats	<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. • Not considered where applicant is residing in Australia, mainland China or in an excluded country e.g. Russia, Iran, Belarus etc. • Applicants residing in the UAE considered subject to additional requirements. • We will accept applications from individual Expats resident in the EU/EEA/Switzerland provided they have a UK Power of Attorney able to execute the mortgage deed on their behalf or the applicants themselves can execute the mortgage deed directly in the UK. • Applicants can be employed, self-employed or Retirees
Foreign Nationals	<p>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*</p> <p>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.</p> <p>*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.</p>
First time buyers	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Credit Search • Historical mortgage agreement • Land Registry title deeds
First time landlords	First time landlords are acceptable where the applicant is currently an owner occupier and the property is being let as a standard BTL or an HMO with up to 6 occupants.
Guarantors	<p>Individual Guarantors are not considered.</p> <p>Limited Company All Directors will be required to sign a personal guarantee for 100% of the loan amount.</p>
Intermediary's own applications	Acceptable, but they cannot certify their own ID or Proof of Address.
Job seekers allowance, income support	Applicants in receipt of job seekers allowance or income support will not be considered.
Limited company	<p>Acceptable where the SPV is registered in England & Wales or Scotland with one or more of the following Standard Industrial Classification (SIC) codes:</p> <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. <p>Newly incorporated limited companies are acceptable.</p> <p>Umbrella companies/trading companies are not considered.</p>
Maximum age	<p>Individual applicant 85 years and 364 days.</p> <p>Limited company No maximum age for directors.</p>
Minimum age	At least one applicant must be 21 years.
Maximum applicants	<p>Individual applications: 2 applicants.</p> <p>Limited company applications: up to 4 directors.</p>

Product Criteria	
Green Product	<ul style="list-style-type: none"> Green Product EPC A - where the security has an EPC rating of A Green Product EPC B - where the security has an EPC rating of B Green Product EPC C - where the security has an EPC rating of C Green Product EPC A to C - where security has EPC ratings between A to C Not considered for listed properties Also available on re-mortgage applications where the original purchase was less than 6 months ago provided the above EPC conditions are met (see below for additional Early Remortgage eligibility) <p>You can check the property EPC rating on the government EPC site here</p> <p>You can check the EPC rating for properties in Scotland here</p>
Early Re-mortgage Criteria	<p>Remortgages within 6 months of purchase considered subject to:</p> <ol style="list-style-type: none"> The original purchase completed using: <ul style="list-style-type: none"> A mortgage (which includes a bridging facility but excludes any form of "mortgage" or "personal loan" from a private individual); Cash. A cash purchase is not considered as raising funds from a remortgage of another property; Where the property was bought for cash, the source of wealth must be established The property must be registered at the Land Registry or proof of submission provided; Property must be lettable at the time of application; If significant improvement works have been made since the initial purchase, lending may be based on the current value rather than the purchase price. In this case, proof of works carried out and costs will be required; Capital raising can be considered; Where the property was purchased at auction at undervalue and the property does not require refurbishment we will consider day 1 remortgage at the current OMV of the property and not at the reduced purchase price providing full and satisfactory documentation has been provided from the Auction House confirming the details of the sale. Early remortgages are not considered on BTL Special products <p>In all instances where a property was purchased at undervalue, an appropriate indemnity policy should be in place on completion to protect FHL's interests</p>
£4£ Remortgage	<ul style="list-style-type: none"> Remortgages with no additional borrowing ICR 125% on all £4£ products with no increase for higher rate tax payers Mortgage stressed at the payable rate for 2 & 5 year products Only available on £4£ remortgage products
Short Term Let	<p>The Short-Term Let product allows property to be let under short-term agreements and no AST is required. Note:</p> <ul style="list-style-type: none"> The property will be valued and rental coverage will be assessed on the same basis as a standard buy to let Therefore, standard rental coverage can be met and if required, the property could also be let under an assured shorthold tenancy First Time Landlords not accepted <p>The below are not considered on Short Term Let applications:</p> <ul style="list-style-type: none"> Properties subject to onerous title restrictions will not be considered – for example: restrictions on the title deeds which don't permit ASTs of 12 months or more, or restrictions stating that the property cannot be used as a short term let or holiday let, or that a property can only be used as a private residence or only as a holiday let. The property must not be used for personal use by the customer or by a member of the customers family The property must not be let to multiple parties at one time MUB's and HMO properties will not be considered under our short-term product range Serviced accommodation will not be considered
Holiday Let	<ul style="list-style-type: none"> Rental figure high, medium, low rental figures. Average taken over 39 weeks No AST required ICR 125% for Ltd Co. & Basic Rate Tax payer and 145% for Higher Rate Tax payer Standard property only F2 Adverse criteria applies Max Loan £2 million Max LTV 75%

