

Buy-to-Let Mortgages

Full Lending Criteria Guide – valid from 10 December 2018

At Aldermore we have a team of experts who manually underwrite every application and make a decision based on our lending criteria, as well as considering all the information provided.

This guide contains our full lending criteria, as well as additional information specific to individual and company landlord applications and Buy-to-Let property types:



Aldermore

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Landlord type	Description
First Time Landlord (FTL)	An applicant who has not owned a Buy-to-Let property, with or without a mortgage on that property in the last 6 months.
Portfolio Landlord	An applicant who has an interest in 4 or more mortgaged Buy-to-Let properties, including any additional property/properties included in the new Aldermore application. See Portfolio section for further details.
Non-Portfolio Landlord	An applicant who has an interest in less than 4 mortgaged Buy-to-Let properties including any additional property/properties included in the new Aldermore application.
Consumer Buy-to-Let	Standard Criteria applies unless the applicant is a FTL or the transaction is a Let to Buy – see relevant sections. Please refer to your Business Development Manager for more information.

Loan

Maximum loan, repayment type and term is dependent on the product and property, please refer to the Product Guide.

Credit status criteria	Mortgage or secured loan arrears	0 in last 3 months 1 in last 12 months No more than 2 months in last 24 months Arrears over 24 months ago considered
	Unsecured loan arrears	0 in 3 months No more than 2 months' in last 24 months Arrears over 24 months ago considered
	County Court Judgements (CCJ) / Sheriff Court Decrees	None registered in last 36 months CCJs registered over 36 months ago considered Over 36 months, does not need to be satisfied if total combined value is up to £500 Over 36 months, needs to be satisfied for 36 months if total combined value over £500
	Defaults	None registered in last 12 months 1 settled default in months 13 – 36 up a total value of £300 Defaults registered over 36 months ago considered
	Bankruptcy / Sequestration / Debt Relief Order (DRO)	Discharged for 6 years
	Individual Voluntary Arrangement (IVA) / Trust Deed / Corporate Voluntary Arrangement (CVA)	None in last 3 years Borrowing funds to satisfy an IVA, Trust Deed or CVA is not acceptable
	Forced or Voluntary Possessions	Not accepted
	Business credit profile	No history of Directorships with the following registered within the last 3 years: <ul style="list-style-type: none"> · Creditors Voluntary Liquidation (CVL) or Compulsory Liquidation · Administration Orders · Winding up Orders Business CCJ is treated the same as personal CCJ A Corporate Voluntary Arrangements (CVA) is treated the same as an IVA

Applicants

Applicant types	Individuals Sole Traders and General Partnerships* Private Limited Company (LTD) and Limited Liability Partnerships (LLP)* Public Limited Company (PLC)* <small>*Corporate entities registered and/or based in the United Kingdom, Northern Ireland, the Isle of Man and the Channel Islands.</small>
Minimum age	21 years (for existing landlords)
Maximum age	85 years (at end of mortgage term) Age restrictions do not apply for applications from Limited Companies, Limited Liability Partnerships and established professional partnerships, where there is clear evidence of appropriate experience for the principals, and they are capable of running the business.

First Time Landlords (FTL)

Requirements	<ul style="list-style-type: none">· Minimum income of £25,000· Maximum loan size is £600,000· Maximum 75% LTV· Minimum age of 25 years old (in a joint application where one of the applicants is not a FTL, a minimum age of 21 will apply to that applicant)· Must own their own home, and satisfactory proof of mortgage conduct will be required for the previous 12 months (in a joint application, this must apply to at least 1 applicant unless one of the applicants is an existing landlord)· If a FTL applicant does not have a current mortgage, and there is no mortgage account visible on credit bureau, proof of property ownership will be required
Direct Debit	Payments to the mortgage account are to be made monthly by Direct Debit from a bank account in the Individual or Company name, whichever is applicable.

