

Foundation Home Loans

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Part 1: England and Wales

Last modified: 01/07/2017

Part 2: Foundation Home Loans

Last modified: 06/02/2026



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1. General

Part 1 - Instructions and Guidance

Those lenders who instruct using the UK Finance Mortgage Lenders' Handbook certify that these instructions have been prepared to comply with the requirements of the Solicitors Regulation Authority (SRA's) Code of Conduct 2011 and the CLC Code of Conduct 2011.

1.1 The UK Finance Mortgage Lenders' Handbook is issued by UK Finance. Your instructions from an individual lender will indicate if you are being instructed in accordance with the Lenders' Handbook. If you are, the general provisions in part 1 and any **lender specific requirements in part 2** must be followed.

- 1.2 References to "**we**", "**us**" and "**our**" mean the lender from whom you receive instructions.
- 1.3 The Lenders' Handbook does not affect any responsibilities you have to us under the general law or any practice rule or guidance issued by your professional body from time to time.
- 1.4 The standard of care which we expect of you is that of a reasonably competent solicitor or licensed conveyancer acting on behalf of a mortgagee.
- 1.5 If you are regulated by the Solicitors Regulation Authority (SRA) the limitations contained in the SRA's Code of Conduct 2011 apply to the instructions contained in the Lenders' Handbook and any separate instructions.
- 1.6 You must also comply with any separate instructions you receive for an individual loan.
- 1.7 If the borrower and the mortgagor are not one and the same person, all references to "**borrower**" shall include the mortgagor. Check **part 2** to see if we lend in circumstances where the borrower and the mortgagor are not one and the same.
- 1.7 Contact point to see if the lender will lend when borrower and mortgagor are not one and the same.

New Business Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, RG12 1WA
Email: foundation@foundationlending.co.uk
Tel: 01344 770 8033

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- 1.8 References to "**borrower**" (and, if applicable, "**guarantor**" or, expressly or impliedly, the mortgagor) are to each borrower (and guarantor or mortgagor) named in the mortgage instructions/offer (if sent to the conveyancer). This applies to references in the Lenders' Handbook and in the certificate of title.
- 1.9 References to "**mortgage offer**" include any loan agreement, offer of mortgage or any other similar document.
- 1.10 If you are instructed in connection with any additional loan (including a further advance) then you should treat references to "mortgage" and "mortgage offer" as applying to such "additional loan" and "additional loan offer" respectively.
- 1.11 In any transaction during the lifetime of the mortgage when we instruct you, you must use our current standard documents in all cases and must not amend or generate them without our written consent. We will send you all the standard documents necessary to enable you to comply with our instructions, but please let us know if you need any other documents and we will send these to you. Check **part 2** to see who you should contact. If you consider that any of the documentation is inappropriate to the particular facts of a transaction, you should write to us (see **part 2**) with full details and any suggested amendments.
- 1.11a Contact point for standard documents.

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- 1.11b Contact point if standard documents are inappropriate.

WITNESSING OF DOCUMENTS

1. We require a third party to be present and to witness the signing of our documents.
2. We will not accept witnessing of documents via video conferencing service.

INDEPENDENT LEGAL ADVICE DELIVERED BY VIDEO CONFERENCING

Please see our Distance Independent Legal Advice Certificate which can be obtained at:
<https://www.foundationlending.co.uk/intermediaries/documents/document-library-buy-to-let/>

Contact point for enquiries:

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1.12 In order to act on our behalf your firm must be a member of our conveyancing panel. You must also comply with any terms and conditions of your panel appointment.

1.12.1 Our instructions are personal to the firm to whom they are addressed and must be dealt with solely by that firm. You must not sub-contract or assign our instructions to another firm or body, nor may you accept instructions to act for us from another body, unless we confirm in writing otherwise.

1.13 If you or a member of your immediate family (that is to say, a spouse, civil partner, co-habitee, parent, sibling, child, step-parent, step-child, grandparent, grandchild, parent-in-law, or child-in-law) is the borrower and you are the sole practitioner, you must not act for us.

1.14 Your firm or company must not act for us if the partner or fee earner dealing with the transaction or a member of his immediate family is the seller, unless we say your firm may act (see **part 2**) and a separate fee earner of no less standing or a partner within the firm acts for us.

1.14 May your firm act if the person dealing with the transaction or a member of his immediate family is the seller?

Your firm may act if a separate fee earner of no less standing or separate partner of the firm acts for us , there is no conflict of interest and you are compliant with your professional rules and guidelines.

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1.15 Your firm or company must not act for us if the partner or fee earner dealing with the transaction or a member of his immediate family is the borrower, unless we say your firm may act (see **part 2**) and a separate fee earner of no less standing or a partner within the firm acts for us.

1.15 May your firm act if the person dealing with the transaction or a member of his immediate family is the borrower?

Your firm may act if a separate fee earner of no less standing or separate partner of the firm acts for us , there is no conflict of interest and you are compliant with your professional rules and guidelines.

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1.16 If there is any conflict of interest, you must not act for us and must return our instructions.

1.17 Nothing in these instructions lessens your duties to the borrower. This does not apply if acting in accordance with [Part 3 - Separate Representation Standard Instructions](#).

1.18 In addition to these definitions any reference to any regulation, legislation or legislative provision shall be construed as a reference to that regulation, legislation or legislative provision as amended, re-enacted or extended at the relevant time.

2. Communicating with the Lender

2.1 All communication between you and us should be in writing quoting the mortgage account or roll number, the surname and initials of the borrower and the property address. You should keep copies of all written communication on your file as evidence of notification and authorisation. If you use PC fax or e-mail, you should retain a copy in readable form.

2.2 If you require deeds or information from us in respect of a borrower or a property then you must first of all have the borrower's authority for such a request. If there is more than one borrower, you must have the authority of all the borrowers. This does not apply if acting in accordance with [Part 3 - Separate Representation Standard Instructions](#).

2.3 If you need to report a matter to us, you must do so as soon as you become aware of it so as to avoid any delay. If you do not believe that a matter is adequately provided for in the Handbook, you should

- identify the relevant Handbook provision and the extent to which the issue is not covered by it.
- provide a concise summary of the legal risks.
- provide your recommendation on how we should protect our interest.

After reporting a matter you should not complete the mortgage until you have received our further written instructions. We recommend that you report such matters before exchange of contracts because we may have to withdraw or change the mortgage offer.

