Property Letting Requirements

Armed Forces Covenant

SKIPTON BUILDING SOCIETY

Section 1: Account Details

Account Number

Name

Contact number

Correspondence Address (whilst property is let)

Postcode

Expected Tenancy Start Date (DD/MM/YY)

/ /

New correspondence address date (DD/MM/YY)

/ /

Section 2: The Society's requirements for agreeing to the letting of your property

This applies to

Customers who are active members of the Armed Forces.

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 so you should ensure you have taken 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.

Until all the signed documents including the declarations attached to this form are returned to us, you do not have consent to let. Once all required documents have been returned, provided the Society's conditions of letting are met, you are given the Society's consent to the letting of the property for the purpose of the Mortgage Conditions.

However, if the property is under Shared Ownership, the Society requires written consent to let from the Housing Association prior to the Society considering granting our own consent to let. Until we receive this confirmation and completed our own considerations, you do not have the Society's consent to let your property. If consent is granted, you must ensure you comply with any conditions of both the Housing Association's and our own consent to let. The Society will not grant consent to let for a period which exceeds that granted by the Housing Association. Please note that your account will revert to a residential loan once the Housing Association's consent to let period has ended.

We do not require to see a copy of the tenancy agreement. We work on the basis that as long as you have complied with all our requirements when your property is let, you have our consent to let the property. This is referred to as 'deemed consent'. However, the letting will be treated as unauthorised if we discover any requirements have not been complied with, unless we have given specific written consent after being advised of this.

Section 3: Tenancy Agreement Requirements

1. The tenancy agreement must create an assured shorthold tenancy in England & Wales, a short assured tenancy or, from 1st December 2017, a private residential tenancy in Scotland, or a protected shorthold tenancy or a tenancy which is not regulated, restricted or protected in Northern Ireland. We will not accept any type of business tenancy of the whole or part of the property.
2. We will agree to company lets (for a minimum term of 12 months, maximum 3 years in England and Wales) where the corporate body uses the property for occupation by its employees and is responsible for the rent, provided it is not a premium lease (see note 5 below) and there is no sub-letting, Occupation of the property must not be limited by the agreement to a named individual employee but be available to any employee of the tenant company, subject to your prior approval of the selected employee(s). You must not be connected or associated with the Tennant company. Occupation must be by one family only. We will not accept applicants purchasing property and then creating a tenancy agreement with a letting company, who subsequently sub let to tenants.

It is extremely important that only these types of tenancy are created - we will not accept other types of tenancy which may provide tenants with long term security of tenure.

3. All tenancies (except company lets) must be a minimum six months (England and Wales). Tenancies may be renewed or held over whilst the Covenant is in place. Tenancies must be of the whole property.
4. We will not consent to lettings which would result in multiple occupation requiring a mandatory licence from your local authority.
5. We will not consent to 'premium' leases where rent is paid wholly or largely up front.

Continued overleaf

Section 3: Tenancy Agreement Requirements *(continued)*

6. Lettings, sub-lettings or assignments are not acceptable, to any person(s) with diplomatic immunity. Our current policy is also that there should be no more than 4 tenants, forming no more than one family unit, or where we have agreed, to students and professionals, provided there are no more than four occupants.
7. In Scotland you must have obtained your Licence to Let. For existing short assured tenancies you must also have obtained a receipted notice under S32 (Housing) Scotland Act 1988.
8. You must observe any restrictions in your property title regarding the use and occupation of your property.
9. Where the property is leasehold, you must adhere to all the terms of the lease relating to sub-letting. If the landlord's consent is required, a copy of their 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.
10. You are responsible under your mortgage conditions to protect the value of the property through upkeep and maintenance, whether or not the property is let.

Tenancy Agreements should include the following five clause(s) (or suitable alternatives):

1. During the first three months of the tenancy not to assign or sublet the property and not to part with possession of it in any other way. Thereafter not to assign, sublet or part with possession of the whole or part of property in any way without the consent of the landlord, that consent not to be unreasonably withheld.

   Company letting agreements- not to assign or sublet and not to part with possession to anyone other than company employees and their immediate family.
2. Not to carry on or allow any trade, profession or business on or from the property 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 including 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 which does not comply with these requirements will not be acceptable and will be deemed unauthorised.

Any unauthorised letting is in breach of the mortgage contract and will result in the mortgage rate increasing to the unauthorised letting rate as referred to in the Tariff of Mortgage Charges, until the situation is rectified and the letting will not be binding on the society.

If an unauthorised tenancy is created, any rate switch of increase does not imply any consent on the part of the Society and you must rectify the breach of your mortgage as soon as possible.

