

Aldermore

Property and valuation policy guide

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General criteria

Basic criteria	<ul style="list-style-type: none"> • The property must be an individual residential property that is intended to be occupied, or is occupied, by the prospective borrower, or is/will be a Buy to Let investment. • The property must have a proven market and demand • The property must have a minimum habitable floor area of 30 sqm. • A property must meet the minimum criteria of being habitable, readily saleable, structurally sound and mortgageable to mainstream lenders. • The property being mortgaged, if purchased, must not have been acquired by the selling party within the prior 6 months without justification • The property must have buildings insurance cover and this cover must be maintained at all times.
Location	<ul style="list-style-type: none"> • England (including the Isle of Wight), Wales (including Anglesey) and mainland Scotland.
Minimum value	<ul style="list-style-type: none"> • £50,000 – Single Residential Units • £75,000 – HMO's and Multi Unit Freeholds
Maximum value – single unit buy to let properties	<ul style="list-style-type: none"> • Greater London & South East - £2.5m • All other regions £1.5m
Tenure	<ul style="list-style-type: none"> • The property must be freehold, leasehold or absolute ownership tenure
Leasehold properties	<ul style="list-style-type: none"> • Leasehold properties are acceptable subject to a minimum unexpired lease term of 85 years at the time of completion • The Bank will only accept leasehold flats where building insurance is arranged by the freeholder or management company • Underlease arrangements are unacceptable
Ground rent	<ul style="list-style-type: none"> • Increases linked to RPI or similar index are acceptable. • Ground rents which double periodically every 20 years or more are acceptable. • Ground rents which double periodically less than every 19 years are unacceptable • Maximum ground rent – The greater of £500 or 0.1% of property value
Tyneside flats (freehold reversion)	<ul style="list-style-type: none"> • Tyneside flats are acceptable • Security will be taken over the both the leasehold and freehold interests within the property. • South Tyneside flats are unacceptable for lending
Flying freehold	<ul style="list-style-type: none"> • Properties subject to a Flying Freehold arrangement will be considered on individual merits. • Modern Coach Houses of traditional construction are acceptable
Properties with land	<ul style="list-style-type: none"> • No Maximum acreage exists. • The property must be suitable for residential occupation and any adjoining land, identified on the title plan, should be appropriate for associated use. • Agricultural use of the additional land is not acceptable, unless it is for non-commercial personal benefit only
Annexes	<ul style="list-style-type: none"> • Properties with annexes are acceptable providing the annexe is; <ul style="list-style-type: none"> • Occupied by an immediate family member • Forms part of the main title and • Is not subject to any letting/tenancy agreements

General criteria (continued)

Multi unit freehold blocks (MUFs)	<ul style="list-style-type: none"> Multi unit freeholds up to 4 units are acceptable Each unit must have separate services Blocks where one or more of the units have been sold on long leases are not acceptable 		
HMOs	<ul style="list-style-type: none"> HMOs up to 6 lettable rooms are acceptable There must be demonstrable evidence of rental demand for HMO use. If such cannot be evidenced, the property will not be considered suitable for a HMO instruction Properties must comply with all necessary legislative and local authority licensing Where required, a HMO License must be in place or have been applied for. 		
Energy performance certificates	<ul style="list-style-type: none"> All residential BTL securities must have a valid EPC with a rating of E or higher or have a valid Exemption. Evidence will be required for those properties confirmed as exempt. Properties with F or G ratings are unacceptable for BTL lending 		
Corporate lets	<ul style="list-style-type: none"> Corporate lets are acceptable in the following scenarios: <ul style="list-style-type: none"> Property is Let to a registered provider of social housing and property occupied as a single family let for long term use Property is let PLC or subsidiary for temporary housing for staff employed by the PLC or subsidiary. Other corporate let scenarios will not be accepted. 		
Property exposure limits	Overall number of properties within a block, street, postcode or close proximity	Maximum LTV (subject to initial review)	When lending on single (6+ in aggregate) or a multiple property application within the same block, street, full postcode or in close proximity, the maximum LTV will be confirmed following an internal review.
	1-5	75%	
	6-10	70%	
	11-15	65%	
	16 and over	60%	
Estate rentcharges	<ul style="list-style-type: none"> If an estate rentcharge (annual sum paid by the freeholder) is payable on a property, this will be acceptable on the basis that one of the following conditions can be satisfied: <ul style="list-style-type: none"> The provisions under section 121 of the Law of Property Act have been excluded under the estate rent charge clause. The estate rent charge clause includes a mortgagee protection clause, which states that notice of at least 28 days is to be given to the mortgagee prior to any enforcement action being taken by the owner of the estate rent charge. The owner of the estate rent charge is a management company comprising of the residents, who are the shareholders of a private freehold development 		