3. Safeguards

3.1 Safeguards for solicitors

3.1.1 **This sub-section relates to solicitors and those working in practices regulated by the Solicitors Regulation Authority only.**

3.1.2 You must follow the rules and guidance of your professional body relating to money laundering and comply with the current money laundering regulations and the Proceeds of Crime Act 2002 to the extent that they apply and you must follow other relevant guidance, for example, the Law Society of England and Wales mortgage fraud practice note; the Council for Licensed Conveyancers' Acting for Lenders and Prevention of Mortgage Fraud Code and Guidance, and take account of relevant regulatory warning notices.

3.1.3 If you are not familiar with the seller's regulated legal representatives (as defined by the Legal Services Act 2007 Schedule 4 and Schedule 2 paragraph 5), you must verify that they are currently on record with the Solicitors Regulation Authority, Council for Licensed Conveyancers or other legal regulatory body as practising at the address they have provided to you. Check **part 2** to see whether we require you to notify us of the name and address of the regulated legal representatives (as defined above) acting for the seller.

3.1.3 Does the lender require notification of the name and address of the solicitors firm or licensed conveyancers firm acting for the seller?

No but we expect you to have satisfied yourself as to the identity of the seller's conveyancer.

You should advise use if you intend to act on behalf of both the seller and the purchaser.

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3.1.4 If the seller does not have legal representation you should check **part 2** to see whether or not we need to be notified so that a decision can be made as to whether or not we are prepared to proceed.

3.1.4 If different from 1.11, contact details if the lender needs to be notified when the seller does not have legal representation.

See 1.11a. This scenario is unacceptable to us.

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3.1.5 Unless you personally know the signatory of a document, you must ask the signatory to provide evidence of identity, which you must carefully check. You should check the signatory's identity against one of the documents from list A or two of the documents in list B: **List A**

- a valid full passport; or
- a valid H M Forces identity card with the signatory's photograph; or
- a valid UK Photo-card driving licence; or
- any other document listed in the additional list A in **part 2**.

List B

- a cheque guarantee card, credit card (bearing the Mastercard or Visa logo) American Express or Diners Club card, debit or multi-function card (bearing the Switch or Delta logo) issued in the United Kingdom with an original account statement less than three months old; or
- a firearm and shot gun certificate; or
- a receipted utility bill less than three months old; or

- a council tax bill less than three months old; or
- a council rent book showing the rent paid for the last three months; or
- a mortgage statement from another lender for the mortgage accounting year just ended; or
- any other document listed in the additional list B in **part 2**.

3.1.5 What other documents are acceptable for verifying identity?

Documents additional to List A: EU Member State National Identity Card; Foreign National ID card on basis that indefinite leave to remain has been granted or Identity Card issued by Electoral Office for Northern Ireland.

Documents additional to List B:

Valid old style full UK driving licence; and/or Recent evidence of entitlement to a state or local authority funded benefit, tax credit or pension; Bank Statement or Credit Card Statement from a regulated UK firm (Internet copies are not acceptable).

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3.1.6 You should check that any document you use to verify a signatory's identity appears to be authentic and current, signed in the relevant place. You should take a copy of it and keep the copy on your file. You should also check that the signatory's signature on any document being used to verify identity matches the signatory's signature on the document we require the signatory to sign and that the address shown on any document used to verify identity is that of the signatory.

3.2 Safeguards for licensed conveyancers

3.2.1 **This sub-section applies to licensed conveyancers practices only.**

3.2.2 You must follow the professional guidance of the Council for Licensed Conveyancers relating to money laundering and comply with the current money laundering regulations and the Proceeds of Crime Act 2002 to the extent that they apply and you must follow all other relevant guidance issued by the Council for Licensed Conveyancers.

3.2.3 If you are not familiar with the seller's regulated legal representatives (as defined by the Legal Services Act 2007 Schedule 4 and Schedule 2 paragraph 5), you must verify that they are currently on record with the Law Society or Council for Licensed Conveyancers or other legal regulatory body as practising at the address they have provided to you. Check **part 2** to see whether we require you to notify us of the name and address of the regulated legal representatives (as defined above) acting for the seller.

3.2.3 Does the lender require notification of the name and address of the solicitors firm or licensed conveyancers firm acting for the seller?

No but we expect you to have satisfied yourself as to the identity of the seller's conveyancer.

You should advise us if you intend to act on behalf of both the seller and the purchaser.

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3.2.4 If the seller does not have legal representation you should check **part 2** to see whether or not we need to be notified so that a decision can be made as to whether or not we are prepared to proceed.

3.2.4 If different from 1.11, contact details if the lender needs to be notified when the seller does not have legal representation.

See 1.11a. This scenario is unacceptable to Foundation.

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3.2.5 Unless you personally know the signatory of a document, you must ask the signatory to provide evidence of identity, which you must carefully check. You must satisfy yourself that the person signing the document is the borrower, mortgagor or guarantor (as appropriate). If you have any concerns about the identity of the signatory you should notify us immediately.

3.2.6 You should check that any document you use to verify a signatory's identity appears to be authentic and current, signed in the relevant place. You should take a copy of it and keep the copy on your file. You should also check that the signatory's signature on any document being used to verify identity matches the signatory's signature on the document we require the signatory to sign and that the address shown on any document used to verify identity is that of the signatory.

4. Valuation of The Property

4.1 Check **part 2** to see whether we send you a copy of the valuation report or if you must get it from the borrower. If you get a copy of the valuation report from the borrower, we do not expect you to check the content of that report matches the information we hold. For the avoidance of doubt, regardless of where the report is obtained from, you must carry out the checks detailed in sections 4.2 and 4.3.

4.1 Is there a valuation report and if so, does the lender provide it?

If we have carried out a physical inspection of the interior of the property a copy of the valuation report will be provided with the mortgage offer.

If we have not carried out a physical inspection we will not share a copy of the valuation report

Any valuation report obtained will be for our use and benefit only and cannot be relied upon by the borrower and you should make them aware of the limitations of the report and the importance of obtaining their own survey report of the property before proceeding with any transaction.

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4.2 You must take reasonable steps to verify that there are no discrepancies between the description of the property as valued and the title and other documents which a reasonably competent conveyancer should obtain, and, if there are, you must tell us immediately.

4.3 You should take reasonable steps to verify that the assumptions stated by the valuer about the title (for example, its tenure, easements, boundaries and restrictions on its use) in the valuation and as stated in the mortgage offer are correct. If they are not, please let us know as soon as possible (see **part 2**) as it will be necessary for us to check with the valuer whether the valuation needs to be revised. We are not expecting you to assume the role of valuer. We are simply trying to ensure that the valuer has valued the property based on correct information.