Section 4: Other conditions of letting

The letting of the property will be deemed to be approved, provided you comply with these Property Letting Requirements and:

1. Whilst the Covenant is in place you do not need to pay any Lettings Administration Fee and your interest rate will not be increased (except if the Covenant ceases to apply and you choose to continue to let the property or are in breach of the Property Letting Requirements. Fees shown in the Tariff of Mortgage Charges for these matters whilst the Covenant is in place will not apply to you. If you comply you will retain your current product, (any early repayment charges will continue to apply) and the rate of interest payable remain the same.
2. You should ensure that you have obtained copies of up-to-date satisfactory employment or other (as appropriate) references for the proposed tenant(s).
3. 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.
4. If you take a deposit from the tenant, you must comply with the requirements of the current law of the property's jurisdiction relating to tenancy deposits. If you do not do so, and we need to take the property into possession or appoint a receiver, we will add the deposit to the mortgage account.
5. Prior to the letting, you must obtain and let us have the written consent to the letting of any personal guarantor to the mortgage. In some circumstances we may need to carry out an affordability check on the guarantor.
6. You are legally required to provide your prospective tenant with an Energy Performance Certificate when the property is marketed to let.
7. If any licence or certificate (e.g. gas safety certificate) for use of the property for residential letting is required these must be obtained prior to the letting and maintained whilst the property is let, annually where necessary.
8. From 1 April 2018, you must comply with the Energy Efficiency (Private Rented Property) (England & Wales) Regulations 2015 which provide that it will be unlawful to grant a new tenancy of a property with an EPC rating which is lower than E (known as a sub-standard property) unless you have validly registered an exemption to the requirements. From 1 April 2020 it will be unlawful to continue to let a sub-standard property. Guidance can be found at: https://www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents
9. Should you leave the armed forces the covenant would no longer apply. Please contact us if this is the case as continuing to let the property would require us to consider whether consent to let can be granted.
10. If you move back into the property please advise us so we can update your correspondence address.

Continued overleaf

Section 5: Conditions about insurance on let properties

When you let your property is it likely that the insurance you have, such as contents or mortgage payment protection, will no longer be valid. Therefore, before you let your property it is important that you check the details of your insurance policy to assess whether you are still covered and contact your insurer where necessary.

Buildings Insurance

You must ensure Building Insurance will not be affected by the letting and arrange alternative cover if it is. It is a condition of your mortgage that Buildings Insurance must be maintained throughout the duration of your mortgage.

Combined Home & Contents Insurance

Combined Home & Contents insurance is generally intended for properties which are the main residence of the owner. Some contents insurance will not be valid for let properties and buildings cover may have limitations for let properties. Please contact your insurer.

Mortgage Payment Protection Insurance (MPPI)

If you currently have this cover, it may be invalid from the date the property is let. Please contact your insurer direct. Skipton policies will be invalid.

Void periods cover

Specialists providers may be able to arrange cover for loss of rent when you cannot find another tenant for a period of time.

Section 6: Correspondence address whilst property is let

Name and address of the letting agent or other person(s) with whom you wish us to deal in your absence (if applicable) in connection with the letting of your property.

Address

Postcode

Telephone Number

Expected tenancy start date

/ /

Section 7: Declarations

I hereby apply for the consent of Skipton Building Society to the letting of the mortgaged property. I am aware that it is a breach of the terms of my Mortgage to let without the Society's consent, which is deemed to be granted as long as I have complied with your Property Letting Requirements.

I understand the importance of reading and complying with your Property Letting Requirements, and that the Society will seek to rely on them. I acknowledge receipt of a duplicate copy of these requirements for my safekeeping.

I understand that if the Armed Forces Covenant ceases to apply (e.g. no longer actively employed by the armed forces) I must confirm this to the Society immediately and all letting must cease. In addition to this, I understand the need to provide the Society with evidence of reoccupation, for example a council tax and utility bill. Should I wish to let out the property outside of the Armed Forces Covenant, I understand a separate application for a contact variation must be made for the Society to consider granting consent to let.

I confirm that you have explained the consequences that any letting will have on any Buildings, Contents or Mortgage Payment Protection Insurance I have.

I authorise you to obtain any necessary information about the letting of the property from any Letting Agent and/or Conveyancer I have instructed to deal with the letting or any other person named in the box overleaf.

☐ **I have included my latest payslip**

Signature of Borrower

Signature of Borrower

Date (DD/MM/YY)

/ /

Date (DD/MM/YY)

/ /

Please note: the signatures of all parties to the mortgage are required.

Signature of Guarantor (if applicable)

Date (DD/MM/YY)

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Continued overleaf

Section 7: Declarations

Please note that if the property letting requirements are not complied with you do not have the Society's consent to let and the letting will be classified as unauthorised. If, at any time we become aware that you are in breach of any of these requirements, we will class the letting as unauthorised.

You may find the following sources of information useful:

The National Landlords Association (NLA) www.landlords.org.uk
The Residential Landlords Association (RLA) www.rla.org.uk
The Scottish Association of Landlords (SAL) www.scottishlandlords.com

Skipton Building Society is a member of the Building Societies Association. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, under registration number 153706, for accepting deposits, advising on and arranging mortgages and providing Restricted financial advice. Principal Office, The Bailey, Skipton, North Yorkshire BD23 1DN.

Property Letting Requirements

Armed Forces Covenant

SKIPTON BUILDING SOCIETY

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Name

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Section 3: Tenancy Agreement Requirements *(continued)*

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☐ **I have included my latest payslip**

Signature of Borrower

Signature of Borrower

Date (DD/MM/YY)

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Date (DD/MM/YY)

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Please note: the signatures of all parties to the mortgage are required.

Signature of Guarantor (if applicable)

Date (DD/MM/YY)

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The Residential Landlords Association (RLA) www.rla.org.uk
The Scottish Association of Landlords (SAL) www.scottishlandlords.com

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Skipton Building Society is a member of the Building Societies Association. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, under registration number 153706, for accepting deposits, advising on and arranging mortgages and providing Restricted financial advice. Principal Office, The Bailey, Skipton, North Yorkshire BD23 1DN.