

# Lending criteria

## The applicant

- Minimum age is 55 (60 on H200 & H220), maximum age is 84 & 364 days.
- Sole or joint applications (in cases of a joint application the age of the youngest borrower will be taken) and sole applications only for Horizon 620.
- The maximum number of applicants is 2 (the maximum for Horizon 620 is 1) and the property must be registered to the borrower(s).
- A Deed of Consent (waiving occupancy rights) will be required for individuals aged 17 or above living at the property or subsequently moving into the property (not borrowers), providing they are not a spouse or civil partner.

### Residency

#### Applicants must be:

- UK Nationals or individuals with settled status (permanent right to reside or indefinite leave to remain). An individual with a pre-settled status (maximum right to reside of 5 years) will not be accepted. This applies to both Initial and Further Advances.
- Resident in the UK and provide an address history covering the last 36 months.

### Employment

Available to individuals meeting the minimum age requirements regardless of employment status.

### Proof of identity (money laundering)

We are required to seek satisfactory evidence of identity from all new customers by completing identity checks or relying on the evidence from the intermediary. We will ask for copies of the evidence.

### Proof of age

You will need to confirm that you have verified the age of each customer in the application. In addition, Standard

Life Home Finance will perform additional checks on proof of age or rely on the evidence from the intermediary. We will ask for copies of the evidence.

### Power of Attorney (POA)

- Applicants can appoint a Power of Attorney, providing they are not party to the lifetime mortgage, to sign any documents in relation to the mortgage on their behalf, providing that it has been correctly registered with the Court of Protection or Office of the Public Guardian. Evidence to support this must be provided.
- On all Power of Attorney cases where the Attorney is not party to the mortgage, Standard Life Home Finance will comply with the Money Laundering Regulations and thus the Attorney(s) will be subject to the same money laundering checks which are applied to all applicants. Where the Power Of Attorney is an applicant, this is unacceptable.
- Where the application is in joint names, however one of the applicants reside in permanent long-term care and will not be returning to the main residence,

then an application may proceed with a suitable POA.

- Where the applicant is married and the title is in their sole name, however the spouse is in permanent long-term care, applications can be considered subject to confirmation being provided that they are not in a position to return to the property and a suitable POA is in place. An occupier's waiver must be completed by the POA.

### Criminal convictions

We do not accept applicants who have (or live with someone with) a criminal record, unless the conviction is for minor traffic offence(s), or it is spent under the Rehabilitation of Offenders Act 1974.

### Bankruptcy and credit adversity

Applications will be accepted from applicants who have:

- Been discharged from bankruptcy (known as sequestration in Scotland).
- Satisfactorily completed the term of an Individual Voluntary Arrangement (known as a Protected Trust Deed in Scotland).

### **Applications will NOT be accepted from applicants who:**

- Are undischarged bankrupts, or, in Scotland are currently the subject of a sequestration.
- Are party to a current Individual Voluntary Arrangement, or in Scotland a Protected Trust Deed which upon completion won't be satisfied.
- Have a judgement registered at the property address, which is not linked to the applicants).
- In Scotland, are the subject of an undischarged inhibition.

### **The following are not subject to assessment:**

- County Court Judgements registered against the individual(s) – applies to both past and current judgements.
- Defaults, arrears with other lenders and missed credit payments registered against the individual(s).

### **The loan**

The loan amount is from £10,000 up to £1,500,000. Loans exceeding £750,000 must be referred for approval.

### **The property**

Minimum valuation for all types of property is £99,000. The maximum property value is £5.1 million, however properties valued at or above £2 million must be referred.

### **Tenure**

#### **The following types of tenure are acceptable:**

- Freehold
- Leasehold (England and Wales)
- Absolute ownership (Scotland)

### **Property types**

Properties of standard construction (i.e. tile, slate, brick, stone or timber frame with outer walls of brick/stone/block, built 1970 or after) are acceptable.

### **Use of property**

The whole of the property, including any 'detached/integrated annexe' must be used for family/personal use with no formal letting. Annexes must be on the same title as the main property, must be of standard construction and must have no negative comments from the valuer. The annexe is to also be less than 50% of the overall property.

No business use is acceptable with the exception of a home office use where no structural change is needed to sell the property as 100% residential. No letting to family members or unauthorised letting. Cases where there is no formal agreement may be referred.

