

**Buy-to-Let -
Tenancies Guidance for Leases to
Professional Operators and Managed Occupancies**

This guidance is a non-exhaustive list of our requirements for leases of Buy To Let properties to professional operators and other managed occupancies.

Where a lease does not meet these requirements, this should be highlighted as part of the initial application and prior to any offer to avoid any risk of an application not progressing.

1. **Written Agreement for Fixed term** - All leases must be in writing for a fixed term. Any clause allowing the Tenant to unilaterally extend the term is not acceptable.
2. **Open Market Rent / Standard review frequency on standard terms** - Rent must be open market rent payable no less frequently than monthly in advance. If the lease term is more than 5 years, rent should be reviewed at regular intervals by reference to appropriate index or open market rent.
3. **No Set off** - No tenant's right to 'set off' any costs incurred by the tenant against the rent or any other charges payable to the landlord.
4. **Use** - Use must be limited to a private dwelling for occupation by tenants of the operator. The occupier's rights of occupation must not extend beyond the term of the lease.
5. **Alienation** - The tenant's right to assign the lease should require landlord consent. There should be no ability for the Tenant to charge the property.
6. **Underletting** - The tenant's right to underlet the lease should be limited to being able to grant standard one-year AST's or licences to individual occupiers.
7. **Alterations** - The tenant should not be permitted to carry out structural alterations. Other alterations should require landlord's consent.
8. **Standard Landlord Obligations** - No onerous or unusual obligations on the landlord. Any services provided by the landlord must be clearly stated.
9. **Sale restrictions** - No restrictions on the landlord's ability to sell the property.
10. **Break rights** - No rights to terminate other than under a standard landlord or tenant break right.
11. **Forfeiture** - Lease must contain a forfeiture clause permitting termination for non-payment of rent, tenant breach or on tenant insolvency before the expiry of fixed term.
12. **Vacant Possession** - At the end of the term, the Tenant should be required to return the property with vacant possession.
13. **Landlord & Tenant Act 1954 (or its equivalent) / Security of Tenure** - Where the tenant occupies or provides assistance / support to occupiers, the tenancy should not have the benefit of security of tenure.
14. **Insurance** - The Landlord must be responsible for buildings insurance on full standard terms. The tenant must be required to adhere to the policy.

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Note: This guidance is not intended to provide legal advice. The list provided is non-exhaustive. It is intended to provide a guide to our requirements for leases of Buy To Let properties to professional operators and other managed occupancies and to assist in determining prior to application and offer whether any issues with the lease might result in the application not progressing.