4.3 If different from 1.11, contact point if assumptions stated by the valuer are incorrect.

See 1.11.a

Please provide full details of any incorrect assumptions.

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4.4 We recommend that you should advise the borrower that there may be defects in the property which are not revealed by the inspection carried out by our valuer and there may be omissions or inaccuracies in the report which do not matter to us but which would matter to the borrower. We recommend that, if we send a copy of a valuation report that we have obtained, you should also advise the borrower that the borrower should not rely on the report in deciding whether to proceed with the purchase and that he obtains his own more detailed report on the condition and value of the property, based on a fuller inspection, to enable him to decide whether the property is suitable for his purposes.

4.5 Where the mortgage offer states that a final inspection is needed, you must ask for the final inspection at least 10 working days before the advance is required. Failure to do so may cause delay in the issue of the advance. Your certificate of title must be sent to us in the usual way.

4.5a If different from 1.11, contact point if re-inspection required.

See 1.11a

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4.5b Where should the certificate of title be sent?

The Certificate of Title should be submitted electronically via the solicitor panel management portal.

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5. Title

5.1 Length of Ownership

5.1.1 Please report to us immediately if the owner or registered proprietor has been registered for less than six months.

5.1.1 If different from 1.11, the contact point if the seller has owned the property for less than 6 months:

See 1.11a

For re-mortgage applications the borrower must have owned the property for at least 6 months from the original purchase date. Please note:

- Properties which have been purchased by the borrower with the aid of a bridging loan and the remortgage is to replace this loan; or
- Where the property has been purchased using cash funds and you are able to clearly evidence the origins of those funds to us;
- Where you are able to demonstrate that the borrower inherited the property following the death of the previous owner and provided you confirm this to us in writing ;

the above requirement may not apply. Please check with us before proceeding.

Sub-sales, where the seller has owned the property for less than 6 months and back to back transactions are not acceptable.

We also regard as sub-sales cases where the seller acquires the freehold title (or superior leasehold) to the property, which they then immediately sell onto to the borrower by the grant of a lease to them (or sub-lease). You should also report any other structure to the transaction which has a similar effect. This also includes circumstances where the seller is limited liability company or limited liability partnership where the borrower is a director or shareholder of the limited liability company or a member of the limited liability partnership.

Applications which involve assignable contracts, transferable contracts, novation contracts and the like or irrevocable powers of attorney in favour of intervening sellers are not acceptable. You should report any other structure to the transaction which has a similar effect.

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5.2 Seller Not The Owner or Registered Proprietor

5.2.1 Please report to us immediately if the person selling to the borrower is not the owner or registered proprietor unless the seller is:

- a personal representative of the registered proprietor; or
- an institutional mortgagee exercising its power of sale; or
- a receiver, trustee-in-bankruptcy or liquidator; or
- a developer or builder selling a property acquired under a part-exchange scheme; or
- a Registered Housing Provider (Housing Association) exercising a power of sale.

5.2.1 If different from 1.11, the contact point if the seller is not the owner or registered proprietor and is not listed in the exceptions above:

See 1.11.a

Transactions which involve assignable contracts or irrevocable powers of attorney in favour of intervening sellers are not acceptable. You should also report any other structure to the transaction which has a similar effect.

We will NOT lend in transactions where there is a sub-sale, back to back transaction or in one where the contract for sale is to be assigned to a third party.

All other circumstances where the seller is not the owner or registered proprietor, other than those listed in Part 1 under paragraph 5.2.1, should be referred to us providing full details.

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5.3 Conflict of Interest

5.3.1 If any matter comes to your attention which you should reasonably expect us to consider important in deciding whether or not to lend to the borrower (such as whether the borrower has given misleading information to us or the information which you might reasonably expect to have been given to us is no longer true) and you are unable to disclose that information to us because of a conflict of interest, you must cease to act for us and return our instructions stating that you consider a conflict of interest has arisen. This does not apply if acting in accordance with [Part 3 - Separate Representation Standard Instructions](#).

5.4 Searches and Reports

5.4.1 In carrying out your investigation, you must ensure that all usual and necessary searches and enquiries have been carried out. You must report any adverse entry to us but we do not want to be sent the search itself. We must be named as the applicant in the Land Registry search.

5.4.2 In addition, you must ensure that any other searches which may be appropriate to the particular property, taking into account its locality and other features are carried out.

5.4.3 All searches except where there is a priority period must not be more than six months old at completion.

5.4.4 You must advise us of any contaminated land entries revealed in the local authority search. Check **part 2** to see if we want to receive environmental or contaminated land reports (as opposed to contaminated land entries revealed in the local authority search). If we do not, you do not need to make these enquiries on our behalf.

5.4.4 Does the lender want to receive environmental or contaminated land reports?

No; unless the result of your searches and enquiries identifies any matter which may affect our security in which case please forward the report together with your recommendations.

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5.4.5 Check **part 2** to see if we accept personal searches.

5.4.5 Does the lender accept personal searches and, if yes, what are the lender's requirements?

Yes, subject to the requirements set out in Part 1 and provided you give an unqualified Certificate of Title. You must ensure that the search agent subscribes to the Search Code maintained by the Council of Property Search Organisations and monitored by the Property Codes Compliance Board.

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5.4.6 Check **part 2** to see if we accept search insurance.

5.4.6 Does the lender accept search insurance and, if yes, what are the lender's specific requirements?

FOR REMORTGAGE TRANSACTIONS:

"No Search" indemnity insurance is acceptable provided:

- a. you are satisfied that our interests are adequately safeguarded
- b. the sum insured of the policy is an amount at least equal to the open market value of the property
- c. you can certify that the title is good and marketable and not fettered and
- d. you can provide a clear Certificate of Title

You must confirm in your Certificate of Title whether full searches have been obtained or whether a "No Search" indemnity policy is being procured. A copy of the policy must be provided to us on completion.

