Fleet Mortgages

Acceptable and Unacceptable Security

Version 35.

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Acceptable and unacceptable security

	Acceptable	Unacceptable
Value & Saleability	Properties valued between £50,000 and £5,000,000. • Converted freehold properties. HMOs/MUFBs valued above £100,000 if located **outside** of the London or South East Regions or £150,000 if located **inside**. • MUFB: Each unit within the MUFB must be saleable in its own right • Ex-Local Authority valued above £150,000 if located **in** the London or South East Regions or £75,000 if located **outside**.	• Properties deemed by the Valuer not to be capable of being readily saleable or to have potential resale difficulties • Properties deemed by the Valuer as not suitable security
Usage	1. **APTs/SOCs:** • **England – Assured Periodic Tenancies (APTs)** with a total rental income of no more than £100k per annum • **Wales - Standard Occupation Contracts (SOCs)** under which the landlord has a contractual right to terminate the agreement on six months' notice 2. **Non-assured tenancy agreements:** • **Corporate Tenancies** of wholly residential property, including to Local Authorities/Housing Associations/Registered Social Housing Providers/Charities • **Shared Households/Student Lets** (provided the property is not on a student campus) - tenancies may be in individual names or a group of names but the number of tenancies must be consistent with the size of the property • **Properties in England only:** Common Law Tenancies granted to individuals where the rental income exceeds £100,000 per annum will be considered on a case-by-case basis *meeting the following criteria:* o Maximum 5-year term o Tenant must not have option to renew or be granted security of tenure o Use of the property must be restricted to residential purposes only with business use prohibited o Prohibition on assignment/subletting, except for Corporate Tenancies where the tenant is granting an APT/SOC/licence to individual/individuals and is not remaining in occupation or control	• Properties used for any commercial purpose (including live/work units) • Agricultural tenancies • Properties with occupancy restrictions including retirement flats and sheltered accommodation • Holiday lets (including Airbnb or similar) • Short-term lets • Protected/assured tenancies • Tenancies granted to diplomats/diplomatic missions • Properties in investor led developments and/or blocks with limited evidence of owner occupier demand

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Usage (continued)	○ For any tenancy agreement over 12 months, the landlord must have an unconditional right to terminate (at least after the first 12 months) or the right to terminate upon the appointment of a receiver or upon a mortgagee requiring vacant possession to exercise its power of sale **3. Criteria applying to all tenancies:** • Where a tenancy agreement contains an unconditional right for the property to be converted into an HMO, the loan must be documented under an HMO product • Properties must not be used as holiday lets (including Airbnb or similar) or short-term lets • Properties must not be used as hostels, nursing homes or care homes, or otherwise be used for care or other business purposes • There must be no onsite medical, personal care or supported services/assistance of any kind provided on the premises (ad hoc administrative support and services are acceptable) • Fleet does not accept protected or assured tenancies, tenancies granted to diplomats/diplomatic missions or agricultural tenancies • The tenancy agreement must contain no other provisions which adversely affect Fleet's security or its right to enforce its remedies under the mortgage deed. • For further information, please refer to our Criteria Guide.	

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Property Condition	Property that is structurally sound, modernised and with standard amenities, must be habitable and lettable in current conditions.	• Properties with any dry rot • **Japanese Knotweed.** Valuers are to follow RICS Guidelines in the RICS Information Paper on Japanese Knotweed and Residential Property. Property assessed category A are not considered suitable security. Property assessed as category B will be subject to full retention and only considered acceptable security once a suitable management plan has been put in place with the benefit of a long-term guarantee. The treatment contractor must be a member of the Property Care Association Invasive Weed Control group. Properties assessed as category C or D do not require further investigation
Layout, floor space and land	• Must have minimum gross internal floor area of 30sqm including studio flats (which must be in an urban location) • Properties up to 6 bedrooms, unless a Multi- Unit Freehold block which can be up to 10 self-contained units • Properties with more than one kitchen, if Multi-Unit Freehold Block or HMO • Properties with a Granny/Guest Annex, if an HMO • MUFB: Each unit within the MUFB must be fully self-contained and have minimum gross internal floor area of 30sqm • Blocks of flats with swimming pools	• Single leaf brick offshoots/extensions (unless the single skin element relates to a non-habitable room) • Greater than 5 acres of land as part of the title • Monkey Puzzle style houses. These are mid terraced houses where there are two houses interlocked with approximately 50-60% flying freehold • Houses with swimming pools, splash pools or teaching pools, tennis courts or stables that are capable of being used as such
EPC	• EPC rating of A – E (a valid EPC certificate will be required before the offer, and this must still be valid at completion)	• EPC rating of F or below
Properties above or adjacent to commercial properties	• Fleet Mortgages will consider Properties above or adjacent to commercial premises providing our valuer confirms the property forms a suitable security. • Minimum value: £100,000 • Maximum LTV: 75% • Maximum Loan: £1,500,000 • Flats above restaurants, takeaways or pubs are subject to underwriting discretion and a favourable valuer's report	