### **Property building insurance**

The property must be insured to cover the reinstatement value of not less than the amount advised in the valuation report. A copy of the policy certificate or schedule is required for approval prior to completion and more 2 life Limited trading under the brand name Standard Life Home Finance must be noted on the policy in the case of freehold and absolute ownership properties. In the case of leasehold properties, the noted interest will be the landlord or management company. Where a copy of the policy, certificate or schedule is not available a fully completed Certificate of Comprehensive Building Insurance must be provided by the borrower's solicitors prior to completion.

### **Second and further charges**

No second or further charges are permitted with any other lender on mortgaged property at the time of completion. Any outstanding secured loans must be repaid at the outset.

### **Further advances**

After the initial advance has been made, it is possible to apply for a

further advance with Standard Life Home Finance. However, this will be subject to the future value of your home and/or changes to the maximum level of lending we are prepared to offer you and fees may apply (as per the Tariff of Charges). Lending terms and interest rates are subject to change and may be different to those which apply today. The minimum further advance that can be applied for is £5,000.

### **Validity Periods**

#### **References, valuation and the Offer are valid for:**

- Application Form – 6 months
- Voters Roll/Credit Search – 6 months
- Valuation Report – 6 months
- Offer – 84 days

### **Valuer's report**

Properties must be valued by an approved firm instructed by Standard Life Home Finance from our valuers panel. A full internal inspection report must be prepared on an approved Standard Life Home Finance valuation report and supported where applicable, by an approved Standard Life Home Finance mortgage valuation re-inspection report.

Valuation reports are only acceptable where they have been instructed by Standard Life Home Finance directly with the panel valuer or by an authorised service provider to Standard Life Home Finance.

### **Solicitors**

Standard Life Home Finance will always instruct its own panel conveyancing firm to act on its behalf in respect of conveyancing. Applicants may proceed with a firm of their choice. Applicants are liable for their own legal costs.

## Acceptable property types

### Location

Properties in England, Wales and Mainland Scotland

### Tenure England and Wales

- Freehold houses & bungalows
- Leasehold houses & bungalows, providing local authority/housing association are not the freeholder
- Leasehold flats/maisonettes, blocks up to six storeys high, over four storeys must be serviced by a working lift and providing there are no adverse comments on saleability/marketability from the valuer relating to the lift. Where the property is in a block with more than three units an independent management company must be in place

### Tenure Scotland

Absolute ownership, Heritable and Feudal houses, bungalows and flats/maisonettes, with the exception of ex public sector/housing association flats/maisonettes

### Leasehold requirements England and Wales

The unexpired lease term at the time of completion is to be equal to or more than 175 minus the age of the youngest borrower

### Tenants, lodgers and other occupants

Lodgers residing on an informal basis without security of tenure up to a maximum of 2 people, excluding family members (with a signed Deed of Consent)

### Barn conversions

Subject to all relevant permissions obtained

### Ex-public sector houses & bungalows

Subject to surveyor confirmation of demand for owner occupation and no saleability issues (providing local authority/housing association are not the freeholder/landlord)

### Listed buildings

Grade 2 in England/Wales or Grade C in Scotland

### Close proximity to commercial properties

Can be considered subject to valuers comments

### Utilities

Private septic tanks should be compliant with building regulations, solar panels should conform to the UK Finance guidance and minimum requirements, mains water and electricity. Ground source and air source heating systems are acceptable, subject to Valuers comments

### Construction walls

- Conventional walls i.e. 265mm + cavity, 225mm + solid of brick, block, stone etc.
- Modern timber framed built post 1970 with an outer skin of brick, stone or block & compliant with building regulations
- Tudor style timber framed in historic towns/areas, subject to satisfactory comments by Surveyor and no saleability issues
- Steel framed houses & bungalows built post 2000
- Steel framed blocks of flats – subject to satisfactory comments by Surveyor and no saleability issues
- Cob construction
- Crosswall construction where deemed as standard by the Surveyor
- Wimpey – No Fines concrete walls
- Laing Easiform Concrete
- SSHA (Scottish Specialist Housing Association) No Fines Concrete
- Single skin walls of a single storey representing a minor part of the property, i.e. non-habitable rooms or up to 10% of habitable accommodation, subject to no negative comments from the Surveyor.