Flats

<p>General criteria</p>	<ul style="list-style-type: none"> • Must have clear and defined access • The unit must be self-contained with private facilities and separate services • There must be satisfactory provision for maintenance and repair of the building and communal areas • Ex Local Authority Flats must be < 10 Storeys including ground floor London and South East and <6 storeys for the Rest of the UK • Ground rent, service charge and other charges should not be too onerous as to affect future marketability and saleability of the property. The Valuer is to confirm this. • Valuer must confirm the demand and marketability of the property. This will vary depending on the position of the unit within the block, the access to it and to the quality of the block and its surroundings
<p>Maximum number of floors in a block</p>	<ul style="list-style-type: none"> • There is no maximum limit on number of floors, permitting there is a lift to the floor of the property. • Where there is no lift in the block, and the subject property is located higher than the 4th floor (ground plus three floors) this would be unacceptable
<p>Ex-public sector flats</p>	<ul style="list-style-type: none"> • The property must be readily saleable and not be an individual owner occupied flat within a Local Authority tenanted block. • Balcony / open deck access arrangements to the block are not acceptable. • The property must be of standard construction. • Maximum Storeys including Ground Floor: <ul style="list-style-type: none"> • London & South East – 10 Storeys • Rest of UK – 6 Storeys
<p>Cladding</p>	<ul style="list-style-type: none"> • Aldermore will not lend on Blocks requiring remediation or repair • If the property is located within a block where the valuer suspects there is a potentially combustible external wall system, we require the Building Owner and/or its agent to provide a copy of an EWS1 form
<p>Flats above/adjacent to commercial premises</p>	<p>Properties which are above, adjacent or near to commercial premises may be acceptable subject to the following:</p> <ul style="list-style-type: none"> • The commercial use must not affect the quiet enjoyment of the property. • The property must be located in a desirable area with good demand, readily saleable and readily marketable. • The property must have suitable, direct external access (not through an adjoining property). • The property must be in separate ownership to the commercial premises • Flats in blocks which also contain restaurants, takeaways and public houses are not acceptable

New build

Definition	<p>Any property being occupied and/or sold for the first time on the open market in its current state and includes converted and refurbished properties. Examples include:</p> <ul style="list-style-type: none"> • Newly built properties (single units to large sites) • Converted properties (e.g. office to residential conversions, houses converted into flats) • Refurbished properties with significant alterations • 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 		
New build cash incentives	<ul style="list-style-type: none"> • Builder cash incentives include (but not limited to) deposit contributions, cashbacks, contribution to legal fees/stamp duty, mortgage subsidies. • Cash Incentives up to 5% of the property value are acceptable. Cash incentives or any other incentives greater than 5% are unacceptable 		
Acceptable new build warranties	<ul style="list-style-type: none"> • Where a property is less than 10 years old, an acceptable new build warranty must be in place: The below are acceptable: 		
	NHBC	Build Assure	HomeProof
	Premier Guarantee	ICW	One Guarantee
	Build Life Plan	Global Homes Warranties	Ark Residential Insurance
	Build Zone	Advantage	ABC+
	Castle 10 Checkmate	Protek	Build warranty group
Local Authority Building Control	Q Assure	CADIS	
Monitoring by a professional consultant	<ul style="list-style-type: none"> • Professional consultant monitored developments can be accepted subject to the below; <ul style="list-style-type: none"> • Consultation is appropriately qualified – Please refer to us for acceptable qualifications • Development contains 15 units or less • Consultant was involved from commencement to completion 		
Retrospective warranties	<ul style="list-style-type: none"> • Retrospective warranties are unacceptable 		
Office to residential conversions	<p>Office to residential conversions are acceptable, subject to the below:</p> <ul style="list-style-type: none"> • Location – there must be reasonable access to local amenities. • Business/industrial park locations are not acceptable. • The external appearance should not impact future marketability and saleability. • The standard and nature of construction should not impact future marketability and saleability. • The demand for flats should broadly be in line with other properties in the area. 		