PLEASE NOTE: "No Search" indemnity insurance is not accepted for remortgage transactions that relate to:

- Houses in Multiple Occupation (HMO's)
- Multi-Unit Freehold Blocks (MUB's)
- Multi unit properties on one title (MPOTs)
- Mixed use/semi-commercial

FOR PURCHASE TRANSACTIONS:

"No Search" indemnity insurance is acceptable in lieu of all property related searches (save for Land Registry Searches) and we will also accept "No Search" indemnity insurance where the searches have recently expired provided:

- a. you are satisfied that our interests are adequately safeguarded
- b. the sum insured of the policy is an amount at least equal to the open market value of the property
- c. you can certify that the title is good and marketable and not fettered and
- d. you can provide a clear Certificate of Title

PLEASE NOTE: "No Search" indemnity insurance is not accepted for purchase transactions that relate to:

- Houses in Multiple Occupation (HMO's)
- Multi-Unit Freehold Blocks (MUB's)
- Multi unit properties on one title (MPOTs)
- Mixed use/semi-commercial

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5.4.7 If we accept personal searches or search insurance you must ensure that:-

- a suitably qualified search agent carries out the personal search and has indemnity insurance that adequately protects us; or
- the search insurance policy adequately protects us.

5.4.8 You are satisfied that you will be able to certify that the title is good and marketable unless stated otherwise in our specific requirements listed in **part 2**.

5.5 Planning and Building Regulations

5.5.1 You must by making appropriate searches and enquiries take all reasonable steps (including any further enquiries to clarify any issues which may arise) to ensure:

- the property has the benefit of any necessary planning consents (including listed building consent) and building regulation approval for its construction and any subsequent change to the property and its current use; and
- there is no evidence of any breach of the conditions of that or any other consent or certificate affecting the property; and
- that no matter is revealed which would preclude the property from being used as a residential property or that the property may be the subject of enforcement action.

If there is evidence of such a breach or matter but in your professional judgment there is no reasonable prospect of enforcement action and, following reasonable enquiries, you are satisfied that the title is good and marketable and you can provide an unqualified certificate of title, we will not insist on indemnity insurance and you may proceed.

5.5.2 If there is such evidence and all outstanding conditions will not be satisfied by completion, where you are not able to provide an unqualified certificate of title, you should report this to us in accordance with 2.3.

5.5.3 Check **part 2** to see if copies of planning permissions, building regulations and other consents or certificates should be sent to us.

5.5.3a If different from 1.11, contact point for reporting if evidence of breach and all outstanding conditions will not be satisfied by completion:

See 1.11a - Provide full details and your recommendations.

HMO's and Multi Units must have all requisite consents and licences. Where alterations have been carried out in excess of 10 years ago and the valuation report does not highlight any major concerns, we may consider indemnity insurance on a case by case basis.

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5.5.3b Does the lender require an original/copy of the planning permission?

No. We may however ask you for copies of the documents if we require them, please retain copies o your file.

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5.5.3c Does the lender require an original/copy of the building regulation consents?

No. We may however ask you for copies of the documents if we require the, please retain copies on you file.

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5.5.3d Does the lender require certificates of lawful use or development/established use certificate?

No -We may however ask you for copies of the documents if we require them, please retain copies on your file.

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5.5.4 If the property will be subject to any enforceable restrictions, for example under an agreement (such as an agreement under section 106 of the Town and Country Planning Act 1990) or in a planning permission, which, at the time of completion, might reasonably be expected materially to affect its value or its future marketability, you should report this to us (see **part 2**).

5.5.4 If different from 1.11, contact point if the property is subject to restrictions which may affect its value or marketability.

See 1.11a

Provide full details and your recommendations. We may consider Indemnity insurance on a case by case basis.

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5.5.5 If different from 1.11, contact point if the property is subject to restrictions which may affect its value or marketability.

5.6 Good and Marketable Title

5.6.1 The title to the property must be good and marketable free of any restrictions, covenants, easements, charges or encumbrances which, at the time of completion, might reasonably be expected to materially adversely affect the value of the property or its future marketability (but excluding any matters covered by indemnity insurance) and which may be accepted by us for mortgage purposes. Our requirements in respect of indemnity insurance are set out in section 9. If, based on your professional judgment, you are able to provide an unqualified certificate of title, we will not require indemnity insurance. You must also take reasonable steps to ensure that, on completion, the property will be vested in the borrower.

5.6.2 Good **leasehold title** will be acceptable if:

- a marked abstract of the freehold and any intermediate leasehold title for the statutory period of 15 years before the grant of the lease is provided; or
- you are prepared to certify that the title is good and marketable when sending your certificate of title (because, for example, the landlord's title is generally accepted in the district where the property is situated); or
- you arrange indemnity insurance. Our requirements in respect of indemnity insurance are set out in section 9.

5.6.3 A title based on **adverse possession** or **possessory title** will be acceptable if the seller is or on completion the borrower will be registered at the Land Registry as registered proprietor of a possessory title. In the case of lost title deeds, the statutory declaration must explain the loss satisfactorily;

5.6.4 We will also require **indemnity insurance** where there are buildings on the part in question or where the land is essential for access or services;

5.6.5 We may not need indemnity insurance in cases where such title affects land on which no buildings are erected or which is not essential for access or services. In such cases, you must send a plan of the whole of the land to be mortgaged to us identifying the area of land having possessory title. We will refer the matter to our valuer so that an assessment can be made of the proposed security. We will then notify you of any additional requirements or if a revised mortgage offer is to be made.

5.7 Flying Freeholds and Freehold Flats

5.7.1 If any part of the property comprises or is affected by a flying freehold or the property is a freehold flat, check **part 2** to see if we will accept it as security.

5.7.1a Does the lender lend on flying freeholds?

Yes, if only part of the title is "flying" or "creeping" freehold, and you are satisfied that the arrangements made in respect of it render the title good and marketable. Indemnity insurance may be considered on a case by case basis.

Where the flying freehold is over 20% of the total floor area, these should be referred to us.

See 1.11.a

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5.7.1b Does the lender lend on freehold flats?

No, except for South Tyneside flats where there are mutually enforceable covenants for support and maintenance of the common parts (where the applicant owns one of two units in the block under a freehold title, subject to the other flat being leasehold).

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5.7.1c If the lender is prepared to accept a title falling within 5.7 and the property is a freehold flat or flying freehold, to which contact point must this be reported?

See 1.11a

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5.7.2 If we are prepared to accept a title falling within 5.7.1:

- the property must have all necessary rights of support, protection, and entry for repair as well as a scheme of enforceable covenants that are also such that subsequent buyers are required to enter into covenants in identical form; and
- you must be able to certify that the title is good and marketable; and
- in the case of flying freeholds, you must send us a plan of the property clearly showing the part affected by the flying freehold.

If our requirements in the first bullet under 5.7.2 are not satisfied, indemnity insurance must be in place at completion (see section 9).