Remortgage

Remortgage period	Remortgages within the first six months of the original purchase date are not normally acceptable.
Remortgage from short term finance	<p>Remortgaging out of short term finance provided by other lenders will be subject to the length of ownership and maximum LTV limits.</p> <p>Less than 6 months: restricted to the amount required to repay existing facility plus 100% of documented improvement cost, subject to ownership period of at least 1 month.</p> <p>Greater than 6 months: capital raising allowed over and above the sum required to redeem the short term finance, based on any enhanced value of the property.</p>
Remortgage from a cash purchase	<p>If the property was purchased as a cash transaction and has been owned for a minimum of 1 month, a remortgage will be allowed free from the normal 6 month ownership restriction up to the maximum LTV based on the lower of:</p> <p>i) the evidenced purchase price plus the documented improvement costs; or</p> <p>ii) the market value of the property</p>
Capital raising	<ul style="list-style-type: none">· For property related purposes can be considered up to a maximum LTV of 80%· For non-property related can be considered, up to a maximum LTV of 75%· Capital raising for payment of the following is not permitted:<ul style="list-style-type: none">· Personal income and/or corporation tax· Consolidation of debts that have not been maintained satisfactorily

Deposit

Vendor deposit	Not accepted
Sales incentives provided by house builder	Builder cash value sales incentives, including builder gifted deposits and the payment of legal costs and stamp duty by the builder, are acceptable. The inclusion of white goods, floor coverings / curtains / blinds and the upgrade of kitchen / bathroom in the sale of a new build are also acceptable. The maximum value of the sales incentive should not exceed 5% of the purchase price.
Builder part exchange transactions	Accepted
When submitting proof of deposit ensure that:	<ul style="list-style-type: none">· Bank/Building Society statements - normally showing a 'build-up' of funds, however we may request further evidence· Please note, sources of large lump sum deposits may require further explanation· If the deposit is gifted by a close relative (parent, child, grandparent, brother, sister, uncle/aunt, foster parent or legal guardian including step relatives), written confirmation of this will be required from the solicitor

General

We do not lend on:

- Second charge mortgage
- Borrowing funds to satisfy CCI, IVA and Bankruptcy Orders
- Property being acquired under an assignable contract
- Property being purchased with the assistance of a local authority grant
- Remortgage applications of a property previously purchased under Right to Buy and within the five year pre-emption period
- Applicant that has Power of Attorney for another joint applicant
- Applicants with diplomatic immunity
- Applicants employed on a commission only basis, unless applying jointly with another applicant and income is not being taken into consideration
- Applicants with seasonally based job (e.g. crop picker/holiday rep), or piece-workers, unless applying jointly with another applicant and income is not being taken into consideration
- Properties in Northern Ireland, Channel Islands or the Scilly Isles

The following BTL applications are unacceptable, as they would constitute a Regulated Mortgage Contract:

- Where the borrower intends to reside in more than 40% of the property at any time during the mortgage term
- Where more than 40% of the property will be occupied by a close relative. Close relative is defined as spouse, civil partner, parent, brother, sister, child, grandparent or grandchild

ID & Residence

Summary

Aldermore uses an electronic identity verification system that checks application data against a variety of public databases. If electronic verification does not pass the expected threshold then proof of identity and residency, as appropriate, will be required.

Proof of ID acceptable documents

- Valid UK Passport
- Valid UK Driving Licence – Photo card (Full or Provisional)
- Valid Non UK passport or National ID Card
- HM Forces/Police Warrant Card
- Firearms certificate or Shotgun Licence
- Identity card issued by the Electoral Office for Northern Ireland
- HM Revenue & Customs correspondence – relating to current tax year

Proof of Residence acceptable documents

- Utility bill
- Full Driving Licence
- Bank or credit card statement
- Latest Council Tax bill
- Current HM Revenue & Customs demand or notice of coding

Ensure that the documentation is:

- Valid and in date (statements and utility bills must be no older than 90 days old)
- Certified as a true copy (and likeness if photo ID)
- Signed and dated by an approved certifier (FCA/PRA authorised introducer or a professional person covered by Anti Money Laundering Legislation (AML) with their name printed)

Nationality

UK and EU Nationals

Applicants must be UK or EU nationals and have been continuously resident in the UK for the last 2 years. The following will be considered as resident:

- Crown employees, including members of the diplomatic service, working overseas
- Members of the British armed forces stationed overseas

Non UK and EU Nationals

We can consider non-UK and EU nationals providing they have been resident in the UK for the last 2 years and also have a non-conditional and permanent right to reside or abode and indefinite leave to enter/remain.

