

Letting out your property

England and Wales

Bank of Ireland 

EXPLANATORY NOTES CONCERNING YOUR MORTGAGE

IMPORTANT: Please read these notes before you fill in and sign the tenancy application.

1. Property insurance

Please ensure that your insurance company is notified that the property is let so that full cover can be maintained.

2. Arrears

The mortgage account must be fully up to date. Where the mortgage is in arrears, it will be necessary for the application, once received by us, to be passed to our Mortgage Collections Department for assessment before it can be processed further.

3. Further changes to your mortgage

If you wish to change your mortgage product during the period of letting, we will only agree to do this if the mortgage is switched to a Buy to Let product.

The Bank will not allow further borrowing on a residential mortgage product while the property is being let. Again, the mortgage must be switched to a Buy to Let product in these circumstances.

EXPLANATORY NOTES ON THE TENANCY AGREEMENT

1. Choosing a suitable Letting Agent

We strongly advise you to use a well established Agent who is a member of a suitable professional body – ARLA (Association of Residential Letting Agents), NAEA (National Association of Estate Agents) or RICS (Royal Institution of Chartered Surveyors).

You should also ensure that the Agent has professional indemnity insurance, as this may offer you some protection, examples being: if the Agents do not obtain satisfactory references; the Tenancy Agreement is set up incorrectly etc. Your chosen Agent will be able to confirm further details in this respect.

2. When do I need your consent?

Our standard mortgage conditions prohibit letting out the mortgaged property without obtaining prior written permission. In order to obtain written consent to the letting you must comply with the requirements set out in this document. You should also complete, sign and return the attached application form. Once you have written consent, you do not need to contact us regarding any subsequent lettings, providing that any future Tenancy Agreements comply with the conditions stated in the 'Summary of Our Requirements' section of this document.

The letting agreement must be a written Assured Shorthold Tenancy, being a direct contract between yourself and the tenant occupier, and which can be determined under mandatory grounds for possession.

The principal reason for placing this restriction upon you is that we wish to ensure that it will be possible to recover possession of the property from the tenant. The value of the property may be considerably reduced if it is occupied by persons who cannot be legally evicted because a valid notice to quit cannot be served. You are strongly advised to take independent advice from a solicitor or other professional adviser when letting out your property.

In certain circumstances you will be unable to use an Assured Shorthold Tenancy. This applies if the tenancy is an excluded tenancy under the Housing Act 1988 due to the annual rent payable exceeding the amount prescribed in Schedule 1 of the Act or if it is a residential letting to a registered company. These lettings may also be acceptable.

Please refer to the relevant part of the notes entitled 'Summary of Our Requirements – The Tenancy Agreement'.

Please note that you will need our prior written consent to any other form of letting.

3. Mandatory grounds for possession

If the requirements of a mandatory ground are shown then a court must order a tenant to vacate the property. Under an Assured Shorthold Tenancy the Landlord is able to serve written notice, in accordance with the Housing Act 1988 (as amended), in order to bring the tenancy to an end when the term has expired.

An Assured Shorthold is a form of an assured tenancy. Other mandatory grounds for possession are listed in Schedule 2 of the said Act, an example being if the tenant has not paid the rent for a certain period. A mortgage lender is also given a mandatory ground to end the tenancy provided that certain notices are served on the tenant no later than the beginning of the tenancy. To protect our position it is our requirement that valid notices under Grounds 1 and 2 are served.

Notice can be served by a clause within the Tenancy Agreement itself for example:

'The Landlord gives and the Tenant acknowledges receipt of notice that:

- (a) the Landlord is the owner occupier of the Premises within the meaning of Ground 1 of Schedule 2 of the Housing Act 1988 and possession of the premises may be recovered under the said Ground 1 and
- (b) the Premises are subject to a mortgage within the meaning of Ground 2 of Schedule 2 of the said Act and possession of the Premises may be recovered by the mortgagee under the said Ground 2.'

This reflects the wording in the Housing Act 1988 which requires, under Ground 2, that 'notice was given as mentioned in Ground 1 above'. It appears that a mortgage lender is only covered if the Landlord serves a Ground 1 notice as well. We therefore require notices to be given under both Grounds 1 and 2.

Many agents will serve these notices in their standard tenancy documentation as a matter of course.

4. What if my property is leasehold?

If your property is leasehold there may be additional requirements laid down by the Lease. You must ensure that the Lease permits letting the property and that any consents required are obtained.

5. Occupation of the property

We wish to ensure that the Tenancy Agreement is with the actual person(s) who will occupy the property. The tenant must not be allowed to sub let the property or any part of the property. A new assured shorthold agreement should be entered into with any new tenant.