5.8 Other Freehold Arrangements

5.8.1 Unless we indicate to the contrary (see **part 2**), we have no objection to a security which comprises a building converted into not more than four flats where the borrower occupies one of those flats and the borrower or another flat owner also owns the freehold of the building and the other flats are subject to long leases.

5.8.1 Does the lender accept security which comprises a building converted into not more than four flats where the borrower occupies one of those flats and the borrower or another flat owner also owns the freehold of the building and the other flats are subject to long leases?

Yes. We require a first legal charge over our security and for that security to have a separate leasehold title that is UK Finance Lenders' Handbook compliant and meets our requirements. Where the borrower also owns the freehold or a superior title, then we must also have a first legal charge over that freehold or superior leasehold title. Where the borrower owns a share of the freehold or superior title with others, a suitable form of trust deed or other suitable arrangement must be entered into prior to completion which contains provisions for the appropriate legal and beneficial interests in the freehold/superior title and leasehold titles to be transferred simultaneously if the lender exercises its power of sale. Please report if the borrower also owns any other flat in the building.

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5.8.2 If the borrower occupying one of the flats also owns the freehold, we will require our security to be:

- the freehold of the whole building subject to the long leases of the other flats; and
- any leasehold interest the borrower will have in the flat the borrower is to occupy.

5.8.3 If another flat owner owns the freehold of the building, the borrower must have a leasehold interest in the flat the borrower is to occupy and our security must be the borrower's leasehold interest in such flat.

5.8.4 The leases of all the flats should contain appropriate covenants by the tenant of each flat to contribute towards the repair, maintenance and insurance of the building. The leases should also grant and reserve all necessary rights and easements. They should not contain any unduly onerous obligations on the landlord.

5.8.5 Where the security will comprise:

- one of a block of not more than four leasehold flats and the borrower will also own the freehold jointly with one or more of the other flat owners in the building; or
- one of two leasehold flats in a building where the borrower also owns the freehold reversion of the other flat and the other leaseholder owns the freehold reversion in the borrower's flat; check **part 2** to see if we will accept it as security and if so, what our requirements will be.

5.8.5 Does the lender accept security which comprises one of two leasehold flats in a building where the borrower also owns the freehold reversion of the other flat and the other leaseholder owns the freehold reversion in the borrower's flat? If so, are there any specific requirements?

Yes, providing the lease provides for the compulsory transfer of the freehold share simultaneously with the sale of the lease. We require a mortgage of the borrower(s) leasehold interest in the flat occupied or to be occupied by the borrower(s) or to be let by the borrower under an AST. We also require a mortgage of the borrower(s) freehold interest in the other flat occupied by the other flat owner, subject to the other flat owner's lease. We will not accept this arrangement if the freehold of the other flat cannot be included within the security. 'Tyneside' or similar criss-cross leases are acceptable so long as arrangements have been set up correctly.

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5.9 Commonhold

5.9.1 If any part of the property comprises of commonhold, check **part 2** to see if we will accept it as security.

5.9.1 Does the lender lend on commonhold?

No

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5.9.2 If we are prepared to accept a title falling within 5.9.1, you must:

- ensure that the commonhold association has obtained insurance for the common parts which complies with our requirements (see 6.14);
- obtain a commonhold unit information certificate and ensure that all of the commonhold assessment in respect of the property has been paid up to the date of completion;
- ensure that the commonhold community statement does not include any material restrictions on occupation or use (see 5.6 and 5.10);
- ensure that the commonhold community statement provides that in the event of a voluntary termination of the commonhold the termination statement provides that the unit holders will ensure that any mortgage secured on their unit is repaid on termination;
- make a company search to verify that the commonhold association is in existence and remains registered, and that there is no registered indication that it is to be wound up; and
- within 14 days of completion, send the notice of transfer of a commonhold unit and notice of the mortgage to the commonhold association.

5.10 Restrictions on Use and Occupation

5.10.1 You must check whether there are any material restrictions on the occupation of the property as a private residence or as specified by us (for example, because of the occupier's employment, age or income), or any material restrictions on its use. If there are any restrictions, you must report details to us (see **part 2**). We may accept a restriction, particularly if this relates to sheltered housing or to first-time buyers.

5.10.1 If different from 1.11, contact point if there is a restriction on use.

See 1.11.a - Provide full details of any restrictions.

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5.11 Restrictive Covenants

5.11.1 You must enquire whether the property has been built, altered or is currently used in breach of a restrictive covenant. We rely on you to check that the covenant is not enforceable. If you are unable to provide an unqualified certificate of title as a result of the risk of enforceability you must ensure (subject to paragraph 5.11.2) that indemnity insurance is in place at completion of our mortgage (see section 9).

5.11.2 If there is evidence of a breach and, following reasonable enquiries, you are satisfied that the title is good and marketable; you can provide an unqualified certificate of title and the breach has continued for more than 20 years without challenge, then we will not insist on indemnity insurance.

5.12 First Legal Charge

5.12.1 On completion, we require a fully enforceable first charge by way of legal mortgage over the property executed by all owners of the legal estate. All existing charges must be redeemed on or before completion, unless we agree that an existing charge may be postponed to rank after our mortgage. Our standard deed or form of postponement must be used.

5.13 Balance of Purchase Price

5.13.1 You must ask the borrower how the balance of the purchase price is being provided. If you become aware that the borrower is not providing the balance of the purchase price from his own funds or is proposing to give a second charge over the property, you must report this to us if the borrower agrees (see **part 2**), failing which you must return our instructions and explain that you are unable to continue to act for us as there is a conflict of interest. You should also have regard to 6.3.1 with regard to any implications on the purchase price.

5.13.1 If different from 1.11, contact point if borrower is not providing balance of purchase price from funds/proposing to give second charge.

We do not require you to report a gifted deposit where you are satisfied that the following conditions are met: The gift is from an immediate family member(s), who confirms it is not repayable.

For avoidance of doubt an immediate family member should be:

- Parents (including step parents and in-laws);
- Grandparents;
- Grandchildren;
- Siblings (including step siblings);
- Children;
- Spouses;
- Civil Partners;
- Uncles and Aunts.

A Deed of Trust or Second Charge to protect the gifted deposit is not acceptable. Written confirmation that the gift is not repayable must be obtained from all parties and retained on your file . Clear bankruptcy searches must be obtained against each party.

Gifted deposits from outside the UK should be referred to us for consideration . See 1.11a.

You should report any other circumstance where the balance of purchase price is not being provided in accordance with Part 1.

See 1.11.a.