Affordability

Minimum income

No minimum income for existing landlords. However, applicants are required to demonstrate they have sufficient income to cover their existing expenditure. £25,000 minimum for First Time Landlords.

Interest calculations and rental coverage

Stressed Interest Rate

Term Variable & Fixed rate <5 Years	Fixed Rate 5+ Years
Higher of (i) initial pay rate + 2% or (ii) 5.5%	Higher of (i) Initial pay rate or (ii) Reversion rate + 0.75%

(ICR) minimum Interest Cover Ratio

Minimum Interest Cover Ratio		Use of surplus income	
Single Residential Investment Property (including multi-unit freehold)			
Ownership	Minimum ICR	Use of surplus personal income	
Individuals (higher or additional rate tax payer)	145%	If the minimum ICR is not achieved using only rental income then personal disposable income can be used to meet the shortfall subject to the ICR, based on rental income alone, being:	120%
Companies or Individuals (basic rate tax payer)	125%	If the minimum ICR is not achieved using only rental income then personal disposable income can be used to meet the shortfall subject to the ICR, based on rental income alone, being:	110%
House in Multiple Occupation (HMO)			
Ownership	Minimum ICR	Use of surplus personal income	
Individuals (higher or additional rate tax payer)	185%	If the minimum ICR is not achieved using only rental income then personal disposable income can be used to meet the shortfall subject to the ICR, based on rental income alone, being:	160%
Companies or Individuals (basic rate tax payer)	155%	If the minimum ICR is not achieved using only rental income then personal disposable income can be used to meet the shortfall subject to the ICR, based on rental income alone, being:	140%

Further Information

- Loans on capital repayment will need to meet the ICR based on the interest only cost. In addition, the rental income alone must be sufficient to cover at least 100% of the stressed mortgage payment.
- Additional affordability assessment required when lending into retirement and personal income is being used.

Aldermore portfolio limit

A portfolio landlord is defined as an applicant (either an individual or a corporate body) with 4 or more mortgaged buy-to-let properties across all lenders. The number of mortgaged buy-to-let properties held in the individual's name and the name of a corporate body in which the individual has a significant interest (i.e. more than 25% ownership) should be aggregated to determine if an applicant meets this definition. The total number of mortgaged buy-to-let properties should include the property/properties included in the Aldermore application on completion.

Unencumbered properties will not be included in Aldermore's classification of a portfolio landlord.

The assessment of portfolio landlord applications is divided into two categories:

Portfolio Landlord – Standard assessment	Portfolio Landlord – Enhanced assessment
Up to 10 mortgaged BTL properties with Aldermore	11 or more mortgaged BTL properties with Aldermore
Documents required: <ul style="list-style-type: none"> · Portfolio schedule · Business plan 	Documents required: <ul style="list-style-type: none"> · Portfolio schedule · Business plan · 12 month Cash Flow Forecast Statement · Statement of Assets and Liabilities

Aldermore has templates for these documents (available on the website) to make it easier to submit portfolio landlord applications. Other versions providing the same level of information will be accepted.

- Portfolio schedule – A detailed list of the client's residential portfolio including full property address, date the security was purchased, property type, estimated value, rental income, mortgage payment and balances, and the original purchase price
- Business Plan – containing investment strategies, property types, tenant profiles, future strategies etc.
- Cash Flow forecast statement – A detailed breakdown showing expected income and expenditure over the next 12 months
- Statement of Assets and Liabilities – showing all (non-residential Buy-to-Let) properties, giving address, values and any outstanding loans details (balance, term etc.)