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Listed Property	• Grade 2 Listed Buildings may be considered on a case-by-case basis and only if the building is in a good state of repair, no negative comments to be made by the Valuer	• Grade 1 and Grade 2* Listed Buildings
Tenure	• Freehold or Leasehold • Properties where the unexpired term of the lease is at least 85 years on completion with a minimum of 50 years at expiry of the mortgage term • Freehold and long leasehold coach houses • Post-1980 freehold coach house properties	• Commonhold properties • Individual freehold flats or freehold maisonettes • Properties with an element of flying freehold / creeping freehold are not acceptable if this is greater than 10% unless the property is a coach house
Blocks of Flats	• High rise blocks of flats • Ex-local authority flats in blocks with up to 5 storeys (up to 10 storeys are acceptable within the M25) • Blocks of flats exceeding 4 storeys in height (excluding basement floors but including ground floor, i.e. 0, 1, 2, 3, 4 floors) MUST have lift access to all floors, in order to be acceptable • Where construction was completed before 1st of January 2020 and has EWS1 form with a rating of A1, A2 or B1 • Where construction was completed from 1st of January 2020 onwards, it is assumed that the building complies with the most up to date Building Regulations and does not require an EWS1 form, unless the valuer is aware of concerns in respect of external cladding or stacked balconies, or the construction was known to have commenced prior to 2019 Our policy relating to EWS1 forms relates to all blocks of flats, regardless of the number of storeys	• Blocks of flats exceeding 4 storeys in height (excluding basement floors but including ground floor, i.e. 0, 1, 2, 3, 4 floors) WITHOUT lift access to all floors • Where construction was completed before 1st of January 2020 and has an EWS1 form with a rating of A3 or B2 or a PAS 9980 assessment highlighting the need for remedial work • If no documentation is available and the property has cladding/balconies that are suspected as needing remedial work Our policy relating to EWS1 forms relates to all blocks of flats, regardless of the number of storeys
Ex Local Authority/MOD Housing Association	• Up to 70% LTV for Ex-Local Authority / MOD flats • Up to 75% LTV for Ex-Local Authority / MOD houses • The minimum valuation exceeds £150,000 if located **in** the London or South East Regions • The minimum valuation exceeds £75,000 if located **outside** of the London or South East Regions • Positive valuer comments regarding location	• Unless the valuer deems them as unsuitable security

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Properties less than 10 years old	With one of the following Certificates: • ABC+ Warranty • Aedis Warranties/Homeproof • Advantage HCI • Ark Group New Residential Warranty Insurance Scheme • Building Life Plans Scheme • Build Assure • Build Assure Architect's Certificate (The Professional Consultants used must have one or more of the qualifications listed in the UK Finance Handbook 6.7.4.) • Buildzone • Checkmate • Global Home Warranties (GHW) • ICW Warranty Scheme • LABC Warranty • National House-Building Council Buildmark Scheme (NHBC) • PCC or Architects Certificate • Premier Guarantee for Private Housing and Completed Housing • Professional Consultant's Certificate (PCC) • Protek • Q Policy • Zurich Municipal Newbuild Scheme • Zurich Municipal Rebuild Scheme Please be aware that Fleet does not accept retrospective warranties, or retrospective Professional Consultant's Certificates or Architect's Certificates. The Architect's Certificate must be completed on Professional Consultant's Certificate Format and the Professional Consultants used must have one or more of the qualifications which are available on the UK Finance Website (www.ukfinance.org.uk/handbook)	