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5.14 Leasehold Property

5.14.1 Our requirements on the unexpired term of a lease offered as security are set out in **part 2**.

5.14.1 What minimum unexpired lease term does the lender accept?

New Build houses which must have an unexpired lease term of at least 250 years at the start of the mortgage.

New Build flats which must have an unexpired lease term of at least 125 years at the start of the mortgage.

For non-new build properties, a minimum of 50 years must remain at the end of the mortgage term.

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5.14.2 There must be no provision for forfeiture on the insolvency of the tenant or any superior tenant.

5.14.3 The only situations where we will accept a restriction on the mortgage or assignment (whether by a tenant or a mortgagee) of the lease is where the person whose consent needs to be obtained cannot unreasonably withhold giving consent. The necessary consent for the particular transaction must be obtained before completion. If the lease requires consent to an assignment or mortgage to be obtained, you must obtain these on or before completion (this is particularly important if the lease is a shared ownership lease). You must not complete without them.

5.14.4 You must take reasonable steps to check that:

- there are satisfactory legal rights, particularly for access, services, support, shelter and protection; and
- there are also adequate covenants and arrangements in respect of the following matters, buildings insurance, maintenance and repair of the structure, foundations, main walls, roof, common parts, common services and grounds (the "common services").

5.14.5 You should ensure that responsibility for the insurance, maintenance and repair of the common services is that of:

- the landlord; or
- one or more of the tenants in the building of which the property forms part; or
- the management company - see sub-section 5.15.

5.14.6 Where the responsibility for the insurance, maintenance and repair of the common services is that of one or more of the tenants the lease must contain adequate provisions for the enforcement of these obligations by the landlord or management company at the request of the tenant.

5.14.7 In the absence of a provision in the lease that all leases of other flats in the block are in, or will be granted in, substantially similar form, you should take reasonable steps to check that the leases of the other flats are in similar form. If you are unable to do so, you should effect indemnity insurance (see section 9). This is not essential if the landlord is responsible for the maintenance and repair of the main structure.

5.14.8 We do not require enforceability covenants mutual or otherwise for other tenant covenants.

5.14.9 We have no objection to a lease which contains provision for a periodic increase of the ground rent provided that the amount of the increased ground rent is fixed or can be readily established and is reasonable. If you consider any increase in the ground rent may materially affect the value of the property, you must report this to us (see **part 2**).

5.14.9 If different from 1.11, contact point for matters connected with the lease:

See 1.11.a

Acceptable:

- Increases linked to Retail/ Consumer Price Index (or similar indices)
- Doubling (or an acceptable monetary increase) of any ground rent over periods of 20 years or more, providing the current figure is believed to be reasonable. These should be referred to FHL for individual consideration.

Unacceptable:

- Unreasonable multipliers of ground rent or other provisions;
- Doubling of ground rent over short periods, less than 20 years (e.g. 5, 10, 15 years);
- Increases linked to the value of the property;
- Fixed increases clearly above inflation expectation.

Starting ground rent must not exceed 0.1% of the market value of the security property. However, we may accept ground rent up to 0.2% market value but these must be referred to us for individual consideration.

Where ground rent provisions cause (or, during the term of the mortgage, are likely to cause) the lease to be treated as an assured shorthold tenancy under the Housing Act 1988, this need not be reported to us if either:

- (i) arrangements are made for the lease to be formally varied to restrict the ground rent below the statutory level (currently, an annual ground rent of more than £250 (or over £1,000 for properties in London)); or
- (ii) a suitable indemnity policy (which complies with our requirements as set out in Part 1 paragraph 9 (Indemnity Insurance) is put in place to protect us.

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5.14.10 You should enquire whether the landlord or managing agent foresees any significant increase in the level of the service charge in the reasonably foreseeable future and, if there is, you must report to us (see **part 2**).

5.14.10 If different from 1.11, contact for service charge matters:

See 1.11.a

Where you are made aware that the service charge will increase significantly (i.e. by greater than £1000 p/a), please advise us what the new level will be and why.

Where you have been advised that works are planned to the property which our applicant is liable for please provide:

- a) A full list of works to be undertaken
- b) An estimated timescale to undertake the work
- c) The cost of works and the contribution required from the borrower

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5.14.11 If the terms of the lease are unsatisfactory, you must obtain a suitable deed of variation to remedy the defect. We may accept indemnity insurance (see section 9). See **part 2** for our requirements.

5.14.11 Does the lender accept indemnity insurance where the terms of the lease are unsatisfactory?

We will accept such policies in limited circumstances on a case by case basis. The policies must be adequate and if this means that the Policy is to be bespoke (i.e. not a self-write) then it is our requirement that such a policy is to be taken. You must be satisfied that the insurance will make the title good and marketable and you can give an unqualified Certificate of Title.

You must ensure that the requirements of Section 9 of Part 1 being met and the policy being the benefit of us, our transferees and our assignees.

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5.14.12 You must obtain on completion a clear receipt or other appropriate written confirmation for the last payment of ground rent and service charge from the landlord or managing agents on behalf of the landlord. Check **part 2** to see if it must be sent to us after completion. If confirmation of payment from the landlord cannot be obtained, we are prepared to proceed provided that you are satisfied that the absence of the landlord is common practice in the district where the property is situated, the seller confirms there are no breaches of the terms of the lease, you are satisfied that our security will not be prejudiced by the absence of such a receipt and you provide us with a clear certificate of title.

5.14.12 Does the lender require a clear ground rent/service charge receipt to be sent to you?

No but you should satisfy yourself that there are no outstanding Ground Rent or service charges as at the date of completion.

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5.14.13 Notice of the mortgage must be served on the landlord and any management company immediately following completion, whether or not the lease requires it. Please ensure that you can provide either suitable evidence of the service of notice on the landlord or management company or a receipt of notice. Check **part 2** to see if a receipted copy of the notice or evidence of service must be sent to us after completion.

5.14.13 Does the lender require a receipted copy of notice or evidence of service to be sent to you?

Yes - this should be sent to us after completion with the title documents.

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5.14.14 We will accept leases which require the property to be sold on the open market if re-building or reinstatement is frustrated provided the insurance proceeds and the proceeds of sale are shared between the landlord and tenant in proportion to their respective interests.

5.14.15 You must report to us (see **part 2**) if it becomes apparent that the landlord is either absent or insolvent. If we are to lend, we may require indemnity insurance (see section 9). See **part 2** for our requirements.

5.14.15a If different from 1.11, contact point if there is an absentee/insolvent landlord:

See 1.11.a

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5.14.15b Does the lender accept indemnity insurance if the landlord is absent or insolvent?