Customer Contact

Face to face interviews with Aldermore will be required for applications where:

- The applicant is a portfolio landlord with 11 or more mortgaged Buy-to-Let properties with Aldermore; or
- Total aggregate borrowing with Aldermore is more than £1m

Assessment of the applicant's wider portfolio

- Full Portfolio Affordability Assessment required for all portfolio landlords, assuming all are interest only
- The property or properties on the application will be subject to the standard affordability assessment
- The property or properties on the application will be included in the portfolio for the purposes of the portfolio affordability assessment
- An average weighted ICR will apply at a stress rate of 5%
- Surplus personal income, excluding net rental income, can be taken into account in the portfolio affordability assessment
- If the individual stress rate for the application transaction is below 5%, the lower stress rate will be factored in to the overall assessment of the portfolio

Portfolio limit with other lenders

- No limit

Employed income verification

Employed History

- Aldermore will require details of all employment held within the last twelve months prior to the mortgage application
- The applicant's position must be permanent
- The applicants must not be under notice of termination or redundancy
- The applicants must be able to demonstrate a minimum of three months record of employment immediately preceding the mortgage application in the same line of work

Acceptable Income from employment

- 100% of the following income types are accepted:
- Basic salary from employment (including income from second job)
 - London or large city/town allowance
 - Shift allowance
 - Car allowance
 - Housing allowance
 - Mortgage subsidy
 - Teaching and learning responsibility payments (if TLR1 or TLR2)
- 50% of the following income:
- Profit Related Pay
 - Overtime
 - Bonus
 - Commission
 - Bank nursing (average for the 3 months immediately prior to application)

Other income accepted

- Income from trust funds
- Occupational pension income
- Guaranteed income payments under the Armed Forces Compensation Scheme
- War widows or widowers pension
- War disablement pension
- State pension (not acceptable where state pension is the only source of income)
- Investment income
- Rental income (where supported by accounts or SA302s)
- Maintenance Payments (if CSA/court order enforceable and supported by 6 months bank statements)
- Foster Care Income (if supported by a track record of payment for at least 2 years prior to application, evidenced by SA302s)

Benefit income

- Up to 50% of benefit income:
- Universal Credit
 - Working Tax Credits (WTC)
 - Child Tax Credit (CTC)
 - Income-related Employment & Support Allowance (ESA)
 - Contribution-based Employment & Support Allowance if in the 'Support Group'
 - Incapacity Benefit
 - Severe Disability Allowance
 - Industrial Injuries Disablement Benefit (IIDB)
 - Disability Living Allowance (DLA)
 - Personal Independence Payment (PIP)
 - Carer's Allowance
 - Constant Attendance Allowance

Aldermore will not accept any income derived from other forms of state benefit that are not listed above.

Verification of employed income

- The following is required:
- Last month's payslip and latest P60 or March year-end payslip
 - or
 - A Reference from the current employer
- Additional evidence may be requested.

Contract Employment

Contract workers

Applications from individuals that are employed on a contract basis, including contractors employed on a daily rate basis, are acceptable subject to the following:

- The current contract must be for a period of at least 6 months
 - If the contract has more than 6 months to run the applicant must have been employed for a minimum of 12 months in the same line of work
 - If the contract has less than 6 months to run the applicant must have a 2 year track record of employment within the same line of work
 - It is acceptable for applicants to be paid via an umbrella company, which pays tax and NI for the applicant
- Original or certified copies of the current and previous contracts will be required to confirm that contract period meets criteria.

Professional sports people

Where applicants are self-employed the standard policy relating to self-employment will apply. However, if the professional sports person is employed on a contract they must have been playing or competing professionally for at least two years and the current contract must have at least 1 year still to run. Additional income earned from endorsements will be considered if this can be evidenced. For applicants who are coming towards the end of their professional career it will be necessary to provide a satisfactory explanation, including supporting evidence, of how they intend to support the mortgage post career.

Self-Employed

Minimum trading period

Accounting information for at least 2 years is normally required, although an applicant with 1 year's accounting information can be considered if the applicant:

- Has no history of payment arrears, defaults, CCJs or other adverse information in the last 3 years on personal and business credit search; and
- Has a track record in the trade; or is
- Able to demonstrate guaranteed income within the next accounting period; or
- The business is an ongoing concern and sustainable; or is
- Able to provide management accounts for at least the first 6 months of the current financial year
- If appropriate, VAT returns for the two previous quarters are to be supplied
- Personal and business bank statements for at least the previous 3 months
- Income will be based on profit or salary/dividends. Generally, if income is stable or increasing the annual income for the most recent year may be used. If income is variable an average of the annual income will be used.

