

LETTING CRITERIA



Throughout the duration of the Loan, the Property shall not be occupied by the Applicant and may only be let, in whole or part, in accordance with the following conditions:

- On completion of the mortgage, either the Applicant must have vacant possession of the whole of the Property or there must be a bona fide verified acceptable tenancy (see below). There can be no other occupiers on or after completion.
- The Applicant must produce any tenancy agreements, notices given to or by tenants or proof of rental payments promptly on request by Kensington. Kensington's current letting criteria are set out below:
 - Where the letting is to an individual or individuals in England the agreement must be an Assured Shorthold Tenancy Agreement ("AST") of not more than 24 months and where the term is for 12 months or more it must have a break clause exercisable by the landlord at the midpoint.
 - Where the letting is to an individual or individuals in Wales:
 - a) If the tenancy started before 1 December 2022, the tenancy must be an Assured Shorthold Tenancy Agreement of not more than 24 months with a break clause at the midpoint. On or after 1 December 2022, the tenancy agreement will change into an occupation contract. The tenants will become contract-holders. The Borrower must ensure that a written statement of the occupation contract that meets the terms of the Renting Homes (Wales) Act 2016 ("RHWA") is given to the contract-holders within six months of 1 December 2022. Where the current tenancy agreement includes the right to recover possession under ground 2 of Schedule Two of the Housing Act 1988, then the written statement must explain that paragraph 28 of Schedule 12 of the RHWA applies to the occupation contract.
 - b) If the tenancy started on or after 1 December 2022, the contract must be a standard occupation contract for residential purposes within the meaning of the RHWA for a fixed term of up to 36 months, or a periodic term. Where permitted, it must contain a break clause which lets the landlord end the contract on the minimum notice period set out in the RHWA.
- Landlords in Wales must be a registered landlord with Rent Smart Wales and either holding a current valid licence for letting and property management activities or letting the property through a licensed agent who undertakes these activities on their behalf.
- Where the letting is to an individual or individuals in Northern Ireland the agreement must be a fixed term of not more than 12 months or a periodic contract and the borrower must be a registered landlord or give an undertaking prior to completion to apply to become a registered landlord with the Landlord Registration Scheme (Northern Ireland) (or any replacement scheme in force from time to time) within 30 days of completion.
- Landlords in Northern Ireland are to ensure that the Property is subject to a tenancy agreement that enables a mortgagee (and any appointed LPA receiver) the right to terminate the tenancy agreement and obtain vacant possession of the Property on providing notice of not more than 6 (six) months.
- Where the letting is to an individual or individuals in Scotland the tenancy must be a Private Residential Tenancy under the Private Housing (Tenancies) (Scotland) Act 2016.
- The Borrower must comply with all relevant legislation that is applicable to the letting of the property.

- The letting may only be to an individual or individuals who occupy the whole of the property under one agreement unless we have agreed in writing that the Property can be used as an HMO.
- Where the Applicant is a natural person, neither the Applicant nor any related person (which includes the Applicant's spouse, partner, civil partner, parents, grandparents, siblings, children or grandchildren) may occupy the Property at any time.
- Where the Applicant is a Limited Company, neither the directors, guarantors or shareholders nor any person related to any of them (which includes their respective spouses, partners, civil partners, parents, grandparents, siblings, children or grandchildren) nor any associated subsidiary or the Applicant may occupy the Property at any time.
- The statutory pre-letting requirements and deposit protection rules must be adhered to where there is a current tenancy agreement in place. Where the property is to be let following completion the Applicant must be aware that they will need to comply with the statutory pre-letting requirements and deposit protection rules will be adhered to.
- Kensington will not advance the Loan if:
 - Any tenant occupies the Property on the basis of a holiday let
 - Housing Association and Council leases;
 - Company Lets

The Applicant must notify us if the property is a House in Multiple Occupation (HMO). You must ensure either a valid HMO licence is in place on completion or confirm you will apply for a satisfactory HMO licence in relation to the Property within 30 days of completion and undertakes to provide Kensington with a copy of the application form prior to completion.

Kensington must be notified if the property is in a designated area under the Selective Licensing Scheme laid down by Part 3 of the Housing Act 2004 and await our instructions. If we agree to proceed the Applicant must ensure either a valid license is in place on completion or that the borrower has applied for the license in relation to the property within 30 days following completion.