



SKIPTON INTERNATIONAL

Property Letting Requirements Scotland only

Skipton International's requirements for letting your UK Buy To Let property

Becoming a landlord is a risk. We expect you to treat tenants fairly and comply with all the legal requirements of being a landlord. This includes health & safety obligations towards the tenant and all licensing and registration requirements.

We cannot advise you on these aspects, but will expect you to understand and adhere to the same throughout the duration of your mortgage. It is important that you take independent advice on the role and responsibilities of being a landlord before you decide to proceed with your mortgage.

We strongly recommend that you seek professional advice as to the type and content of any tenancy agreement you wish to enter into as to the relevant legal and practical consequences. We cannot provide such advice. You are responsible for all legal and other costs incurred in connection with the preparation of the tenancy agreement.

Portfolio Landlords

Once an applicant owns, or will own as a result of their proposed purchase(s), four or more mortgaged buy to let properties, they are classified as a "Portfolio Landlord" in accordance with the Prudential Regulation Authority definition. At this point lenders are required to apply enhanced affordability checks.

If you are a Portfolio Landlord as defined above, Skipton requires any properties within your portfolio, that are mortgaged via other lenders, to meet Skipton International's BTL affordability criteria. This means that rental income must provide a minimum of 125% interest cover, when interest is calculated on total borrowings at a rate of 6%. This calculation is applied to all BTL properties mortgaged outside Skipton International on a collective basis. In the event of a rental shortfall, the application will be declined. In addition;

- Skipton International can offer a maximum of 5 BTL properties to any one client
- Skipton International is unable to accept applications from clients who have 10 or more BTL properties.
- Skipton International will allow a maximum of 3 BTL properties, within the whole portfolio, to be held within any 1 post code district, eg. SW1, in the event of more being held the application would be a decline.

Provided Skipton International's Property Letting Requirements are met in full, you have Skipton International's consent to let your property, as required by the mortgage conditions detailed within your mortgage offer letter.

TENANCY AGREEMENT REQUIREMENTS

1. The tenancy agreement must create a short assured tenancy (if before 1 December 2017) for a minimum term of 6 months, maximum term of 1 year, or a private residential tenancy (if on or after 1 December 2017).
2. We will also agree to company lets where the corporate uses the property for occupation by its employees and is responsible for the rent, provided it is not premium lease and there is no sub letting. Occupation of the property must not be limited by agreement to a names employee but be available to any employee of the tenant company, subject to the prior approval of the borrower to the selected employee(s). The borrower must not be connected or associated with the tenant company. Occupation must be by one family only. We will not accept the applicant's purchasing property and then creating a tenancy agreement with a letting company, who subsequently sublets to tenants.
3. Tenancies must be of the whole property. We will not accept any kind of business tenancy over any part of the mortgaged property including land/outbuildings.

Continued overleaf

4. We will not accept lettings which would result in multiple occupation requiring a mandatory licence from your local authority. Our current lending policy is also that there should be no more than four tenants, forming no more than one family unit, or where we have agreed the letting and property are suitable, to professionals, provided there are no more than 2 occupants.

Notwithstanding the above criteria, your property may still require licensing by your Local Authority or County Council in order to enable a tenancy to be created. If a license is required, Skipton International will require a copy. It is your responsibility to obtain and maintain this License.

5. We will not accept "premium" leases where rent is paid wholly or largely up front.
6. Lettings to DSS recipients or to any person(s) with diplomatic immunity are not acceptable.
7. In Scotland you must have obtained your license to let. For existing short assured tenancy's you must also have obtained receipted notice under S23 (housing) Scotland Act 1988.
You must observe any restrictions in your property title regarding the use and occupation of your property.
8. Where the property is leasehold, you must adhere to all the terms of the lease including those relating to sub-letting. If the landlord's consent is required, a copy of the written consent, together with confirmation that buildings insurance will continue must be obtained by you. If ground rent and service charges are payable, you must continue to pay these to your landlord.
9. You are responsible under the Mortgage Conditions to protect the value of the property through upkeep and maintenance, whether or not the property is let.
10. Please note, the following cannot live or intend to live in the security property whilst there is a mortgage in place with Skipton International; Applicant/s or a family member e.g. Applicant, Spouse, Civil Partner, Parent, Grand Parents, Sibling, Child or Grand Child

Tenancy agreements should include the following five clauses (or suitable alternatives):

1. During the term of the tenancy not to assign or sublet the property and not to part with possession of it in any other way.
2. Not to carry on any trade, profession or business on or from the property or any part of it and to use the property as a private residence only for occupation by one family only.
3. Deliver up the property to the landlord at the end of the tenancy in the same good and clean state of repair, condition and decoration as at the commencement of the term (fair wear and tear and damage by accidental fire excepted).
4. Not to use the property, or knowingly allow it to be used, for illegal or immoral purposes and that includes the growth, production or use of any illegal drugs which are, or become prohibited or restricted by statute.
5. Structural or exterior alterations should be prohibited

Any tenancy agreement that does not comply with these requirements will not be acceptable and will be deemed unauthorised.

Other conditions of letting:

1. You should ensure that you have obtained copies of up-to-date satisfactory employment, or other as appropriate, references for the proposed tenant(s).
2. Monthly payments to the mortgage account must continue to be maintained by you whether or not the property is let. Please note that we do not accept payments directly from tenants.
3. If you take a deposit from the tenant, you must comply with the requirements of the current law, relating to tenancy deposits in Scotland. If you do not do so, and we need to take the property into our possession or appoint receiver, we will add the deposit to the mortgage account.

Insurance on let properties:

It is a condition of your mortgage that buildings insurance must be in place on completion and continue throughout the duration of your mortgage.

For information: Contents cover is likely to require specialist landlord cover.

You should consider how mortgage commitments will be maintained in the event of void periods.

You cannot insure your mortgage payments for unemployment, accident or sickness cover but you may be able to insure for rental voids. It is in your interest to take advice about the most appropriate insurance cover for your needs.

You may find the following sources of information useful:

Scottish Association of Landlords Scottislandlords.com



**SKIPTON
INTERNATIONAL**

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

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To help maintain service and quality, some telephone calls may be recorded and monitored

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