### Builder's warranties

- NHBC
- LABC
- Zurich Municipal New Build Guarantee
- New build requirements; Sales incentives are accepted up to a max of 5% of the property valuation or agreed purchase price, where offered by a recognised house builder. A UK Finance Disclosure Form must be provided to the valuer. If they exceed 5%, the excess must be deducted from the purchase price. Where they are offered by any party other than a recognised house builder, all incentives must be deducted from the purchase price.
- Build Zone 10 year warranty
- Castle 10 New Home Warranty
- Any warranties acceptable under CML but not listed can be referred

## Roof

- Tile/slate
- Thatched roofs
- Properties with a flat or low pitch roof covering up to 50% of the total habitable roof area are acceptable subject to the valuation report indicating that no roof repairs are required
- Flat or low pitch roofs in excess of 50% of the total habitable roof area are only acceptable subject to the valuation report indicating that no roof repairs are required and suitable construction materials are used e.g. asphalt, metal sheet (copper/lead/zinc), EPDM and GRP
- Felt roofs and ex-Local Authority properties are accepted where the flat roof does not exceed 50% of the total habitable property area
- Purpose built blocks of flats with a flat roof are acceptable

## Structural

Properties that have been underpinned more than 3 years ago and must have a certificate of structural adequacy from a reputable company

## Flying freeholds

Subject to:

- the element of flying freehold is less than or equal to 15% of the overall floor space and satisfactory Surveyor's comments and
- the flying freehold area relates to a ginnel or passageway

## Environmental matters

Japanese Knotweed is acceptable providing the grading is either C or D, subject to valuers comments. Where the grading is either A or B these can be considered subject to where any damage or access issues to the property or amenity have been fully repaired and the knotweed has been treated with an appropriate remediation/management programme with an insurance-backed guarantee by a suitable specialist and subject to valuers comments

## Rural Proximity

Where local amenities that would be expected to be seen in that area are approximately 10km radius or less from the property

## Service Charges

**In England and Wales** – The combined total of the Service Charges, Estate Rent Charges & Ground Rent must be equal to or less than 2.5% or less of the property value.

**In Scotland** – Deed of Condition is not always required as maintenance charges covered by Tenement Management Scheme

## Ground Rent

Ground rent should not exceed 0.2% of the property value and have no onerous rent escalations, please see unacceptable section for details

## Land

Equal to or less than 5 acres of land are acceptable but anything above 2 acres must be referred. Properties between 5 acres and 15 acres can be considered subject to lending being based on 5 acres and where a charge is taken over the whole title

## Retentions

Where it is identified the cost of works/repairs are less than or equal to £5,000, with a minimum applied retention of £2,000. Please note – where the works are deemed to be structural in nature e.g. significant damp or wet rot, structural corrosion, wall tie issues, wood boring beetle infestation, utility repairs etc. then a full retention will be applied and the works must be completed before completion. Undertakings for works are unacceptable

## Other

Smaller substations, often located on residential streets and typically no larger than a garage, the property will be acceptable based on the valuer's comments and valuation.

## Criteria to be referred

- Properties of non-standard construction
- Properties above £2 million and below £5.1 million
- Properties above 2 acres but less than 15 acres
- Properties where the combined annual service charge, ground rent & estate rent charges are in excess of 2.5% of the property value and the property deemed as prestige
- Loans above £750,000
- Properties adjacent or near to non-residential properties e.g. schools, churches, dentists, healthcare and sports facilities
- Where an applicant(s) address history is under 36 months in the UK
- Wooden electric poles within influencing distance of the property

## Unacceptable property types

### Location

Scottish Isles, Isle of Man, Northern Ireland, Channel Islands, Scilly Isles

### Tenure

- Freehold flats/maisonettes
- Commonhold Tenure
- Blocks over 6 storey high (unless a prestigious block & approved by Funder)
- Properties defined as 'Other Freehold' under CML
- Where the applicant owns a flat, however there is no lease but owns the freehold to the entire building, these are unacceptable
- Where the applicant owns a flat, where each flat is leasehold and the freehold is held jointly by each flat, these are unacceptable
- Where the applicant owns a leasehold flat but also owns the freehold on separate title

### Tenants, lodgers and other occupants

No renting of the whole or part of the property is acceptable or commercial usage. Lodgers residing on an informal basis can be considered.

