

Our Lending Policy and Letting Criteria

Buy-to-Let properties

This is a guide to the applicants and Buy-to-Let properties acceptable to Canada Life for onsite valuations. Please read this alongside Our Lending Policy – Residential and Second Homes. Please note that we are constantly reviewing our lending criteria. As a result, this guide is correct at time of print (29th January 2021), but is subject to change.

If there are any doubts about whether your client or their property is suitable, please call or email our underwriters before your client submits their application.

Canada Life Underwriting team

Telephone: 0800 068 0212

Email: hf-underwriting@canadalife.co.uk



Eligibility

As with most lending products, there are several key requirements that your client will need to meet in order to be eligible for a Canada Life Buy-to-Let mortgage.

Before you submit an application form, please check that your client and their property meet our lending criteria. The most basic requirements are:

- Your client must be aged 55 or over
- Your client must be a homeowner
- Your client must be a UK resident

The other requirements are related to personal circumstances, the size of the loan, and the property.

Outstanding mortgages

If there is a mortgage outstanding on the property then this must be repaid either before or at the start of the Canada Life mortgage. The funds provided by Canada Life can be used to clear this debt.

Secured borrowing

After starting the Canada Life mortgage, the property cannot be used as security for any other financial agreement.

Identification and verification

Documents for identification and verification requirements (e.g. proof of name and address) do not normally need to be sent to us. However you need to retain evidence of these documents in your own files. If we ask you to supply us with these documents, they will need to be endorsed in accordance with the following procedure:

- Photocopy the document
- Write on photocopy 'Certified copy of original'
- Where document contains a photograph, check it is a good likeness of the client and write 'Good likeness to person'
- Sign the photocopy and print underneath your signature: Intermediary name/company/firm (or company stamp), the date

Buildings insurance

Your client's property must be adequately insured with a reputable insurer against loss or damage caused by fire, flood and such other risks as is usual for a residential property which is being let. The sum insured must at all times be sufficient to restore the property to its pre-loss condition. Your client's solicitor will ask them to sign a Declaration confirming that they will keep the property insured for the duration of the mortgage.

Occupiers

Your client's property must not be occupied by the owner or any family members. For details regarding acceptable tenants, please see the Tenants, Occupancy & Usage section below.

Non-standard construction

Canada Life will consider non-standard construction. Please see below for further information.

Our Lending Policy

Acceptable properties, applicants and tenants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
<p>Applicants & ownership</p> <ul style="list-style-type: none"> • Clients aged 55 years or over (dependent on product) • Remortgage applications only • Full UK residents (must have a fixed abode with proof of address) • Applicants must have UK or EEA/Swiss citizenship or non EEA/Swiss citizenship, with permanent rights of residency • Single applicants who solely own the property • Joint married applicants who jointly own the property • Joint applicants that are not married, but both hold full title to the property • Tenants in common agreement in place (and no discretionary trust in place) • Power of attorney, if it is registered with the Office of the Public Guardian, with no interest in the subject property 	<ul style="list-style-type: none"> • Customer who has a poor credit history • Foreign Nationals with permanent right to reside • Second charges being removed at the point of completion • Customer has had bankruptcy discharged or IVA satisfied 	<ul style="list-style-type: none"> • Clients aged 54 or less • Clients aged 91 or over (for the younger borrower) • Applicants who do not have UK or EEA/Swiss citizenship or non EEA/Swiss citizenship, with permanent rights of residency • More than 2 borrowers • Applicants who are bankrupt or have an IVA unsatisfied • No letting to family members • No LTD/LLP company applications • No purchase applications • Properties held by a Trust or by a Corporate body • Properties that have shared ownership with the housing association, council or the developer or staircase purchasing arrangement • Second charges on properties

Our Lending Policy (continued)

Acceptable properties, applicants and tenants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
<p>Tenants, Occupancy & Usage</p> <ul style="list-style-type: none"> Landlords with the appropriate licence required to let and/or manage the letting of the property Our solicitors will need to approve evidence of this prior to completion Houses and flats let as a single family dwelling An Assured Shorthold Tenancy (AST) of not more than 12 months duration must be in place and approved by our solicitors prior to completion Properties where any deposit paid by the tenant is protected in a Government authorised tenancy deposit scheme. Our solicitors will need to approve evidence of this prior to completion Properties where gas and electricity services and appliances have been checked by approved Engineers within the last 12 months. Our solicitors will need to approve evidence of this prior to completion Properties where future lettings are by way of a standard AST of no more than 12 months 	<ul style="list-style-type: none"> If there are age restrictions over who can live there. This may be subject to a reduced loan to value 	<ul style="list-style-type: none"> The following tenancies are not permitted: <ul style="list-style-type: none"> Housing Association Companies University Students Council Family and related persons DSS tenants Tenants without the Right to Rent Tenants with diplomatic immunity Applications from limited (Ltd) or limited liability partnership (LLP) companies or partnerships. Houses in Multiple Occupation (HMO) Assured Shorthold Tenancy Agreements allowing assigning, underletting, sub-letting or parting with possession of the Property Properties with a small element used for some form of business or commercial activity

Our Lending Policy (continued)