Product Criteria	
Large HMO	<ul style="list-style-type: none"> HMOs with 7 or more bedrooms. Where bedrooms are 10 or more then valuations are to be conducted with fee by quotation. Max Loan £1.5 million Unlimited bedrooms up to 65% LTV Max 10 bedrooms up to 75% LTV
HMO product (Up to 6 occupants)	<ul style="list-style-type: none"> Accepted for HMOs up to 6 occupants Property must already be used as an HMO, where the property is currently occupied as a single dwelling, the application will be declined
Multi Unit Freehold Blocks	<ul style="list-style-type: none"> Accepted to a maximum of 10 units An individual unit within the block may be less than 30sqm providing no Valuer adverse comment to the security as a whole Property must already be used as an MUFB, where the property is currently occupied as a single dwelling, the application will be declined First Time Landlords not accepted
Extra Large Portfolio	<ul style="list-style-type: none"> Where total aggregate borrowing with FHL > £5 million Max individual loan £2 million Max individual LTV 70% F2 Adverse criteria applies)
Extra Large Loan	<ul style="list-style-type: none"> Max Loan £5m up to 60% LTV Max Loan £3m up to 70% LTV F2 Adverse criteria applies
EPC Saver	<ul style="list-style-type: none"> 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. Available to any property with an EPC rating up to 'E' 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
Mixed Use product	Residential valuation and Rental Income both need to be in excess of 60% of total for the property.
Multiple Properties On One Freehold Title	<ul style="list-style-type: none"> At least one applicant must be a minimum of 25 years old Max 4 properties on one title Flats or houses Can be let on AST, STL, Holiday Let, Common Law Tenancy First Time Landlords not accepted All Multi Properties on one freehold title let on a Holiday Let basis are capped at 65% LTV across all products
Property Plus/HMO Plus	<ul style="list-style-type: none"> Complex applications for properties with Heat, Smell, Noise and/or Safety concerns considered Complex applications for properties where the Valuers comments state (or it is known by the borrower up front): Related to Investor Market/No evidence of Owner Occupier market/Demand considered Available up to 75% LTV; Subject to Underwriters Discretion Products are not available to First Time Landlords Minimum loan size £100k Property Plus for Individual properties HMO Plus for HMOs up to 6 occupants (Commercial valuation instructed) Complex layouts falling outside of standard HMO criteria considered

Credit History	
All accounts	All accounts must be up to date at the time of application.
Arrangements with lenders (including forbearance)	Active arrangements with other lenders are not considered.
Bankruptcy/Sequestration & IVA/CVA/Protected or Unprotected Trust Deed	No bankruptcy/sequestration or IVA/administration order/CVA/Protected or Unprotected Trust Deed registered against any applicant. Applicants with a financial associate that has been declared bankrupt/sequestered may be considered.
Company Voluntary Arrangements	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. Voluntary wind ups, instigated by a creditor will be treated as compulsory and generally unacceptable but can be considered on a case by case basis.
Debt Management plan and Debt Payment Programme (set up under the Debt Arrangement Scheme)	Applicants who have entered into, or are still repaying, a debt management plan/Debt Payment Programme in the last 24 months are not considered.
Defaults	Product dependant – please refer to product guide.
Mortgage arrears	Product dependant – please refer to product guide.
Mortgage conduct	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	Product dependant – please refer to product guide.
Payday loans	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	No repossession or voluntary surrender registered against any applicant.
Satisfied CCJs/Court Decree and Defaults	All CCJ's, defaults and Court Decrees must be satisfied at the time of application irrespective of when they occurred.
Unsecured loan arrears	Product dependant – please refer to product guide.

Income All income must be declared and evidenced	
Minimum income	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 property to be mortgaged.
Salary, dividends and/or pension	Acceptable.

