

# 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:

## **Applicants in England**

- Where the letting is to an individual or individuals in England the agreement must be an Assured Periodic Tenancy ("APT").

## **Applicants in Wales**

- 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 Applicant 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 Applicant end the contract on the minimum notice period set out in the RHWA.
- Applicants in Wales must be a registered landlord with Rent Smart Wales (or any replacement scheme in force from time to time) 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.

## **Applicants in Northern Ireland**

- 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 Applicant 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.
- Applicants in Northern Ireland are required 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.

- (i) In the case of a single fixed tenancy (which is to comply with Offer Condition 1320) at the end of the fixed term on providing notice as may be prescribed as the minimum notice period necessary under the relevant legislation applicable at the time; or
- (ii) In the case of periodic tenancy on providing notice of not more than 6 (six) months or such longer period as may be prescribed as the minimum notice period necessary under the relevant legislation applicable at the time.

### **Applicants in Scotland**

- Where the letting is to an individual or individuals in Scotland then tenancy must be a private Residential Tenancy under the Private Housing (Tenancies)(Scotland) Act 2016. Applicants must be registered landlords with the local authority.

### **All Jurisdictions**

- The Applicant 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 a House in Multiple Occupation (HMO) or Multi Unit Block (MUB).
- 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.
- Kensington will not accept BTL properties that are rented out to or occupied by the applicant or their family members. When Lending to a Limited Company BTL, Kensington will not accept BTL properties that are rented out to or occupied by the director's / guarantor's or their family members.
- 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
  - There are Housing Association and Council leases;
  - There are Company Lets

The Applicant must ensure either a valid HMO licence is in place on completion or confirm they will apply for a satisfactory HMO licence in relation to the Property within 30 days of completion. The Applicant must ensure either a valid HMO licence is in place on completion or confirm they will apply for a satisfactory HMO licence in relation to the Property within 30 days of 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 licence is in place on completion or that the Applicant will apply for a licence in relation to the Property within 30 days following completion.