Acceptable properties, applicants and tenants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
Property type		
<p>Houses, bungalows, flats and maisonettes are acceptable subject to the restrictions shown below:</p> <ul style="list-style-type: none"> • Located in England, Scotland or Wales 	<ul style="list-style-type: none"> • Properties adjacent to/above commercial premises 	<ul style="list-style-type: none"> • Commercial units • No more than 20% of flats in the same block or houses in the same street • No property retentions allowed. All works detailed in Valuation Report to be completed prior to Offer • Located in Ireland, Northern Ireland, Channel Isles and Isle of Man
Property tenure		
<ul style="list-style-type: none"> • Freehold houses/bungalows • Leasehold houses/bungalows with an unexpired term of at least 155 years minus the age of the youngest borrower, or 75 years whichever is the greater, plus confirmation at legal stage that lease is marketable with no onerous clauses • Freehold Flats (Scotland Only) • Flats with a leasehold tenure with an unexpired term of at least 155 years minus the age of the youngest borrower, or 75 years whichever is the greater, plus confirmation at legal stage that lease is marketable with no onerous clauses 	<ul style="list-style-type: none"> • Freehold flats where freehold is in respect of the whole building subject to leases/tenancies of the remainder of the block • Excessive annual service charges & ground rents • Properties with flying freeholds 	<ul style="list-style-type: none"> • All other freehold flats or maisonettes in England & Wales • Leasehold tenure with less than the required unexpired term • Properties with onerous lease clauses
Property value		
<ul style="list-style-type: none"> • Properties that have a minimum value of £70,000 and a maximum value of £6million • Maximum portfolio loan size of £5million with Canada Life 	<ul style="list-style-type: none"> • Properties exceeding the maximum value, but in desirable areas 	<ul style="list-style-type: none"> • Properties that are valued at less than £70,000

Our Lending Policy (continued)

Acceptable properties, applicants and tenants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
Flats & maisonettes		
<ul style="list-style-type: none"> Flats including studios and basement flats where there is a maximum of 6 storeys with a lift and 4 storeys without a lift 	<ul style="list-style-type: none"> Flats above/adjacent to commercial premises Converted flats or maisonettes Flats within a block of over 6 storeys where there is a lift 	<ul style="list-style-type: none"> Flats within a block of over 4 storeys where there is no lift Ex-local authority flats or maisonettes
Land		
<ul style="list-style-type: none"> Properties with up to 5 acres of land 	<ul style="list-style-type: none"> Properties with more than 5 acres of land 	
Council Estates / Housing associations		
	<ul style="list-style-type: none"> Ex-council properties / ex-housing association properties situated on select developments 	<ul style="list-style-type: none"> Ex-council / ex-housing association properties on non select developments Any ex-council flats or maisonettes Properties purchased through a 'Right to Buy' scheme and still in pre-emption period
Listed property		
<ul style="list-style-type: none"> The property is Grade 2 listed The property is Grade C listed 		<ul style="list-style-type: none"> The property is Grade 1 or Grade 2* listed (Grade 2*: particularly important buildings of more than special interest) The property is Grade A or Grade B listed
Subsidence & movement		
		<ul style="list-style-type: none"> Properties considered as high risk to subsidence or movement

Our Lending Policy (continued)

Acceptable properties, applicants and tenants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
Construction		
<ul style="list-style-type: none"> • Built of standard construction • Properties with walls of brick, block, flint or stone • Timber framed properties built after 1960 and considered conventional construction. Must be full brick skin with walls not less than 225mm thick • It is a property with pitched roof made of slate or tile • Wimpey 'No fines' construction • Laing Easiform • Properties with a steel frame, built after 31st December 2000 • Properties that have a flat roof not exceeding 30% • Insulated Concrete Eco Friendly construction 	<ul style="list-style-type: none"> • Properties with flat roofing between 30%-45% • Properties that are built of a limited amount of single skin brickwork/blockwork • Precast reinforced concrete (PRC) properties • Timber framed properties deemed as being built pre-1900. Wall thickness must be more than 121mm and can be of any material except Cob. Subject to valuer comments 	<ul style="list-style-type: none"> • Properties with timber frames built between 1900-1960 • Properties with walls of cob • Properties built entirely of timber • Properties with roofs of thatch or timber shingle • Properties with flat roofing exceeding 45% • The external walls of the property are built entirely of single skin brickwork • All other in-situ cast concrete properties • Properties with concrete panel construction • Pre-fabricated properties • Ex-local authority steel frame properties • Properties with a poured concrete construction • Properties with a steel frame, built before 31st December 2000
Planning & occupation restrictions		
	<ul style="list-style-type: none"> • If there are age restrictions over who can live there 	<ul style="list-style-type: none"> • Age restrictions over 65 • Any restriction on the title that may impact on the saleability of the security • Sheltered accommodation
Agricultural properties		
		<ul style="list-style-type: none"> • Properties involved in commercial farming • Properties with an agricultural tie

Our Lending Policy (continued)

Acceptable properties, applicants and tenants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
Contamination		<ul style="list-style-type: none">• If it is built on, or significantly close to a contaminated site
Flooding		<ul style="list-style-type: none">• Properties known to have flooded in the past 5 years

For any queries, please contact:

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