PROPERTY EXCLUSIONS

Kensington

We will only lend on residential property located in England, Wales, mainland Scotland and mainland Northern Ireland.

We will only accept properties of a standard construction (No Fines and Laing Easiform house construction types are acceptable to a maximum LTV of 80%).

We will not accept leasehold properties with less than 70 years remaining on the lease at application or commencement of the mortgage.

Where complex lease structure or split titles are in place, a referral must be made to Kensington to be considered on a case by case basis.

We do not accept the following property types:

- Properties designated as defective under the Housing Defects Act 1984 and Housing Act 1985
- Commercial properties
- Properties subject to renovation / refurbishment
- Properties suspected to be in a poor condition
- Properties in areas known, or suspected to be subject to high or extreme flood risk, coastal erosion risk, structural / subsidence issues, Mundic, contaminated land, or Electro Magnetic Fields (EMFs)
- Properties with Large Panel Systems
- Properties with a Thatched Roof including Wheat Reed Roof & Straw Roof
- Properties with an Asbestos Roof
- Freehold flats & maisonettes in England, Wales and Northern Ireland
- Properties with agricultural restrictions
- Properties with floor areas less than 30sqm
- Properties for MUBs need to have a minimum of 30sqm
- Properties less than 10 years old without either a NHBC certificate, an Architect's Certificate (Professional Consultant's Certificate), or one of the following New Build Warranties: Zurich Municipal, Premier Guarantee, BLP Limited Guarantees, Checkmate Castle 10, LABC New Home Warranties, Advantage HCI, Homeproof, Build Zone, Global Home Warranties, International Construction Warranties (ICW), Protek and Q Assur
- Properties containing Mundic Block materials
- Properties with Japanese Knotweed on site unless they are assessed as a category C and D by a qualified RICS valuer.
- Properties where the borrower or borrower owned business owns more than 25% of the freehold of the block
- Live/work units
- Grade 1 listed properties in England and Wales, or Category A listed properties in Scotland, or Grade A listed properties in Northern Ireland
- Properties determined as unacceptable security by the valuer
- Grade 2* (2 star) listed properties in England and Wales or Grade B+ listed buildings in Northern Ireland
- Properties identified as having Dry Rot
- Properties not wholly owned by the borrower. For example where equity is being retained by a builder/ developer or third party
- Properties that have been underpinned within the preceding 3 years will be deemed as unacceptable for lending purposes. All other properties that have been underpinned should have a 10 year guarantee from a reputable company warranting the works undertaken.
- Properties with 2 kitchens (unless one is situated in an annex)
- Farms or small holdings
- Buy to Let properties without a minimum Energy Performance Certificate (EPC) rating of E
- Flats above and adjacent to commercial premises that would affect saleability e.g. those properties that potentially would provide any unwanted heat, noise or smell or may present safety concerns. This would include but is not limited to: restaurants (class A3), pubs and bars (class A4), takeaways (class A5), nightclubs, casinos, amusement arcades, petrol stations, laundrettes and taxi businesses. Alongside industrial uses (classes B2-B8) and other similar uses involving machinery, such as mechanics/garages
- Properties that have been subject to a demolition order

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PROPERTY EXCLUSIONS

Kensington

- Properties in Northern Ireland that have been subject to any order under Chapter II of the Housing Order 1981
- Single skin (properties with areas of single skin brickwork restricted to a single storey and comprising no more than 15% of the external envelope)
- Flats situated above the 4th floor without a lift
- Properties with retrospective cavity fill
- Buildings clad with large concrete or aggregate panels (LPS)
- Blocks of flats that are within the RICS guidance as being in scope for an EWS1 (typically over 6 stories high) and where the EWS1 rating indicates remediation is required (rating A3 or B2)
- Blocks of flats that contain external cladding (unless the valuer is in receipt of an External Wall Fire Review EWS1 form which is no more than 5 years old and is able to provide a valuation figure)
- Stone and Part Rendered Breeze block with Pebble Dashed Outer Walls
- Reinforced Autoclaved Aerated Concrete (RAAC)
- Concrete Block or Poured Concrete
- Fully Repaired or Unrepaired Pre-Fabricated Reinforced Concrete
- Steel Framed/Steel Clad Houses
- 100% Timber Framed Properties (unless constructed post 1980 and of a modern construction)
- Cob Construction
- Colt Construction
- Properties where spray foam insulation has been used.
- Properties that are subject to a Protected Tenancy (often referred to as a Rent Act Tenancy or sometimes a TUP) typically denotes a tenancy granted before 15th January 1989.
- Properties that are subject to an age restriction for purchasers.

Properties considered under standard product terms:

We can consider the following properties, subject to geographical property value and LTV limits*.

- Ex-Local Authority/Ex-MOD flats and maisonettes
- Flats that have access from a balcony or open-decking
- High-rise flats over 10 storeys
- Basement flats
- Studio flats

* Property value and LTV limits:

- England and Wales: Min property value £200k, up to 80% LTV
- Northern Ireland: Min property value £200k, up to 75% LTV
- Scotland: Min property value £150k, up to 80% LTV

Ground Rent and Service Charges

Solicitors will be required to confirm prior to completion the remaining unexpired term of the lease and the ground rent and the service charge fees in respect of the property. Any outstanding arrears must be paid prior to completion of our loan.

If the lease is a regulated lease under the Leasehold Reform (Ground Rent) Act 2022, the ground rent must be no more than 'one peppercorn per year' or a 'peppercorn rent'.

If the lease is not a regulated lease under the Leasehold Reform (Ground Rent) Act 2022, then:

- A peppercorn or low ground rents are acceptable
- Ground rent must be reasonable and not exceed 0.1% of the market value of the property when taken as security.
- Provisions which allow for ground rents to be increased over and above Retail Price Index (or other inflation linked index) are not acceptable.
- Unreasonable multipliers of ground rent (for example, doubling every 5, 10, 15 years) are also not acceptable.

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