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

Employed	No minimum term of employment. Fixed term contractors are considered to be employed.
Self-employed	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	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 Higher 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 and loan size	Property/product type	Individual	Limited Company	Portfolio Landlord	First Time Landlord
	F1			£500k up to 85%	
	F2			£750k up to 80%	
	F3			£1.5m up to 75%	
				£2m up to 70%	
				£3m up to 65%	
	Large Portfolio (£5m+)		£2m up to 70%		No
	Large Loan Standard Property		£3m up to 70%		No
			£5m up to 60%		
	Large HMO		£1.5m to 75% (Max 10 bedrooms)		No
			£1.5m up to 65% (Unlimited bedrooms)		
	HMO (up to 6 occupants)		£1.5m up to 75%		
			£3m up to 65%		
			Specials: £1m up to 75%		
	MUFBs		£1.5m to 75%		No
			£3m to 65%		
	Short Term Lets		£1.5m up to 75%		No
			£3m up to 65%		
	Holiday Lets		£2m up to 75%		No
			£3m up to 65%		
	Multiple Properties On One Title		£3m up to 65%		No
			£2m up to 75% (holiday lets max 65%) (per application)		
			Maximum 4 properties on one freehold title.		
	Mixed Use		£3m to 70%		No
	Property Plus/HMO Plus		£1.5m up to 75%		No
	Fees can be capitalised up to maximum loan. Property value: £125,000 if 85% LTV Product otherwise £75,000. Subject to product availability.				
Maximum number of mortgaged BTL with any lender	Unlimited				
Maximum portfolio value with Foundation	£5 million with Foundation Home Loans on our core product range. Aggregate lending above this amount will be considered on case by case basis. Please discuss requirements with your Regional Account Manager. Large Portfolio Products above £5m aggregate lending.				
Minimum term	5 years				
Maximum term	30 years				
Minimum loan	£50,000; may vary dependant on product.				
Portability	No				

Loan purpose	
Re-mortgages	<p>Early remortgage available across the Buy to Let range except Special products. For Special products:</p> <ul style="list-style-type: none"> • 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	<p>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.</p> <p>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.</p>
Capital raising	<p>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.</p> <p>Capital raising when the SPV is purchasing a property from an individual so long as the loan purpose of the additional monies is acceptable.</p>
Purchase	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 • Re-mortgage for repayment of tax or gambling debts • Purchase via a property club • Financing self-build

Deposit	
Gifted deposits	<p>100% gifted deposit accepted from immediate family members.</p> <p>Family members considered:</p> <ul style="list-style-type: none"> • Parents (including step-parents and in-laws) • Grandparents • Grandchildren • Siblings • Children • Spouses • Civil partners • Uncles and aunts <p>Gifted deposits from outside of the UK are considered provided they are from an acceptable region.</p>
Individual deposit and monies provided by a director or shareholder	<p>The below are acceptable:</p> <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/incentive	Acceptable, with a maximum of 5% (provided not secured by way of a second charge / and rental guarantees).
Overseas deposits	Deposits from overseas accounts can be considered provided they are from an acceptable region.

Foundation Home Loans is willing to consider the following sources of deposit. To assist us in assessing applications promptly, and satisfying our anti-money laundering obligations, suitable evidence should be provided where appropriate.

Deposits can be made up from multiple sources

Where deposits are provided through companies with common shareholders/ directors, an exact match is not required, but there must be at least one common director/ shareholder. Foundation Home Loans reserves the right to decline any source of deposit or request additional information needed, to continue with the application.

Where the source of deposit is from an alternative source not on this list, please refer to your Regional Account Manager.

Deposit	
Cash	<p>The below are acceptable:</p> <ul style="list-style-type: none"> ● Gift* from relative ● Savings/ Inheritance ● Sale of property ● Investments/ Pensions ● Dividends/ retained profit from self-employment (or SPV) ● Capital raising via property remortgage by either the applicant; the SPV; Group company ● Shareholder ● Director
Loan	<p>The below are acceptable:</p> <ul style="list-style-type: none"> ● Inter company ● Directors ● Company in common ownership
Gifted equity	<p>The below are acceptable:</p> <ul style="list-style-type: none"> ● Immediate Family ● Inter company ● Transfer from individual(s) to SPV (and vice versa)
Deposit incentive	<p>The below are acceptable:</p> <ul style="list-style-type: none"> ● Builder/ Developer

