

Our Lending Policy

Remote Valuations

This is a guide to the applicants and residential properties acceptable to Canada Life for remote valuations.

Please read this alongside ‘Our Lending Policy – Main Residences and Second Homes’ and ‘Our Lending Policy – Buy-to-Let Properties’, which apply to applications when an onsite valuation is being completed.

Please note that we are constantly reviewing our lending criteria. As a result, this guide is correct at time of publication, 5th May 2020, but is subject to change.

If there are any doubts about whether your client or their property is suitable, please email our underwriters on hf-underwriting@canadalife.co.uk before your client submits their application.

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 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 type.

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, for Second Home properties, may be unoccupied for long periods of time, or may not be occupied by the owner and which for a Buy-to-Let property 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.

Other occupiers

For Main Residence properties, upon application the home should be occupied by people who hold title to the property. If the property is located in England or Wales, the applicant must confirm if there is someone other than themselves aged 17 years or older living at the property or using it as their main residence even if not living there permanently. If so, they will be required to sign an Occupiers Deed of Consent. If the property is located in Scotland, the applicant will be required to sign a declaration at their solicitors confirming that they do not have a spouse or civil partner.

For Second Home properties, the property cannot have any permanent occupiers.

For Buy-to-Let properties, 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.

Our Lending Policy

Acceptable properties and applicants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
Applicants & ownership		
<ul style="list-style-type: none"> • Clients aged 55 years or over (dependent on product) • UK residents • 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 • Main Residences and Second Homes: A single applicant that holds sole title to the property but who is married and both partners live in 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 • Buy-to-Let properties: Remortgage applications only 	<ul style="list-style-type: none"> • Customer who has a poor credit history • Foreign Nationals with permanent right to reside • Customer has had bankruptcy discharged or IVA satisfied with no outstanding monies owed • Second charges being removed at the point of completion 	<ul style="list-style-type: none"> • Clients aged 54 or less • Clients aged 91 or over (for the younger borrower) • More than 2 borrowers • Applicants who are bankrupt or have an IVA unsatisfied or who owe outstanding monies on a discharged IVA or bankruptcy • 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 • Buy-to-Let properties: <ul style="list-style-type: none"> – No letting to family members – No LTD/LLP company applications – No Purchase applications

Our Lending Policy (continued)

Acceptable properties and applicants

The following are acceptable to Canada Life	The following may be considered on an individual basis	The following are not acceptable to Canada Life
Occupancy & Usage		
<ul style="list-style-type: none"> • Main Residences and Second Homes: <ul style="list-style-type: none"> – Single applicant is the sole occupier – Joint applicants occupy the property – If other people are living in the property (e.g. family & friends). However, they will need to seek legal advice and sign a Deed of Consent • Second Homes: <ul style="list-style-type: none"> – Property must be available for the sole occupancy of the applicant or let out for a maximum of four weeks at a time – The property must be used by the applicant for a minimum of four weeks per year • Buy-to-Let properties: <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"> • Main Residences and Second Homes: If there is a lodger living in the property with the owner (for example, if the owner is renting out a room) • If there are age restrictions over who can live there. This may be subject to a reduced loan to value • Main Residences and Second Homes: Properties with a small element used for some form of business or commercial activity 	<ul style="list-style-type: none"> • Second homes: There can be no formal agreements or AST's etc in place • Second homes: The property can't be advertised (for example through an agency or online) and the property can't have any prominent signage. • Buy-to-Let properties: <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 and applicants

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		
<ul style="list-style-type: none"> • Houses, bungalows, flats and maisonettes are acceptable subject to the restrictions shown below: <ul style="list-style-type: none"> – Main residences – Second homes – Buy-to-Let properties – Located in England, Scotland or Wales 	<ul style="list-style-type: none"> • Second homes in close proximity to the applicant’s main residence 	<ul style="list-style-type: none"> • Located in Ireland, Northern Ireland, Channel Isles and Isle of Man • Properties adjacent to, above or surrounded by commercial premises • Buy-to-Let properties: <ul style="list-style-type: none"> – Commercial units – No more than 20% of flats in the same block or houses in the same street
Property tenure		
<ul style="list-style-type: none"> • Freehold houses/Bungalows • Freehold Flats (Scotland Only) • Leasehold houses, bungalows and flats, with a leasehold tenure with an unexpired term of at least 155 years minus the age of the youngest borrower, or 100 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 	<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 • Properties with flying freeholds
Property value		
<ul style="list-style-type: none"> • Properties that have a minimum value of £70,000 and a maximum value of £1million in Greater London or £750,000 elsewhere • Buy-to-Let properties: Maximum portfolio loan size of £5 million with Canada Life 		<ul style="list-style-type: none"> • Properties that are valued at less than £70,000 • Properties exceeding the maximum value

Our Lending Policy (continued)

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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"> Converted flats or maisonettes 	<ul style="list-style-type: none"> Flats within a block of over 4 storeys where there is no lift Flats within a block of over 6 storeys where there is a lift Flats above or adjacent to commercial premises Ex-local authority flats or maisonettes
Land		
<ul style="list-style-type: none"> Properties with up to 2.5 acres of land 		<ul style="list-style-type: none"> Properties with more than 2.5 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 1, Grade 2 or Grade 2* listed. (Grade 2*: particularly important buildings of more than special interest) The property is Grade A, Grade B or Grade C listed
Planning & occupation restrictions		
	<ul style="list-style-type: none"> If there are age restrictions over who can live there Main residences: Sheltered accommodation (there are a small number of exceptions and it may be subject to reduced loan to value) 	<ul style="list-style-type: none"> Age restrictions over 65 Any restriction on the title that may impact on the saleability of the security Second homes: Sheltered accommodation

Our Lending Policy (continued)

Acceptable properties and applicants

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Agricultural properties			
		<ul style="list-style-type: none"> • Properties involved in commercial farming • Properties with an agricultural tie 	
Contamination			
		<ul style="list-style-type: none"> • If it is built on, or significantly close to a contaminated site 	
Subsidence & movement			
		<ul style="list-style-type: none"> • Properties considered as high risk to subsidence or movement 	
Construction			
<ul style="list-style-type: none"> • Properties built post-1850 • New build property built over two years ago • Built of standard construction • Properties with walls of brick, block, flint or stone • Timber framed properties built after 1960, which are 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 built pre-1850 • New build properties or properties built within two years • 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% • External walls of the property with any element of single skin brickwork • All other in-situ cast concrete properties • Properties with concrete panel construction • Pre-fabricated properties 	<ul style="list-style-type: none"> • Ex-local authority steel frame properties • Properties with a poured concrete construction • Properties with a steel frame, built before 31st December 2000 • Properties with a foam coating to roof • 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

Contact us

For any queries, please contact:

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