



# RESIDENTIAL PROPERTY CRITERIA

## VALUATION REPORTS & THE PROPERTY

### 1.1 The Property

All valuations will be instructed by The Mortgage Lender Limited.

Each security will be formally valued by a valuer appointed to The Mortgage Lender Limited's panel. The valuation report will be valid for a maximum period of six months from the date of the inspection.

We will consider lending on residential properties in England, Wales and Scotland (mainland only).

Applications in relation to properties in Northern Ireland are not acceptable.

If we become aware that a sale is being undertaken at a materially reduced value, we reserve the right to undertake further checks.

#### Post Codes

The following postcodes are excluded:

England & Wales	All GY, IM & JE postcodes
Scotland	IV41 - IV51 IV55 & IV56 KA27 & KA28 KW15 to KW17 inclusive PA41 to PA49 PH41 to PA49 PA60 - PA78 PH41 to PH44 All HS & ZE postcodes

### 1.2 Tenure

The tenure of the property must be freehold or leasehold in England & Wales. For Scottish properties, it must be absolute ownership or heritable.

All leasehold properties must have an unexpired term of at least 40 years at the end of the mortgage term. Flats and maisonettes in England & Wales must be leasehold, heritable flats and maisonettes are acceptable in Scotland. See Unacceptable Properties section below for further details.

### 1.3 Minimum Valuation

The minimum acceptable property valuation is £70,000, except in London and the South East where the minimum is £150,000.

### 1.4 Maximum Valuation

The maximum acceptable valuation amount is £2 million. Property valuations over £2 million are considered on referral.

### 1.5 Ex-local Authority Properties (England and Wales)

The Mortgage Lender Limited will consider lending on Ex-Local Authority properties in England and Wales, subject to the following criteria:

- Minimum valuation, as per section 1.3 - outside of London and the South East.
- Minimum valuation, as per section 1.3 - in London and the South East.
- Maximum 75% LTV.
- Traditional construction only (as opposed to core criteria where non-traditional properties are allowed).
- Maximum 5 floors in block, except in London and the South East, where the maximum allowed is 10.

Ex-local authority properties in areas where the majority of homes are not in private ownership, will be considered on a case by case basis.

## 1.6 Ex-local Authority Properties (Scotland)

The Mortgage Lender Limited will consider lending on Ex-Local Authority properties in Scotland, subject to the following criteria:

- Minimum valuation, as per section 1.3
- Maximum 75% LTV
- Traditional Construction only (as opposed to Core Criteria where non-traditional properties are allowed)
- Maximum 5 floors in block

Ex-local authority properties in areas where the majority of homes are not in private ownership, will be considered on a case by case basis.

## 1.7 Unacceptable Property Types

**The following is not an exhaustive list of unacceptable properties; further exclusions may apply. If you are unsure about a specific property type or issue, please contact us to discuss further.**

Only suitable residential properties intended for use as a principal place of residence will be accepted. The following types of property are unacceptable:

- Properties with a panel valuation figure of less than £70,000 or £150,000 in London and the South East
- Property in commercial use
- Where The Mortgage Lender Limited is made aware that a property has been subject to a back to back transaction (previously changed hands in the last 6 months)
- Properties with restrictions as regards to occupancy e.g. agricultural, retirement flats etc
- Properties with more than one kitchen
- Properties with more than 6 bedrooms
- Flats in a block of more than 5 storeys are limited to a maximum of 70% LTV, excluding properties in London and the South East, where the normal LTV rules apply unless the block is more than 10 storeys
- Ex-local authority houses in an area where the majority of housing remains in local authority ownership (as confirmed by the valuer)
- Properties above or immediately adjacent to or in very close proximity to commercial property or shops, including food outlets, i.e. properties above restaurants, public houses, nightclubs, take-aways, shops selling perishable foodstuffs, pet shops, workshops, petrol station or any outlet which is highly unsuitable on the grounds of noise, smell or danger to health and safety will not be considered. Properties above or adjacent to other types of commercial property are considered providing:
  - The proximity
  - Valuation exceeds £150,000
  - Located in an urban area
- Individual studio flats, where the lounge and bedroom are incorporated into one room, exceptions may be made if the property is located in a city centre location with a confirmed value in excess of £150,000 and where the valuer confirms that there is demand for such property to be sold in the residential property market
- Freehold flats/maisonettes (except former feudal flats in Scotland)
- Live/work properties
- Shared ownership/equity
- Local Authority properties
- Ex Local Authority properties that are subject to a pre-emption period
- Certain flats/maisonettes within blocks owned by Local Authorities (except cottage flats/maisonettes in Scotland).
- Properties identified by the valuer as having re-sale difficulties
- Properties which comprise one of two leasehold flats in a building where the applicant also owns the freehold reversion of the other flat and the other leaseholder owns the freehold reversion in the applicant's flat (also referred to as a Tyneside lease, or a criss-cross or cross-over lease)
- Properties with continual structural movement – this includes properties that require monitoring
- Properties with dry rot that affect the value of the property
- Properties that have been underpinned within the last three years or require underpinning
- Tie-bars