We will accept such policies in limited circumstances on a case by case basis. The policies must be adequate and if this means that the Policy is to be bespoke (i.e. not a self-write) then it is our requirement that such a policy is to be taken. You must ensure that the requirements of Section 9 of Part 1 being met and the policy being the benefit of us, our transferees and our assignees.

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5.14.16 You must check a certified or official copy of the original lease. In the case of a registered lease where the original lease is now lost, or destroyed by Land Registry, we are prepared to proceed provided you have checked an official copy of the lease from the Land Registry.

5.14.17 This section applies only to purchases of leasehold flats in England situated in a 'relevant building' as defined in the Building Safety Act 2022 (Guidance on 'relevant buildings' can be found here: [Definition of 'relevant building'](#)).

See Part 2s for our requirements on purchases and remortgages. Where the security will comprise such a leasehold flat you must request the following information from the seller's conveyancer about the building in which the flat is situated :

- Confirmation as to whether the building has been or will be remediated under the Building Safety Act 2022.
- Copies of any Landlord's Certificates, signed by the Landlord in the form set out in the Building Safety (Leaseholder Protections) (England) Regulations 2022.
- Copies of any executed Leaseholder Deed of Certificate (in the form set out in the Building Safety (Leaseholder Protections) (England) Regulations 2022) and confirmation that they have been submitted by the relevant leaseholder to the landlord.

You may want to consider any guidance from your professional body and/or regulator about the information and advice you should provide to the home-buyer relating to building safety. You should also consider any implications for section 4.4 of the Handbook.

5.14.17a Does the lender want any documentation sent to them?

We do not require copies of any documentation before completion other than that listed in 14.2.2, although you should retain copies on your file.

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5.14.17b Does the lender have any specific instructions about building safety?

You must tell us as soon as you become aware if the current owner of the property is a non - qualifying leaseholder and confirm the known and/ or anticipated costs which may be payable by leaseholders for remediation works.

If you become aware any remediation works are required under the Building Safety Act 2022, you must report this to us immediately as this may affect our decision to lend.

You must report such matters to us as soon as you become aware and before exchange of contracts (for a purchase and/ or remortgage).

You must not complete until you have received our further written instructions.

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5.14.17c Does the lender have any specific instructions relating to remortgages?

Section 5.14.17b also applies to remortgages.

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5.15 Management Company

5.15.1 In paragraphs 5.15.1 to 5.15.2 the following meanings shall apply:

- "management company" means the company formed to carry out the maintenance and repair of the common parts;
- "common parts" means the structure, main walls, roof, foundations, services, grounds and any other common areas serving the building or estate of which the property forms part.

If a management company is required to maintain or repair the common parts, the management company should have a legal right to enter the property; if the management company's right to so enter does not arise from a leasehold interest, then the tenants of the building should also be the members of the management company. If this is not the case, there should be a covenant by the landlord to carry out the obligations of the management company should it fail to do so. For leases granted before 1 September 2000, if the lease does not satisfy the requirements of paragraph 5.15.1 but you are nevertheless satisfied with the existing arrangements affecting the management company and the maintenance and repair

of the common parts and you are able to provide a clear certificate of title, then we will rely on your professional judgement.

5.15.2 You should make a company search and verify that the company is in existence and registered at Companies House. You should also obtain the management company's last three years' published accounts (or the accounts from inception if the company has only been formed in the past three years). Any apparent problems with the company should be reported to us (see **part 2**). If the borrower is required to be a shareholder in the management company, check **part 2** to see if you must arrange for the share certificate, a blank stock transfer form executed by the borrower and a copy of the memorandum and articles of association to be sent to us after completion (unless we tell you not to). If the management company is limited by guarantee, the borrower (or at least one of them if two or more) must follow the procedure necessary to become a member after completion.

5.15.2a If different from 1.11, contact point if there are apparent problems with the management company:

See 1.11a

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5.15.2b Does the lender need to be sent the management company share certificate?

No - this should be retained by the borrower but you should keep a copy on your file.

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5.15.2c Does the lender need to be sent the signed blank stock transfer form?

A copy should be sent to us only and the original should be retained on your file.

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5.15.2d Does the lender need to be sent the management company's memorandum and articles of association?

No.

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5.16 Insolvency Considerations

5.16.1 You must obtain a clear bankruptcy search against each borrower (and each mortgagor or guarantor, if any) providing us with protection at the date of completion of the mortgage. You must fully investigate any entries revealed by your bankruptcy search against the borrower (or mortgagor or guarantor) to ensure that they do not relate to them.

5.16.2 Where an entry is revealed that may relate to the borrower (or the mortgagor or guarantor):

- you must be satisfied that the entry does not relate to the borrower (or the mortgagor or guarantor) if you are able to do so from your own knowledge or enquiries; or
- if, after obtaining office copy entries or making other enquiries of the Official Receiver, you are unable to satisfy yourself that the entry does not relate to the borrower (or the mortgagor or guarantor) you must report this to us (see **part 2**). We may as a consequence need to withdraw our mortgage offer.

5.16.2 If different from 1.11, contact point if unable to certify search entry does not relate:

See 1.11a

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5.16.3 If you are aware that the title to the property is subject to a deed of gift or a transaction at an apparent undervalue completed within five years of the proposed mortgage then you must be satisfied that we will acquire our interest in good faith and will be protected under the provisions of the Insolvency (No 2) Act 1994 against our security being set aside. If you are unable to give an unqualified certificate of title, you must arrange indemnity insurance (see section 9).

5.16.4 You must also obtain clear bankruptcy searches against all parties to any deed of gift or transaction at an apparent undervalue.

5.17 Powers of Attorney

5.17.1 If any document is being executed under power of attorney, you must ensure that the power of attorney is, on its face, properly drawn up, that it appears to be properly executed by the donor and that the attorney knows of no reason why such power of attorney will not be subsisting at completion.

5.17.2 Where there are joint borrowers the power should comply with section 25 of the Trustee Act 1925, as amended by section 7 of the Trustee Delegation Act 1999, or with section 1 of the Trustee Delegation Act 1999 with the attorney making an appropriate statement under section 2 of the 1999 Act.

5.17.3 In the case of joint borrowers, neither borrower may appoint the other as their attorney.

5.17.4 A power of attorney must not be used in connection with a regulated loan under the Consumer Credit Act 1974.

5.17.5 Check **part 2** to see if:

- the original or a certified copy of the power of attorney must be sent to us after completion; and
- where the power of attorney is a general power of attorney and was completed more than 12 months before the completion of our mortgage, whether you must send us a statutory declaration confirming that it has not been revoked.