Classification

Self-employed applicants may be classified into one of five categories:

1. Sole traders
2. General Partnership
3. Director – Private Limited Company (if 25% or greater shareholding)
4. Director – Public Limited Company (if 25% or greater shareholding)
5. LLP

- An applicant who is employed on a subcontractor basis will be classed as a sole trader
- If the applicant's shareholding of a limited company is less than 25% they will normally be classified as being an employee of the company

Where joint applicants are directors of the same private limited company and their joint shareholding is greater than 25% of the company they will be treated as self-employed

Verification of self-employed income

- Sole trader – use net profit
- Partners – use share of net profit (allocated profit if partner in LLP)
- Limited Company Director – use Directors remuneration, dividend and share of retained profit

Requirements:

- Up to two years Self-Assessments (SA302's)/ Tax Calculations & HMRC Tax Year Overviews

Financial accounts or an accountant's reference (prepared or certified by a qualified accountant) may be requested in addition to support the information in the above documentation including the use of retained profits.

Professional Partnerships

Where the applicant is either a new partner or newly qualified it may not be possible for the partnership to verify actual income. In these circumstances written confirmation from a senior partner or practice accountant of projected future earnings may be acceptable.

Rental income

Rental income (Please note rental income from buy-to-let properties in the applicant's personal name will be assessed by our underwriters to determine the impact of future tax liabilities. This may mean that the amount of rental income which can be included in our affordability calculations is reduced.) Additional documentation may be required to validate the rental income received.

Accountants Qualifications	<p>Aldermore will only accept accounts or accountant's certificates from practitioners with one of the following qualifications:</p> <ul style="list-style-type: none"> · Institute of Chartered Accountants (England or Wales) (ICAEW) can use the following letters: ACA & FCA · Institute of Chartered Accountants (Scotland) (ICAS) can use the following letters: CA · Chartered Accountants Ireland (CAI) can use the following letters: ACA & FCA · Chartered Association of Certified Accountants (ACCA) can use the following letters: ACCA or FCCA · Chartered Institute of Management Accountants (CIMA) can use the following letters: ACMA or FCMA · Association of Authorised Public Accountants (AAPA) can use the following letters: AAPA or FAPA · Association of Accounting Technicians (AAT) can use the following letters: MAAT or FMAAT · Chartered Institute of Taxation (CIOT) can use the following letters: CTA · Association of International Accountants (AIA) can use the following letters: AAIA/FAIA · Institute of Financial Accountants (IFA) can use the following letters AFA/FFA
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Property & Security

Summary	Aldermore must have a first charge over the property and the security must be used for Residential Buy-to-Let
Location	England (including the Isle of Wight), Wales (including Anglesey) and mainland Scotland.
Tenure	Freehold (heritable title in Scotland) or leasehold (with 60 years unexpired at completion and 40 years at end of mortgage term). However, if the solicitor confirms a lease is shorter than 85 years at the start of the mortgage the valuation will be referred back to the valuer, as this may impact the property value.
Minimum purchase price or valuation	£60,000 for Single Residential Investment Units £75,000 for HMO/Multi-Unit freeholds
Acceptable covenants	<p>Restrictive covenants will be acceptable in the following circumstances:</p> <ul style="list-style-type: none"> · Section 106 (75 in Scotland) agreement that restricts purchase or occupancy of the property to individual(s) living and/or working in a specified geographical area that is: <ul style="list-style-type: none"> - one of the 353 recognised councils in England - one of the 32 recognised Scottish local authorities - one of the 22 recognised Welsh unitary authorities · Right of First Refusal (RFR) for social landlords to buy back homes purchased under Right to Buy (Section 156 Agreement). Where the property is subject to such a restriction this must have been taken into consideration by the valuer.

