

Acceptable Lettings Criteria

PART A – requirements for all lettings made by you to individual occupants

The law on renting out your property is complex. We recommend you get professional advice before renting out your property.

1 Your responsibilities as a landlord

- 1.1 You must make sure you have all consents and licenses needed to lawfully rent out your property.
- 1.2 You must always follow all legal rules and any terms in contracts, licenses, or permissions that apply to your property or renting it out. This includes when advertising, before letting, and while it is rented. These are your legal duties.
- 1.3 You must also:
 - (a) keep proof that you have met your legal obligations (for example, copies of agreements and registrations) and give this to us when we ask;
 - (b) register the property on any required landlord database or register and keep any registration up to date;
 - (c) have adequate building insurance and tell your insurer when you rent out the property;
 - (d) keep the property in good condition and do not rent it out if it is unsafe or does not meet the minimum legal standards for rental properties; and
 - (e) agree that we can access information about you or the property from national databases, local authorities, or regulators. property.
- 1.4 Your property may be in England or Wales. The laws and regulations in these places are different. Additional local rules (usually set by the council) might also apply. You must make sure you understand how the location of the property affects you and which rules apply.

2 Your tenancy agreement

- 2.1 The type of the tenancy agreement you must use, and its name, will also depend on the location of the property. When we use the term ‘tenancy agreement’ we mean the agreement between you and the person renting the property that gives them the right to occupy the property. This includes a tenancy agreement (England), an occupational contract (Wales), and any other similar agreement that allows someone to live in the property.
- 2.2 Where the law allows this, the tenancy agreement must:
 - (a) set the rent high enough to cover (at a minimum) your mortgage payments to us and any bills you pay for the property;
 - (b) clearly state that we (as your mortgage lender) have a right to take possession of the property if it becomes entitled to do so under the Mortgage; and
 - (c) stop your tenant from staying in the property after the tenancy agreement comes to an end (for example by excluding any succession rights, security of tenure or rights to remain in the property after the tenancy agreement ends).
- 2.3 Each tenancy agreement must be in writing and state that:
 - (a) it is an assured periodic tenancy and not for a fixed term;
 - (b) the tenant will:
 - (i) only use the property as their home and not for any business;

- (ii) keep the property in good repair and condition; and
 - (iii) pay rent monthly or weekly;
 - (c) you can end the tenancy early if the tenant has breached any term of the agreement; and
 - (d) the tenant cannot share occupation of the property with other people who are not named as tenants, sub-let the property (let all or part of the property to someone else), or transfer the tenancy to someone else.
- 2.4 Some legal rules require you to give the person who rents the property written notice that we have a mortgage over the property. It is important that you do this.
- 2.5 The property must only be used as a home by the person(s) who has rented it from you. The property must not be used for any other purpose like business, Airbnb, or holiday accommodation. For the avoidance of doubt, corporate entities are not permitted as tenants unless we have said you can do that in your mortgage offer.
- 2.6 Rent must be paid weekly or monthly in advance.

PART B – requirements for corporate lets

- 1 The tenancy agreement with the corporate tenant must:
 - (a) require that the corporate tenant can only license the premises to its employees (and their families);
 - (b) if you are also a director, member or shareholder of the corporate tenant, require that no director, member or shareholder of the corporate tenant can occupy the property as a dwelling and that no family member of a director, member or shareholder of the limited company can do so;
 - (c) require the corporate tenant to be responsible for compliance with laws (including health and safety, gas and electrical safety) as regards the letting or licensing of property to its employees;
 - (d) not contain unusual or onerous terms;
 - (e) provide for rent to be payable monthly or quarterly;
 - (f) be for a fixed term and must not contain break clauses exercisable by the corporate tenant;
 - (g) contain forfeiture provisions for non-payment of rent and material breach of the tenancy's requirements;
 - (h) contain a non-default termination provision exercisable by you on three months' notice;
 - (i) require the corporate tenant to be responsible for keeping and/or putting the property back into at least as good a condition as it was in at the commencement of letting;
 - (j) require the corporate tenant to have in place a standard form licence agreement containing at least the provisions set out in 2.11 of the UK Government's Guidance entitled "[Letting rooms in your home: a guide for resident landlords](#)";
 - (k) must prohibit the corporate tenant from using the property as an HMO or a multi-unit freehold block;
 - (l) require the corporate tenant to prohibit sub-licensing by occupants; and
 - (m) include a landlord's right to remedy breaches by the corporate tenant, at the cost of the corporate tenant.
- 2 If applicable, you must ensure that the lease is validly excluded from having security of tenure under the Landlord and Tenant Act 1954 in accordance with the requirements of that Act.

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