*Gifted deposits from outside of the United Kingdom will be subject to additional due diligence

General property criteria	
Adjacent property or land	<p>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:</p> <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. <p>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.</p>
EPC rating	<p>Minimum rating E; must have a valid and current EPC Higher EPC required for Green Products.</p> <p>Where the property is a Multi Unit Freehold Block (MUFB) each individual unit must have its own acceptable EPC rating</p> <p>You can check the property EPC rating on the government EPC site here</p> <p>You can check the EPC rating for properties in Scotland here</p>
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 <p>Where there is shared main access and all other flats are owned by the applicant or an immediate member of the applicant's family and they reside in one of the properties is considered on a case by case basis.</p>
Exposure	<p>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.</p>
Letting	<p>The security must be let on an Assured Shorthold Tenancy (AST), or Company Let (for use by the Company's employees) and must not exceed 36 months or in Scotland (If created after 1 Dec 2017) a Private Residential Tenancy (Open ended) except in the case of Short Term Let applications. Short-term letting is only acceptable where the property is suitable for occupation under an assured shorthold tenancy (although an AST will not be required) and the standard rental coverage can be met. They will be valued as a standard BTL and rental coverage will be calculated on this basis. For Short Term Lets in Scotland; where the property is considered to be the tenants main property, there must be a PRT in place.</p> <p>Common Law Tenancy for rental income exceeding £100k pa accepted on our BTL products with exception to our Specials range.</p>
Locations	<p>Property must be located in England, Wales and 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). Landlords of property in Scotland must be on the Scottish Landlord Register, renewable every 3 years.</p> <p>Acceptable Scottish Postcodes:</p> <p>AB 10-16, 21-25, 30-39, 41-45, 51-56 & 99 DD 1-11 EH 1-49, 51-55, 95 & 99 FK 1-21 G 1-5, 9, 11-15, 20-23, 31-34, 40-46, 51-53, 58, 60-79, 81-84 & 90 IV 1-4 & 5-18 KA 1-17; 21-26; 29-30 KY 1-16 & 99 ML 1-12 PA 1-19 PH 1-26, 32-35 & 49-50 TD 1-15</p>
Minimum value	£125,000 if 85% LTV Product otherwise £75,000.
Retention	<p>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</p>
Builders Retention Scheme	<p>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.</p> <p>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.</p>
Right to buy	Acceptable if the security is not subject to pre-emption.
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	
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	<p>Freehold houses and bungalows.</p> <p>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).</p> <p>Leasehold flats & maisonettes Crossover (Tyneside) leases are acceptable.</p> <p>Freehold/Tenement flats & maisonettes – Only acceptable in Scotland.</p> <p>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).</p>
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 annex) • 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	<p>30 sq. metres</p> <p>Basement Flats must be self-contained with 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), take aways (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% LTV
Flying freehold	Must be no greater than 20% of the total floor area of the property.
Floors in a block	<p>No limit on number of storeys where there is a lift.</p> <p>Up to 5 storeys without a lift.</p>
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>
Large HMOs & Multi-Unit Freehold Blocks	<p>HMOs with 7 or more bedrooms</p> <p>Max Loan £1.5 million</p> <p>Unlimited bedrooms up to 65% LTV</p> <p>Max 10 bedrooms up to 75% LTV</p> <p>Where bedrooms are 10 or more then valuations are to be conducted with fee by quotation.</p> <p>MUFBs up to 10 units</p>
HMOs	HMOs Up to 6 occupants.
Multiple Properties On One Freehold Title	<p>Max 4 properties on one title</p> <p>4 Flats in one block or 4 individual houses</p> <p>Can be let on AST (standard ICR criteria), STL, Holiday Let (seasonal income - max 65% LTV), Common Law Tenancy</p>

