



# **Home Finance Property Types - Guidance Notes for Intermediaries**

# Gatehouse Bank Property Policy

## DEFINITIONS

### *House of Multiple Occupancy (HMO's)*

- Standard HMO: property occupied by at least 3 occupants, forming more than 1 household and with shared toilet, bathroom or kitchen facilities with other occupants.
- Large HMO: property occupied by at least 5 occupants, forming more than 1 household and with shared toilet, bathroom or kitchen facilities with other occupants.

### *Flats and Maisonettes:*

- For a flat or maisonette (purpose built or a conversion) to be acceptable as suitable security it must meet the following criteria:
  - It must have an appropriate access;
  - The unit must be self-contained with private facilities and separate services;
  - It must be subject to a lease with a minimum unexpired term of 70 years at the time of completion and 40 years unexpired term of the lease at maturity; or
  - It can be purpose built or a conversion.

### *New Build:*

- An initial occupancy/new build property is classed as any property being occupied and/or sold for the first time on the open market in its current state.
- These are likely to fall into one of five main categories:
  - Newly built property (from single units to large sites).
  - Re-build of an existing residential property where the vendor is a builder/developer and the property has been vacated to allow for the re-build to be undertaken.
  - Re-furnished property with significant alterations.
  - Converted property.
  - A property, either new or converted (as above), that has been tenanted through a 'Try Before You Buy' or 'Rent Before You Buy' scheme or held as trading stock and is now offered for sale by the builder/developer.

## Acceptable and Unacceptable Properties List

The table below highlights some of the main property types/scenarios that are acceptable or not acceptable to Gatehouse Bank:

PROPERTY TYPE / SCENARIO	ACCEPTABLE	
	Residential	Buy to Let
New build flats (see definition above)	Yes	Yes
Flying Freehold over 25% of the total property (anything below 25% will be considered subject to valuers comment)	No	No
Freehold Flats (Modern Coach Houses excluded)	No	No
Ex Local Authority Flats > 4 Storeys	No	No
Multi-Unit Freehold Blocks (MUFBs)	No	Yes

PROPERTY TYPE / SCENARIO	ACCEPTABLE	
	Residential	Buy to Let
House of Multiple Occupancy (HMOs)	No	Yes
Leasehold properties with less than 70 years remaining on the lease unless it is subject to an agreed exception for central London. If known the valuer will indicate the remaining term of the lease. If lease term is unknown, a residual lease of 85 years will be assumed. The valuer will make a note stating that the lease term needs to be verified.	No	No
If at a later date the residual lease is discovered to be less than 85 years, the lease information will be referred back to the valuer who will seek suitable comparable evidence or refer to the Beckett and Kay Mortgage Dependent Graph of relativity.		
Commonhold property	No	No
Self-Build Properties	Yes	Yes
Farms/land subject to commercial agricultural use	No	No
Property located in Scotland, Northern Ireland, the Isle of Man or the Channel Islands	No	No
Property subject to a demolition/Closing order (unless this is to be revoked prior to completion)	No	No
Property where the construction type has been designated as defective and the property has not been repaired under an acceptable licensed PRC scheme unless there is a retrospective Repair Certificate or the property has been built for and is in the private sector  Retrospective certification issued after the original repair date is not considered acceptable. Only certification concurrent with the works is acceptable  Adjoining houses must also be repaired to same standard	No	No
Houseboats	No	No
Mobile Homes/Park Homes	No	No
Timeshare properties	No	No
RTB Purchases / Affordable housing schemes	No	No

PROPERTY TYPE / SCENARIO	ACCEPTABLE	
	Residential	Buy to Let
RTB Refinances (once the pre-emption rights have elapsed - usually five years from purchase) /Affordable housing schemes	Yes	No
Applications for non-initial occupancy properties where there is any element of a vendor gifted deposit	No	No
Live/work schemes	No	No
Flats or properties with an internal habitable floor area of less than 28 square metres (GIA) (unless part of a multi-unit freehold block)	No	No
Ex-public sector flats in a block with any balcony/open deck access, whether for subject flat or not	No	No
Non ex-public sector flats in a block with balcony/open deck access	Yes	Yes
Serviced flats/apartments	No	No
Properties with restrictive covenant or occupancy restrictions (such as, but not limited to): - Time Spent at property (11/12 months) - Age of occupier - Agricultural such as Fishery, forestry, equestrian	No	No
Prefabricated buildings	No	No
Timber framed property that does not have a masonry outer skin	No	No
Property in which high alumina cement has been used in the construction	No	No
Properties where satisfactory tenant demand does not exist or the proposed security is considered unsuitable for private renting	N/A	No
Crofting Properties	No	No
Properties containing Mundic Block materials are to be declined unless the property has a valid Mundic report with a scored rating of A 1,2 or 3	No	No

PROPERTY TYPE / SCENARIO	ACCEPTABLE	
	Residential	Buy to Let
Properties on which there is a Local Authority grant outstanding	No	No
Properties where the condition significantly affects marketability	No	No
Properties which have shared connected services with any adjoining or adjacent property which does not form part of our security (excluding mutual services such as lifts, septic tanks and amenities in communal areas in a block of flats)	No	No
Properties constructed using concrete Large Panel Systems (LPS)	No	No
New build properties with retrospective warranties	No	No
Flats above commercial premises	<b>Refer to Bank</b>	
Grade 1 listed properties	No	No
Thatched properties	Yes	No
Any property on which buildings insurance cannot be arranged	No	No
Farms/small holdings or other properties where there is land subject to current agricultural use	No	No
Repaired non-traditional houses where the adjoining house has not been repaired	No	No
Properties with land that contains overage clauses	No	No
Wimpey no fines Construction Type	Yes	Yes
Properties with criss cross leases (also known as 'Tyneside Leases')	Yes	Yes
Commercial	No	No
Chalet style properties on holiday parks	No	No
Bed & Breakfast	No	No
Student accommodation properties	N/A	No
Sub-letting	No	No

PROPERTY TYPE / SCENARIO	ACCEPTABLE	
	Residential	Buy to Let
Properties with a lifespan less than 25 years at the end of the finance term	No	No
Properties which require stage payments	No	No
Properties is affected by or within influencing distance of any significant factor which will have a negative impact on the property's value or re-saleability (e.g. overhead pylons, coastal erosion, unsatisfactory mining search, properties likely to be adversely affected by local planning)	No	No
Properties with no kitchen	No	No
Properties with no bath/shower room	No	No
Any property determined as unacceptable security by the appointed valuer (refer to the Bank if unsure)	No	No

The above are only examples of the types of property that are acceptable or not acceptable to the Bank. However, the list is not exhaustive and the Bank will be guided by the recommendations of its Valuer as to the condition and suitability of any property as security, either before or after inspection. If you have any queries on the potential acceptability of the property, you should contact us [here](#) before the valuation is instructed, as once the valuation is carried out, no refunds of the valuation fee will be made.