We do not allow 'multiple occupancy'. In normal circumstances one Tenancy Agreement will be used to let out the entire property to the named tenants. The named tenants, with any dependants, will then form a single household. Multiple occupancy will arise if the property is divided into parts and is not let as a single residential dwelling.

Please also refer to the requirements of your property insurers.

SUMMARY OF OUR REQUIREMENTS

THE TENANCY AGREEMENT

If the letting agreement and any future letting agreement complies with our requirements detailed below, then once you have received written consent to the initial tenancy, you need not obtain written permission from us before letting your property in the future.

1. The tenant must be an individual or individuals occupying the property as a single private residential dwelling

The only exception is if the proposed tenancy is a company (registered at Companies House) which requires the property for residential use by an employee under licence.

2. The tenancy must be a written Assured Shorthold Tenancy with notices under Grounds 1 and 2 of Schedule 2 of the Housing Act 1988 (as amended) served not later than the beginning of the tenancy

The only exception to this requirement will arise if either the proposed letting is to a company (as described above) or if the amount of rent payable under the agreement excludes the tenancy from the provisions of the said Housing Act. In these circumstances, we require the following notice clause to be incorporated into the Tenancy Agreement:

'The Landlord hereby notifies the Tenant that the property is subject to a mortgage in favour of the Governor and Company of the Bank of Ireland and that under the said mortgage the said Governor and Company of the Bank of Ireland may in certain circumstances be entitled to exercise a power of sale conferred on it by the mortgage and/or section 101 of the Law of Property Act 1925 and may recover possession of the property in pursuance of that power.'

3. All parties to the mortgage must agree and sign the Tenancy Agreement as Landlord. Guarantors must give their written consent to the letting

4. The tenant must be prohibited from sub letting or taking in a lodger under the Tenancy Agreement

5. If the mortgaged property is leasehold and the Landlord's and any Superior Landlord's consent is required under the terms of the applicant's lease then this must be obtained

6. The term of the tenancy must not be longer than two years

7. The rent must be payable no less frequently than on a monthly basis. The amount of rent paid monthly must be more than one monthly mortgage instalment

Please note that you will need to obtain our written consent prior to any letting that does not meet these requirements

APPLICATION FOR PERMISSION TO LET OUT A RESIDENTIAL PROPERTY

TO BE COMPLETED AND SIGNED BY ALL BORROWERS AND ANY GUARANTOR(S)

Mortgage account number(s)

Borrower(s) name(s)

Occupation

Employer

Occupation

Employer

Address of property to be let

New correspondence address

Date new correspondence address effective from

(This will be the address used for all future correspondence, until you notify us that you have moved back into the property, or that you wish to use a further address for contact purposes – please note that correspondence can only be sent to one address other than the property address.)

E-mail address

Home telephone number(s)

Mobile telephone number(s)

Please make sure that you enter a contact telephone number in the above box, so that if there are any questions concerning the application form, we can contact you immediately. If you have given us your mobile phone number we will provide you with progress updates on your application via SMS texting. There is no extra charge for this service and we will not send you marketing material via these updates. Our customers normally appreciate these texts but if you prefer not to receive them please advise us in writing and we will stop this service for you.

Please provide a detailed explanation of why you require to let the property

Please confirm the proposed length of the tenancy term

OUR CONDITIONS FOR GRANTING CONSENT TO A TENANCY

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DECLARATION

1. I/We have read and understood the requirements of the Governor and Company of the Bank of Ireland relating to any proposed letting of the property mortgaged to the Governor and Company of the Bank of Ireland
2. I/We agree that any letting of the property will be in accordance with those requirements and I/we understand that if the letting meets those requirements then I/we need not apply for prior written consent to the letting
3. I/We agree and understand that your general consent will not apply if the Housing Act 1988 (as amended) is further amended or abolished and I/we will need to apply for prior written consent for each letting subsequent to that amendment or abolition
4. I/We will supply a copy of any Tenancy Agreement, and the required notices, if requested by you and understand that if such copies are not supplied when requested then any reasonable and proper costs incurred as a result will become part of the amounts secured under the mortgage

THIS IS AN IMPORTANT DOCUMENT AND YOU SHOULD ONLY SIGN IT IF YOU UNDERSTAND AND AGREE TO THE CONDITIONS SET OUT ON PAGE 5

Signed
(all borrowers)

Guarantor(s) signature(s)
(if applicable)

NB: EVERYONE WHOSE NAME IS ON THE MORTGAGE MUST SIGN

Please make sure that this form is fully completed before returning it to us

Date

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