Property Types Considered	
Property Plus/HMO Plus	<ul style="list-style-type: none"> Complex applications for properties with Heat, Smell, Noise and/or Safety concerns considered Complex applications for properties where the Valuers comments state or it is known by the borrower up front): Related to Investor Market/No evidence of Owner Occupier market/Demand considered Available up to 75% LTV; Subject to Underwriters Discretion Products are not available to First Time Landlords Minimum loan size £100k Property Plus for Individual properties HMO Plus for HMOs up to 6 occupants (Commercial valuation instructed) Complex layouts falling outside of standard HMO criteria considered
Modern timber framed construction	Accepted with external brick skin (single skin not accepted).
New build	Defined as built/significantly converted in the last two years of standard construction. New build flats are capped to 65% of the re-sale value of the property.
Selective licensing	Accepted
Studio flats	Accepted subject to: <ul style="list-style-type: none"> Being self-contained, with a separate bathroom Having natural light Minimum size of 30 sq. metres
Number of kitchens (Non-HMO)	Accepted up to 2 provided these are not separate utilities.
Grade I, II & II* and Grade A, B & C	Accepted, subject to availability of comparables.
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)
<p>a) Bungaroosh Craft Earth techniques e.g. Cob, Clunch or Wychert</p> <p>b) Cavity or solid masonry</p> <p>c) Concrete</p> <ol style="list-style-type: none"> Bryant in-situ cast concrete Laing-Easiform post 1945 (houses only) LPS Houses subject to a structural engineer's report 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 Wimpey No-Fines <p>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</p> <p>e) Steel / Steel & Concrete Frame</p> <ol style="list-style-type: none"> Steel frame houses post 1987 Steel or Concrete frame (flats) – Specifically in relation to cladding of combustible material <p>f) Timber</p> <ol style="list-style-type: none"> Period hardwood timber frame pre-1900 Period softwood timber frame pre-1900 where this is a local vernacular construction type 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 <p>g) Other wall types may be considered, subject to valuers comments</p>

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").

Property Tenure	
Commonhold	Not considered.
Freehold	Houses and bungalows only. Freehold flats acceptable in Scotland
Minimum unexpired lease	<ul style="list-style-type: none"> Unexpired lease term must be greater than or equal to: <ul style="list-style-type: none"> – 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 <ul style="list-style-type: none"> – 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

There are a number of situations under which Foundation Home Loans is prepared to lend on a leasehold property. These are covered in the table below:

Property type	Freehold owned by Borrower/Applicant or a connected* party	Freehold independently owned by an unconnected party	Freehold shared by Leaseholders in a suitable management structure or arrangement
Flat	1st charge required over both the freehold & leasehold.	1st charge over the leasehold.	1st charge over the leasehold.
MUFB	1st charge required over the freehold. NB: if one of the units is held on a leasehold basis, the application cannot be considered.	N/A.	N/A.
Tyneside	N/A.	N/A.	1st charge over the leasehold and 1st charge over the freehold of the other property.
Leasehold House	Where the borrower/ applicant is purchasing: <ul style="list-style-type: none"> Both the freehold and leasehold interests, Foundation will require a 1st charge over both the freehold and leasehold interests. The outstanding term of lease can be disregarded. Just the leasehold interest, a 1st charge over the leasehold is required, but. <ul style="list-style-type: none"> The remaining term of lease at term end, must meet our minimum requirements (50 years remaining at end of the mortgage term). If the term of lease does not meet the minimum requirement, the lease must be extended on or before completion. Where the freehold is owned by a connected party*, a charge over both freehold and leasehold interests is required. 		

*If the freehold is owned by an entity (e.g. limited company or limited liability partnership) or a connected person, the borrower/ applicant must have no interest or influence (other than where the leaseholder owns/ will own a share in (or be member of) the management company that owns the freehold) over that entity or person.

**Where the freehold consists of any commercial units, Foundation may consider proceeding without a charge over the freehold.

Other important information

- There is no distinction between residential or buy to let lending.
- Lending on freehold flats or freehold maisonettes is unacceptable.
- Where a property consists of a small number of flats (i.e. typically a house converted into no more than four individual units) and there is no formal management structure in place, Foundation can proceed on the basis of a 1st charge over the lease, provided the borrower/ applicant or a person connected to them does not own all the other units and the freehold. The solicitor will check the arrangements regards repairs and inform Foundation of any concerns. Refer to section 5.8.1 UK Finance Lenders' Handbook.