Houses in multiple occupation (HMOs)

Definition	In England & Wales a HMO is defined as a property occupied by at least 3 tenants, forming more than 1 household and share toilet, bathroom or kitchen facilities are shared. In Scotland a HMO is property occupied by 3 or more persons from 3 or more families, which is occupied by them as their only or main residence and basic amenities are shared.
Requirements	Applications on HMO property will only be considered for existing landlords with at least 3 years' experience of letting property. For joint applications one of the applicants must be an existing landlord with at least 3 years' experience of letting property.
HMOs up to 6 bedrooms	Property in England with C4 planning use or in Scotland – up to 75% LTV Property in England with C4 planning use and Article 4 Direction – up to 70% LTV

Multi-unit freehold

Definition	A property that has more than one residence within it but facilities are not shared between occupants. Can be purpose built (such as a block of flats) or converted (such as a house converted to flats).
Multi-unit freehold up to 4 units	Accepted up to 75% LTV

New build properties

Definition	The term "new build" refers to instances where the applicants are buying a property from a builder / developer directly.
New build houses	Accepted
New build flats	Accepted Maximum LTV of 75% for existing landlords Maximum LTV of 70% for first time landlords Please note that lending restrictions apply in certain locations/postcodes, which will be flagged during the initial decision process.
Guarantees/ certificate	<p>Properties built within the last ten years must hold an acceptable guarantee/certificate. Acceptable guarantees/certificates include:</p> <ul style="list-style-type: none">· Build Assure· Build Life Plans· Build Zone· Castle 10 (Checkmate)· CRL (Construction Register Limited)· Local Authority Building Control (LABC)· NHBC certificate,· Premier Guarantee· Zurich Municipal Policy ICW· Global Homes Warranties· Advantage· Protek· Capital Warranties· Q Assure· Aedis <p>A certificate which states the property was built under the supervision of a person belonging to one of the following:</p> <ul style="list-style-type: none">· 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 Architecture and Surveying Institute (FASI or MASI)· fellow or member of the Chartered Association of Building Engineers (FCABE C.Build E or MCABE C.Build E)· member of the Chartered Institute of Architectural Technologists (formally British Institute of Architectural Technologists) (MCIAT)· an architect registered with the Architects Registration Board (ARB). An architect must be registered with the Architects Registration Board, even if also a member of another institution, for example the Royal Institute of British Architects (RIBA)· fellow or member of the Institution of Civil Engineers (FICE or MICE). <p>In addition to the above qualifications, at the time the certificate of practical completion is issued, the consultant must have professional indemnity insurance in force for each claim for the greater of either: the value of the property once completed; or £250,000 if employed directly by the borrower or, in any other case, £500,000. Please note that the warranty must also be fully transferable to Aldermore and retrospective warranties are not acceptable.</p>

Ex-public sector properties

Definition	Local authority, housing association, Ministry of Defence, etc.
Houses	Accepted up to 75% LTV, subject to the following conditions: <ul style="list-style-type: none">· No outstanding pre-emption requirement to repay a proportion of the discount· Valuer indicating that there is evidence of a meaningful level of private ownership within the estate· The property being of standard construction
Flats and maisonettes	Can be considered up to 75% LTV, subject to the following conditions: <ul style="list-style-type: none">· Minimum property value of £100,000 (£200,000 in Greater London)· No outstanding pre-emption requirement to repay a proportion of the discount· Maximum of 3 floors above the ground floor· Secure communal access with no balcony access arrangements· Valuer indicating that there is evidence of a meaningful level of private ownership within the estate· The property being of standard construction

Tenancy

Tenancy Agreements	An assured short-hold tenancy (AST) or, for property located in Scotland, a short assured tenancy (SAT) for a period of between 6-36 months can be considered (unless the annual rental exceeds £100,000 per annum) There is no maximum term for Scottish Private Residential Tenancies.
Student Lets / Professional Lets / Tenants in receipt of Housing Benefit	Where the rental income exceeds £100,000 per annum, Aldermore will require our own format tenancy agreement to be put into place. Please note that Aldermore will accept the following as a single residential unit application: Where a single AST agreement for up to 4 individuals is in place and all occupants are jointly and severally liable for the rent, and the property is not subject to HMO (mandatory or selective) licensing.
Corporate lets	Acceptable providing they are for no more than 5 years in duration and let directly to a registered providers of social housing or Public Companies (PLC).