Construction

Timber framed	<ul style="list-style-type: none"> • Timber framed properties are acceptable (Masonry and non masonry outer skin) • 100% timber properties or timber framed clad with timber are unacceptable
(LPS) Construction	<ul style="list-style-type: none"> • Large Panel System (LPS) Construction is not acceptable.
Concrete	<ul style="list-style-type: none"> • In situ concrete will be accepted subject to satisfactory valuation and a Structural Engineers report if recommended by the Valuer.
Non standard construction	<p>Aldermore will consider non-standard and non-traditional properties subject to the support of the valuer. Example property types that the Bank will consider on merit include (but not limited to):</p> <ul style="list-style-type: none"> • 100% flat roofed houses and blocks of flats, • Properties with an element of single skin (100% single skin prohibited), • Wimpey No Fines house, • Laing Easiform house, • Crane construction, • Crosswall construction, • Mundic block construction subject to classification A1–A3, A/AB, • Steel framed properties built post 1987 with benefit of BBA / WIMLAS certification,
PRC homes (designated defective)	<ul style="list-style-type: none"> • PRC homes are acceptable if they have been repaired in accordance with a registered PRC Scheme. • Adjoining properties must also have been correctly repaired. • PRC Flats and Maisonettes are unacceptable in all circumstances.
Japanese knotweed	<ul style="list-style-type: none"> • We can consider properties with Japanese Knotweed subject to a specialist report which must be provided to the valuer <ul style="list-style-type: none"> • Category A properties are unacceptable for lending • Category B properties can be considered providing the first phase of treatment has been completed • Category C & D properties are acceptable subject to valuer confirmation
Specialist reports	<ul style="list-style-type: none"> • Properties identified as having material issues requiring specialist reports will not be suitable for mortgage until a report is obtained from a suitably qualified Expert <ul style="list-style-type: none"> • Gas surveys must be undertaken by a Gas Safe (formerly CORGI) registered engineer. • Timber and damp surveys must be undertaken by Property Care Association members. • Specialist reports must be in the name of the applicant
Spray foam	<ul style="list-style-type: none"> • Properties with spray foam insulation within the roof space are unacceptable for lending
Pylons/electricity network	<ul style="list-style-type: none"> • Aldermore will consider properties in close proximity to pylons and the electricity network permitting that the lines or structures are not within/ over the curtilage of the property

Unacceptable properties

Unacceptable property types

The following properties/scenarios are not acceptable:

- Part let or part possession.
- Commonhold properties.
- Properties located in the Channel Islands, the Scilly Isles or islands of Scotland.
- Properties unfit for immediate habitation
- Properties not wholly owned by the borrower, e.g. shared ownership,
- Freehold flats,
- Properties acquired under an assigned contract,
- Farms, smallholdings, crofting or properties with agricultural leases or restrictions in place,
- Ex-public sector flats with balcony/deck access
- Properties with rent charges, estate rent charges without notification clauses or where there are outstanding local authority grants payable (Properties with non repayable grants can be reviewed by Property Risk),
- Live/work units,
- Properties with shared access where a relative of the applicant resides in the other property,
- Properties with high alumina cement levels,
- Pre-fabricated properties,
- 100% timber properties
- Properties with cob walls,
- Large panel system properties
- Pre-cast reinforced concrete (PRC) properties that have not been suitably repaired (certificate required),
- Grade I or Scottish Grade A listed properties,
- Steel-framed houses constructed pre-1987
- Properties with a minimum floor area lower than 30 sqm
- Serviced flats/apartments,
- Mobile homes / house boats,
- Investor led/dominated developments with no/limited owner occupier demand,
- Shared Ownership schemes
- Freehold single unit flats or maisonettes (other than coach houses),
- Pre-exemption clause / right to buy (if aware),
- Properties built post 2009 where there is a significant risk of flooding,
- Properties located in the Channel Islands, the Scilly Isles or islands of Scotland.

Valuation appeals

Valuation appeals & challenges	<ul style="list-style-type: none">• Valuation appeals or challenges are not permitted for any physical (internal) valuations• An appeal can only be considered where a non physical valuations has taken place and the valuation figure returned has materially impacted the application.• A material impact would be classed as.<ul style="list-style-type: none">• The required loan amount is no longer achievable• The new LTV affects the chosen product.• Eligible appeals will only be considered by Aldermore in the following circumstances:<ul style="list-style-type: none">• Property enhancements that may have not been picked up as part of non-physical valuation. This may include but not limited to, Extensions, full property renovations, unique features or designs.• Comparable evidence – A minimum of three comparable property sales, (ideally within the last six months). Comparables must be sold properties and details provided must include.<ul style="list-style-type: none">• sales figure,• date of completion,• full address of the properties,• name of the estate agents that sold the properties• details of how the properties compare with the subject property in terms of size, age, condition and the distance from that subject property• Estate agent estimates will not be accepted not properties listed for sale• If the appeal meets the above criteria, Aldermore will review and confirm if a physical valuation can be instructed• Any challenge submitted where a physical valuation has taken place will be rejected.
Valuer requests	<ul style="list-style-type: none">• Aldermore do not allow requests for specific valuation firms to be used/not used for the instruction. Any request will be rejected

Useful links

Aldermore

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