Property Tenure	
Leasehold houses	<p>Freehold owned by applicant(s) or a party connected to the applicant(s) - 1st charge required over the freehold and leasehold.</p> <p>Freehold independently owned by an unconnected party – 1st charge required over the leasehold.</p> <p>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.</p>
Tyneside lease (cross-over)	<p>Accepted where there is no connection between the applicant and the other property.</p> <p>1st charge required over the leasehold of the security and over the freehold of the other property.</p>

Property Reports (As determined by a valuer)	
Cavity wall tie	Must be produced by a Structural Engineer, qualified Building Surveyor or a reputable specialist company experienced in wall tie replacement.
Electrical installation	Must be produced by a National Inspection Council for Electrical Installation Contractors (NICEIC) or NAPIT approved contractor.
Gas installation	Must be produced by a Gas Safe registered contractor.
Japanese knotweed	<p>If identified by the valuer it will be reported in line with the latest RICS guidance to valuers.</p> <p>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.</p> <p>Specialist reports from members of either the Property Care Association or Invasive Non-Native Specialists Association will only be accepted. See link here.</p>
Structural engineer	<p>Must be produced by an appropriately qualified engineer – S.Eng. MICE or MISE.</p> <p>Where required, must always be obtained prior to any approval of a mortgage offer.</p>
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	Must be produced by a specialist consultant/contractor approved by the Arboricultural Association, NCH ARB, Dip Arb.
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 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. • Where any income generating room within an HMO is below 6.5sqm. • MUFb properties with more than 10 units. • Multi-Unit Freehold Blocks where one or more individual units are subject to a separate leasehold title. • 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 and 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 5 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"> • 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	<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 relevant legislation.

Unacceptable Properties	
Property Types	<ul style="list-style-type: none">● Chalet style properties on holiday parks.● Commonhold.● Freehold flats & maisonettes unless in Scotland.● 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	<p>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.</p> <p>Provision of Bank Statements is not mandatory, but may be requested at the underwriters' discretion, to support the lending decision.</p>
Direct Debit Mandate (DDM)	<p>Required prior to completion of the mortgage and must be drawn on a UK bank account as follows:</p> <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	<p>Credit search – 6 months.</p> <p>Direct Debit Mandate – 8 months (from date of signature).</p> <p>Full mortgage application – 6 months (from submission date).</p> <p>Proof of deposit/income/portfolio Schedule – 8 months (from date of receipt).</p> <p>Proof of identification – 12 months.</p> <p>Valuation – 8 months.</p> <p>Mortgage offer – 4 months.</p>
Income	<p>Payslips – must be the latest (at the time of application) & show basic income, gross and net pay, the pay date and tax period.</p> <p>SA302/online calculation for self-employed - where the self-assessment is submitted online via an accountant/other we require:</p> <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. <p>Where the self-assessment has been submitted online by the borrower or their accountant/other we require:</p> <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 <p>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 or CA (ICAS).</p>
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	<p>Online Bank & Mortgage statements are accepted.</p> <p>Online payslips are accepted.</p>

Documentation	
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
For Expat applications, we will also consider the following proof of residency documentation	
Official Government (UK or pursuant to the country of domicile) issued correspondence to the overseas address, which must be in English or translated into English	
Current residency card	
Confirmation of overseas address from the employer or if self-employed, their overseas accountant	

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.

Solicitors	
<p>Applicant(s) solicitor requirement England & Wales</p>	<p>Accepted provided:</p> <ul style="list-style-type: none"> • 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 <p>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:</p> <ul style="list-style-type: none"> • Instruct their own solicitors to act on their behalf on a separate representation 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 be responsible for their own costs and FHL's costs for the Closed Panel who will act on a dual representation basis. <p>If the product is a MUFB, HMO, Multiple Properties on One Title and Mixed Use the Applicant(s) must select a firm from FHL's Closed Panel list to act on behalf of FHL and the Applicant may:</p> <ul style="list-style-type: none"> • 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 be responsible for their own costs and FHL's costs for the Closed Panel who will act on a dual representation basis.
<p>Applicant(s) solicitor requirement Scotland</p>	<ul style="list-style-type: none"> • Minimum 3 partners/directors for firm in Scotland • Are on Foundation Home Loans Solicitors Panel <p>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:</p> <ul style="list-style-type: none"> • 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 <p>If the product is a MUFB, HMO, Multiple Properties on One Title and Mixed Use the Applicant(s) must select a firm from FHL's Closed Panel list to act on behalf of FHL and the Applicant must:</p> <ul style="list-style-type: none"> • Instruct their own solicitors to act on their behalf and the Applicant(s) will be responsible for their own costs and FHL's costs for the Closed Panel firm who will act on a separate representation basis.