Fees

Fees	<ul style="list-style-type: none">· Product and funds transfer fees can be added to the loan· Where fees are added they will be excluded from the LTV calculation but will be included in the affordability assessment· Fees added to the loan will attract interest over the mortgage term
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Additional criteria specific to individual landlord applications

Let-to-buy

Definition

A loan to refinance an applicant's current residence on a BTL product (i.e. where the proposed security property is the applicant's current address), which can be accompanied with additional borrowing towards the deposit and other associated costs relating to the purchase of a new main residence, is permitted.

Maximum loan and LTV

Let-to-buy transactions are limited to the following: Maximum loan of £600,000 and a maximum LTV of 75%.

**Affordability/
Serviceability**

New residential mortgage payment to be taken into account if personal income is required to support affordability.

Additional requirements

The applicant will be required to supply a copy of an offer to lend in the purchase of the new residence. If the applicant is moving to a property that is or will be unencumbered alternative documentary evidence of purchase/ownership must be provided.

Additional criteria specific to company landlord applications

Applicant

Minimum/ Maximum age of Directors/ Shareholders

At least one of the directors/shareholders must meet the standard minimum age requirements for individuals. For maximum age requirements, there should be clear evidence of appropriate experience for the principal's capability of running the business as a going concern.

Proof of ID acceptable documents

Company Directors will need to meet the standard proof of identity requirements.

Deposit

Directors Loan

Acceptable when company is purchasing from individual director(s).

Inter-Company loan

Acceptable when company is purchasing from a connected company.

Security

Corporate Lending

The following may be required:

- Personal guarantees from all Directors/Members/Designated Members who have a shareholding of 25% or more are required ideally for 100% of the loan amount, plus interest, plus costs, plus fees. Consideration can be given to cases where a lesser amount is requested subject to full justification.
 - A certified copy of a Resolution of the Board of Directors for approving entry into the mortgage
 - Subordination of Director's loans may be required depending upon the Bank's assessment of the borrower's balance sheet.
- A floating charge over the assets of the company will not normally be taken where the application meets the following criteria:
- Loan no greater than £1m
 - LTV no greater than 75% (fees can be added)
 - SPV or trading limited company set up for property investment purposes only

Additional Buy-to-Let property criteria

Property types

Underpinned properties

Properties that have been underpinned in the last ten years must have a 10 year guarantee from a reputable company warranting the works completed and this must be placed with the title deeds. The valuer must also state that there is no sign of new movement. Aldermore will require the solicitors to confirm in writing, prior to completion, that the buildings insurers are aware of the problem and are willing to cover on normal rates and terms.

Japanese Knotweed

The assessment of Japanese Knotweed must be undertaken by an experienced professional member of the Property Care Association. The RICS framework for invasive species categorises risk into 5 bands, categories 1, 2 and 3 are acceptable to the Bank, however category 3 cases may require further investigation to determine absolute acceptability. If the property has a historic record of Knotweed but has been successfully treated and eradicated with an acceptable guarantee we may consider on its merits – subject to the original infestation being more than 25 metres away from the property itself. For a guarantee to be acceptable it must:

- Protect against future intrusion and infestation for a minimum of 10 years.
- Be property specific.
- Be transferable and exchangeable to subsequent owners/mortgagees.

Property types we do not lend on

(Please note this list may not cover all property types, so if you have any questions about what we will lend on, please contact your BDM for more information.)

At least one of the directors/shareholders must meet the standard minimum age requirements for individuals. For maximum age requirements, there should be clear evidence of appropriate experience for the principal's capability of running the business as a going concern.

