

TENANCY AGREEMENT CHECKLIST FOR INTERMEDIARIES

As a lender, we are continually looking at ways we can provide support and guidance when dealing with mortgage applications. One of the common areas that we feel needs further explanation is in regards to Tenancy Agreements and the common errors that occur.

This is a guide to some of the issues with Tenancy Agreements and what you need to be checking before sending the agreement in to us.

Term and Expiry date

The fixed term must be for a minimum of six months and a maximum of 36 months. It must be valid when the case is submitted.

We no longer require rolling contract letters where an AST has expired.

If the rental income from the expired AST is insufficient but we are informed that the rent has increased, obtain the customer's latest bank statement to show the increased rent.

The maximum tenancy term is 36 months, although a maximum tenancy of five years is acceptable when the tenancy is in the form of Dept for Levelling Up, Housing and Communities (DLUHC) model agreement of September 2014 (or as amended) or the Scottish Equivalent.

A BTL Re-mortgage application cannot be started without a tenant in place and must have a Tenancy agreement at the time of submission.

Where a Tenancy is due to commence the customer must have a Tenancy agreement confirming the expected rental income and the start date must be within 14 days of the application.

Address

Have you checked the address on the agreement is the address the tenants currently reside at?

One of the common issues we have is the applicants may not have updated their address with us. This can then lead to issues with the agreement and may also cause problems in regards to a credit search.

Letting to a company

Does the agreement confirm if the property will be let to a specific company?

The property may be let to a company on a corporate let. The maximum term is 12 months. Our consent is not required to renew the Tenancy, but the occupiers need to be named on the Tenancy **and they must be employees of the tenant company.**

Is there a letting agent or other agent acting as landlord?

When submitting an agreement that specifies there is an agent acting as landlord it needs to be checked that this is mentioned in the agreement.

If they are not named this could cause issues if they sign on behalf of the landlord.

Are the applicants named as landlords?

Is there a third party named on the agreement who has no connection to the main mortgage or Further Advance application? This is not acceptable to us.

Have all parties signed the agreement?

If the agreement states there are two landlords who are our applicants and two tenants, then we need everybody to sign the agreement.

The agreement will not be valid unless all parties connected to the agreement have signed it.

Please note, if we do not have a signature by one party we cannot just have that signature page present, the whole agreement must be resubmitted.

Unacceptable tenants

- Family members.
- More than five tenants.
- Holiday Lets are not allowable under the Buy-to-Let scheme.
- Multiple tenancies where each tenant signs a separate agreement.

This list is not exhaustive and further details are available on the BM Solutions website.



If you have any queries or require further information, please visit bmsolutions.co.uk or contact our Mortgage Help desk on **0345 850 5000**

For more information on how we can drive your business visit bmsolutions.co.uk

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