### Type

- Studio flat; i.e. an open-plan living area that incorporates kitchen and bedroom facilities
- Shared ownership (other than between the applicants)
- Ex-public sector flats/maisonettes or where the local authority/housing association are still the freeholder/ landlord
- Listed buildings: Grade 1 & 2 star in England/Wales or equivalent in Scotland
- Commercial properties or properties situated above or adjacent to commercial properties
- Sheltered accommodation and age restricted properties
- Live/work units
- Park homes
- Properties designated defective under the 1984 Housing Act

### Construction walls

- Non-standard construction types
- Alumina cement
- Bryant wall frame
- Concrete panels
- Camus construction
- Canadian cedar wood
- Frame with cedar wood panels & pvc
- Cement render
- Properties built entirely of wood
- Concrete pre-cast
- Cornish unit
- Cubbitt – steel framed
- Mundic concrete block (B & C)
- Norfolk clay lump
- Norwegian log
- Norwegian timber frame
- Poured concrete (other than Wimpey No Fines or Laing Easiform)
- Tarran – pre-fabricated
- Salt home (Swedish unit)
- BISF – steel framed
- Timber frame with cement and rendered outer wall
- Timber frame with fibre glass and plasterboard insulation
- Wattle & Daub
- Woolway Homes
- Older timber framed (pre 1970)
- Asbestos walls
- Single skin walls of less than 225mm thickness (except where single storey, a minor part of the whole property & in non-habitable rooms or less than 10% of habitable accommodation)
- Pre-fabricated or any properties constructed of or supported by concrete (with the exception of larger blocks of flats, Wimpey No fines concrete walls and subject to individual approval by the surveyor)
- Colt construction
- Modern methods of construction

**NB. The unacceptable property types should not be used as an exhaustive list. If in any doubt, refer to Standard Life Home Finance for a decision on acceptance.**

### Roof

- Asbestos roof
- Where roof coating has been applied internally and externally to prolong the natural life span
- Flat roofs requiring repair or where the flat roof is over 50% of the total habitable roof area and of unsuitable construction materials
- Felt roofs and ex-Local Authority properties where the flat roof exceeds 50% of the total habitable property area
- Where the roof has been turnerised (covered with mesh and then coated in bitumen in order to waterproof the roof and hold the slates in place)
- Open cell type roof insulation i.e. Icyene and external roof coatings
- Roofs internally insulated with foam insulation

### Environmental matters

- Properties that have flooded in the past 15 years due to environmental causes
- Properties exposed to coastal erosion

**Flying freeholds**

>15% of the overall floor space and is not over a ginnel or passageway

**Land**

- More than 5 acres of land but less than 15 acres (where a charge can't be taken over the whole title)
- More than 15 acres of land

**Retentions**

Where it is identified the cost of works /repairs are greater than £5,000. Please note – where the works are deemed to be structural in nature i.e. wall ties, damp then a full retention will be applied and the works must be completed before completion. Undertakings for works are unacceptable

**Service charges**

Where the combined annual service charge, estate rent charges and ground rent are greater than 2.5% of the property valuation

**Ground Rent**

- Where ground rent exceeds 0.2% of the property value
- Onerous ground rent escalations will not be accepted. Onerous ground rents include:
  - Ground rents that double at regular intervals with no cap
  - Ground rent escalation exceeds RPI or similar index
  - Ground rent escalation review period is less than or equal to 5 years
- If the ground rent during the lease term rises to >£250 per annum (or >£1000 per annum in Greater London) these will require a deed of variation or a suitable indemnity policy to be arranged as part of the legal process.

**Utilities**

- Shared septic tanks, alternative methods of central heating
- Private water supplies
- Solar panels that do not comply with the UK finance guidance and minimum requirements

**Adjacent to/above or near commercial properties**

- Where the surveyor deems the commercial premises to have an adverse effect on the future marketability/saleability or are adjacent/above adverse commercial premises
- Properties with outbuildings in use for commercial purposes

**Structural**

Properties that have been underpinned within the last 3 years and also where the structural movement isn't long standing and/or is progressive and/or required monitoring.

**Rural Proximity**

Where local amenities which would be expected to be seen in that area are further than a 10km radius from the property

**Other**

- Substations adjacent to the property
- High voltage power lines passing directly over the property



Our lifetime mortgages have received a 5 Star Rating by Defaqto, meaning they come with a comprehensive level of features and benefits, and provide one of the highest quality offerings on the market.

## Find out more

If you'd like more information about how Standard Life Home Finance and our lifetime mortgage plans could help both you and your clients secure a brighter financial future, please get in touch

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