- Property with Planning Use Classes Order other than:
 - C3(a)(b)(c)
 - C4 (including – HMO with an 'Article 4 direction' in place)
 - HMO with Sui Generis planning use
- Property subject to a shared ownership deed
- Property with pre-emption clauses in existence
- Mobile homes
- Houseboats
- Property held on a Commonhold basis
- Freehold flat or freehold maisonette (freehold coach houses are acceptable subject to survey)
- Property where a flying freehold exists and affects more than 25% of the total floor space
- Property with the following restrictive covenants:
 - Property restricted to agriculture or equestrian use
 - Purchaser(s) must be living and/or working in a small geographical area (e.g. specific parish), which is not in the list of acceptable areas
 - Purchaser(s) must be in housing need
 - Purchaser(s) cannot afford to purchase on the open market
 - Purchaser(s) having income less than a certain amount
 - Property ownership restricted to specified age group e.g. retirement homes
 - Limit on mortgage payment as a proportion of income
 - Fixed capital values i.e. a property cannot be sold for more than the purchase price into perpetuity or a value cap is implemented
- Studio flat and/or flat with a total floor area of less than 30sq meters
- Flats in a block without a lift are acceptable, as long as our security is not more than 3 floors above ground level (this doesn't apply for ex-public sector flats)
- Bespoke student accommodation (can be considered by Commercial Mortgages as a Commercial Investment transaction)
- Prefabricated building and unrepaired PRC construction
- 100% Flat roofed or shallow mono-pitched houses (purpose built blocks of flats will be considered subject to survey and confirmation that the service charge includes repairing and maintenance of the roof)
- Property listed as defective under the 1984 and 1985 housing acts unless rebuilt to NHBC standards and with appropriate guarantees. The adjoining properties must also have been repaired to the same standard.
- Wimpey No-Fines (if constructed prior to 1946 or bungalow or flat)
- Laing Easiform construction (if constructed prior to 1966 or bungalow or flat)
- Property where high alumina or Mundic block cement has been used in the construction
- Timber framed property that does not have a brick or "block and rendered" outer skin

Property types we do not lend on continued.

(Please note this list may not cover all property types, so if you have any questions about what we will lend on, please contact your BDM for more information.)

- Steel framed constructions except post-1987 construction within BBA or WIMLAS certification
- Property constructed using concrete Large Panel Systems (LPS)
- Property on which there is a local authority grant outstanding
- Live/work units (unless part of Tailored BTL transaction)
- Property with an anticipated lifespan of less than twenty-five years beyond the end of the mortgage term and/or where the condition significantly affects marketability
- Property with no kitchen
- Single residential investment property with more than two kitchens
- Property with no bath/shower room
- Property which has shared access where a relative of the applicant resides in the other property
- Property which has any shared services with any adjoining or adjacent property which does not form part of our security
- Property which is being bought from the applicant's own limited company (unless Tailored BTL transaction)
- Grade 1 listed or Scottish equivalent Grade A listed security
- Grade2*(STAR) listed security
- Where satisfactory tenant demand does not exist or the proposed security is considered unsuitable for private renting
- Farms, smallholdings, or properties with agricultural restrictions in place
- Properties where a flying freehold exceeds 25% of the total internal habitable floor area
- Property in which high alumina cement has been used in the construction
- Any property determined as unacceptable security by the appointed valuer
- Properties less than 10 years old without acceptable guarantees or equivalent supervision certificates
- Properties built post-2009 where there is a flooding risk
- Single skin properties (extensions are acceptable up to 20% of the total area of the property)
- Essex construction
- Crofting properties
- Crane construction (considered on merits if the property has had a replacement roof since practical completion)
- Timber crosswall construction (considered on merits if brick / block clad)
- Swedish timber with polystyrene render
- Hempcrete construction
- Cornish construction
- Cob wall construction
- Properties where there is a lack of appropriate planning permission or building regulation approval
- Properties where the condition significantly affects marketability
- Properties acquired under an assignable contract / 'flip'
- Properties which have shared connected services with any adjoining or adjacent property not in security, excludes mutual services
- Properties with a pre-exemption clause in existence / right to buy
- Part flat roofed properties / flat roofed extensions (considered on merits of sub 30% of total floor area)
- Properties with a total site coverage above 6 acres