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New build (built or converted within the last 12 months)	• Up to 75% LTV for new build flats • Up to 75% LTV for new build houses	• Stage Payments • Builders Incentives
Structural	• Any properties without structural defects will be considered subject to satisfactory valuers report • Properties which have no structural issues or that requires monitoring	• Properties which have ongoing structural issues or have been underpinned within the last 3 years, or require underpinning and properties with continuing structural movement, or movement that requires monitoring • Tie bars. Providing the Valuer does not make any detrimental comments in respect of the existence of tie bars then these may be acceptable • Properties where power lines or electricity supply apparatus are located directly over and/ or on the site
Construction	• Standard Construction, rendered or unrendered • Fleet Mortgages considers a property to be of standard construction if it is built of stone, concrete block and /or brick with either solid or cavity walls that consist of an inner and outer skin. The outer skin will usually be of stone, brick or block • Pitched roof of metal (post 1995), slate, tile, stone or thatch or flat roofs of felt, metal, GRP or EPDM • Cross wall construction is acceptable unless the supporting walls are of PRC construction • 100% flat roofs on blocks of flats • Houses built 2015 onwards with flat roofs of more than 50% may be considered, but for semi-detached and terraced houses the party walls must extend up above the flat roof covering between the properties • Houses built before 2015 can have a flat roof as long as it is less than 50% of the total roof area, it is in good condition, and (for semi-detached and terraced houses) the party walls must extend up above the flat roof covering between the properties	• Non-standard construction • Properties with spray foam insulation in roof • Houses built before 2015 with flat roofs of more than 50%

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Timber and Metal	• Timber framed property with outer walls of brick or stone built 1970 or later • Steel and reinforced concrete frame blocks of flats	• Timber or metal framed buildings where the cavity between frame and cladding is filled with insulation materials after construction • Pre 1965 softwood timber framed construction lacking special merit on saleability • 100% timber construction unless of high standard and in a location where there is proven, sustainable demand • Scotswood Pine Style • Steel clad properties • Steel framed construction unless modern purpose-built flats • Metal framed buildings where the cavity between frame and cladding is filled with insulation materials after construction • Cranwell Construction
Concrete	• Laing Easiform from 1945 onwards and Wimpey No Fines construction • Mowlem Construction	• Properties listed under the Housing Defects Act unless repaired under the PRC Homes Ltd guarantee scheme including the subject property and all adjoining properties in the structural block • Reinforced forms of poured or shuttered concrete construction including Easiform construction (does not include reinforced concrete framed blocks of flats post 1970) • Large Panel System (LPS) built concrete construction flats and maisonettes (houses and maisonettes of not more than 2 storeys in height are acceptable subject to a satisfactory report from a structural engineer) • Buildings containing high alumina content • Mundic construction in Devon and Cornwall built between 1900 and 1960 unless a suitable specialist test of the concrete returns a Grade A classification • Reema construction
Other	• Solar Panels unless the Valuer indicates that the saleability of the property would be affected, and subject to confirmation from our conveyancers that any lease agreement meets the UK Finance Lenders Handbook minimum requirements	• Landlocked properties • Uninsurable properties • Assured, protected, statutory, or sitting tenants

Specialist Reports Contractors

Specialist Reports Contractors	Where a report is required, the report and works must be completed by a specialist contractor holding one of the following;	
	Arboricultural (tree)	Member of the Institute of Chartered Foresters, or a Member of the Arboricultural Association
	Asbestos	A reputable and suitably qualified, and where appropriate licensed, specialist
	Cavity Wall Tie	A reputable and suitably qualified specialist
	Drains	A reputable and suitably qualified specialist
	Electrical	NICEIC, NAPIT or listed on the Electrical Competent Persons Register
	Gas Safety	On the Gas Safe Register
	Japanese Knotweed	Property Care Association Invasive Weed Control Group. (Please refer to the Property Condition section)
	Roof	A reputable and suitably qualified specialist
	Structural Engineer	FRICS, MRICS, F.I.Struct.E or M.I.Struct.E, FCIOB, MCIOB, C.Build E MCABE, C.Build E FCABE, FICE, MICE (Please refer to the Structural section)
	Timber & Damp	Member of Property Care Association (PCA)
	A copy of any warranties, guarantees or certificates must be provided to us promptly.	

Fleet Mortgages

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