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- Properties likely to be affected by local planning developments / proposals.
- Monkey Puzzle Style Houses – these are mid-terrace houses where there are 2 houses interlocked with approximately 50-60% flying freehold therefore not acceptable security
- Flying Freehold (elements of flying freehold can be considered providing the valuer confirms that the flying freehold is less than 10% of the total property)
- Land locked properties
- Single leaf brick offshoots/extensions (unless the single skin element relates to a non-habitable room)
- Properties with 'over age' clauses
- Any property with a gross floor area of less than or equal to 45sqm
- Affordable housing properties
- Uninsurable properties
- Houses in Multiple Occupancy
- Mobile homes, caravans, park homes, houseboats
- Holiday home
- Any invasive tree or invasive vegetation in close proximity to the property (including Japanese Knotweed)
- Properties with land included which exceeds 3 acres
- Properties where power lines or electricity supply apparatus are located directly over and/or on the site
- Self Builds
- Listed properties with a grade A or grade 1 status
- Properties less than 10 years old and without one of the following Certificates:-
  - National House-Building Council Buildmark Scheme (NHBC)
  - Zurich Municipal Newbuild Scheme
  - Premier Guarantee for Private Housing and Completed Housing
  - Building Life Plans Scheme
  - Local Authority Building Control (LABC)
  - Checkmate
  - Castle 10
  - Build Assure
  - ARK
  - One Guarantee
  - Build Zone

Others can be considered on referral

- Architects Certificate, (the Architects Certificate must be completed on The Mortgage Lender's Professional Consultant's Certificate Format, available on request). The Professional Consultants used must have one or more of the following qualifications:
  - Fellow or member of the Royal Institution of Chartered Surveyors (FRICS or MRICS)
  - Fellow or member of the Institution of Structural Engineers (F.I.Struct.E. or M.I.Struct.E)
  - Fellow or member of the Chartered Institute of Building (FCIOB or MCIQB)
  - Fellow or member of the Architect and Surveying Institute (FASI or MASI)
  - Fellow or member of the Association of Building Engineers (FB.Eng or MB.Eng)
  - Member of the Chartered Institute of Architectural Technologists (MCIAT)
  - Architect registered with the Architects Registration Board (ARB), even if also a member of another institution, e.g. the Royal Institute of British Architects (RIBA)
  - Fellow or member of the Institution of Civil Engineers (FICE or MICE)

Other certificate/warranty types may be considered upon review by The Mortgage Lender Limited.

- For any converted property a planning certificate or warranty may be required, depending on the scope of the conversion undertaken and extent of planning required. As a guide warranties are required in every case for any converted or new build where works are undertaken in the last 10 years from the date of practical completion. For any properties beyond 10 years, the valuer may raise specific concerns as to whether further specialist reports are required or recommend that a specialist report is instructed.

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## 1.8 Unacceptable Property Construction Types

The following is not an exhaustive list of acceptable properties; further exclusions may apply. If you are unsure about a specific property type or issue, please contact us to discuss further.

The following types of construction are unacceptable –

- 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 but excluding Laing Easiform from 1945 onwards and No Fines construction which are acceptable construction types
- Steel clad properties
- Steel framed construction unless modern purpose built flats
- Large Panel System (LPS) built construction flats and maisonettes (houses and maisonettes of not more than 2 storey and height are acceptable subject to a satisfactory report from a structural engineer)
- Timber or metal framed buildings where the cavity between the frame and cladding has been filled with an insulation material after construction
- Pre 1965 softwood timber framed constructions lacking special merit on saleability
- 100% timber construction, unless of high standard and in a location where there is a proven, sustainable demand
- Buildings containing high alumina content
- Walls containing Mundic in Devon and Cornwall built between 1900 and 1960 unless a suitable specialist test of the concrete returns a Grade A classification.
- Concrete construction, with the exception of Wimpey no fines
- Steel framed construction, which includes: BISF, B1 & B2 Aluminium Bungalows, Trusteel Mk11, Trusteel 3M, Telford, Nissen Petren (all other types must be referred)
- Pre 1960 timber framed properties
- Any residential apartment above one storey with cladding that does not have an EWS1 form or an A3 or B2 rating

## 1.9 Acceptable Modern Methods of Construction

Properties of a modern method of construction are treated on their individual merits and is to be referred to the Panel Manager. As a general rule, properties with the following will be acceptable;

- Local Authority approval
- NHBC or similar ten year warranty
- BBA/BRE certificates as follows:
  - o Frame: confirming the building system has a durability of at least 60 years. The certificate must also confirm that the system can be used with appropriate claddings and roof types
  - o Claddings: Stating what maintenance is required and the life expectancy of them

## 1.10 Retentions & Stage Build

Retentions will be acceptable where the reason for the retention is for essential repairs only. A full retention will apply where the valuer advises the property is not in a habitable condition. The maximum retention amount allowable is 5% of the current valuation. If the valuer quotes both a current market value and an after essential repairs value, the current market value will be used in the loan to value calculation.

Where a valuer recommends a re-inspection, this must be received prior to completion.

Stage build applications are not accepted.