5.17.5a Does the lender need to be sent the power of attorney?

No, but you should retain on your file.

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5.17.5b Does the lender need to be sent the statutory declaration of non-revocation of power of attorney?

No, but you should retain on your file.

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5.18 The Guarantee

5.18.1 Whilst we recommend that a borrower should try to obtain a full title guarantee from the seller, we do not insist on this. We, however, require the borrower to give us a full title guarantee in the mortgage deed. The mortgage deed must not be amended.

5.19 Affordable Housing: Shared Ownership and Shared Equity

5.19.1 Housing associations, other social landlords and developers sometimes provide schemes under which the borrower will not have 100% ownership of the property and a third party will also own a share or will be taking a charge over the title. In these cases you must check with us to see if we will lend and what our requirements are unless we have already provided these (see **part 2**).

5.19.1 If different from 1.11, contact point for lending on affordable housing, shared equity and shared ownership and where relevant your requirements:

Not Applicable. We do not current lend on properties involving these schemes.

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5.20 Energy Technologies Installed on Residential Properties

5.20.1 Where a property is subject to a registered lease of roof space for solar PV panels we require you to check that the lease meets the [UK Finance minimum requirements](#). Where you consider it does not, check **part 2** to see whether you must report this to us and for details of any additional requirements.

5.20.1 Does the lender require me to report to them where the lease does not meet the UK Finance minimum requirements for leases of roof space for solar PV panels?

Yes. See 1.11.a

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5.20.2 If, after completion, the borrower informs you of an intention to enter into a lease of roof space relating to energy technologies, you should advise the borrower that they, or the energy technology provider on their behalf, will need to seek consent from us.

5.20.3 UK Finance has issued a set of [minimum requirements](#) where a provider/homeowner is seeking lender consent for a lease of roof space for solar PV panels. See **part 2** for our additional requirements relating to these leases.

5.20.3 Does the lender have additional requirements relating to leases of roof space for solar PV panels, and if so, what are they?

Yes. Please also ensure that we have an unconditional right to break the lease in the event of possession and that the costs of removing the solar PV panels and making good any damage are expressly the responsibility of the solar PV provider.

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5.20.4

Check part 2 to see whether we require you to disclose the details of any existing Green Deal Plan(s) on a property

5.20.4 Does the lender require you to disclose the details of any existing Green Deal Plan(s) on a property?

Yes. See 1.11.a

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6. The Property

6.1 Mortgage Offer and Title Documents

6.1.1 The loan to the borrower will not be made until all relevant conditions of the mortgage offer which need to be satisfied before completion have been complied with and we have received your certificate of title.

6.1.2 You must check your instructions and ensure that there are no discrepancies between them and the title documents and other matters revealed by your investigations.

6.1.3 You should tell us (see **part 2**) as soon as possible if you have been told that the borrower has decided not to take up

the mortgage offer.

6.1.3 If different from 1.11, contact point if borrower is not taking up the mortgage offer:

See 1.11.a

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6.2 Boundaries

6.2.1 These must be clearly defined by reference to a suitable plan or description. They must also accord with the information given in the valuation report, if this is provided to you. You should check with the borrower that the plan or the description accords with the borrower's understanding of the extent of the property to be mortgaged to us. You must report to us (see **part 2**), if there are any discrepancies.

6.2.1 If different from 1.11, contact if any discrepancies in property's description:

See 1.11.a

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6.3 Purchase Price

6.3.1 The purchase price for the property must be the same as set out in our instructions. If it is not, you must tell us (unless we say differently in **part 2**).

6.3.1 If different from 1.11, contact point for any issues relating to purchase price:

See 1.11.a

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6.4 Incentives

6.4.1 You must obtain a completed copy of the [UK Finance Disclosure of Incentives Form](#) for any property that is yet to be occupied for the first time, or for the first time in its current form, for example, because of a renovation or conversion. You should only report incentives to the lender as instructed below.

6.4.2 You will not be able to send a completed Certificate of Title to the lender unless you have received the [UK Finance Disclosure of Incentives Form](#). When you send a completed Certificate of Title you are confirming you are in receipt of a completed UK Finance Disclosure of Incentives Form from the developer/seller's conveyancer which complies with your instructions.

6.4.3 This does not override your duty to the lender via the instructions provided elsewhere in the Lenders' Handbook.

6.4.4 You must tell us (unless we say differently in **part 2**) if the contract provides for or you become aware of any arrangement in which there is:

- a cashback to the buyer; or
- part of the price is being satisfied by a non-cash incentive to the buyer or
- any indirect incentive (cash or non cash) or rental guarantee.

Any such arrangement may lead to the mortgage offer being withdrawn or amended.

6.4.4 Does the lender require me to report incentives?

Yes. Please send us the UK Finance Disclosure of Incentives Form - fully completed as soon as possible .

Where the property is not a new build being sold by the developer, you must notify us if the deposit (or any part of it) is to be paid by the seller.

In addition, you should report details of all finders fees (whether or not the UK Finance Disclosure of Incentives form applies) as they are not considered acceptable. A finders fee is a fee or commission paid (in cash or kind) by a seller to a third party (such as an investment club) for finding or introducing a buyer. It does not include the normal fee or commission payable to any estate agent handling the sale.

PLEASE NOTE: Payment of the premium for chancel repair liability and/or defective title insurance is not considered to be an incentive required to be reported. In all other cases, the incentive must be reported to us.

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6.4.5 You must report to us (see **part 2**) if you will not have control over the payment of all of the purchase money (for example, if it is proposed that the borrower pays money to the seller direct) other than a deposit held by an estate agent or a reservation fee of not more than £1,000 paid to a builder or developer.

6.4.5 If different from 1.11, contact point if we will not have control over the payment of all the purchase money:

See 1.11a

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6.5 Vacant Possession

6.5.1 Unless otherwise stated in your instructions, it is a term of the loan that vacant possession is obtained. The contract must provide for this. If you doubt that vacant possession will be given, you must not part with the advance and should report the position to us (see **part 2**).

6.5.1 If different from 1.11, contact point if vacant possession is not being given:

See 1.11.a

Residential Properties: We require vacant possession to be obtained on completion. If this cannot be achieved you must advise us.

Buy To Let Properties: please refer to Part 1 paragraph 6.6.1 & 6.6.2 for our requirements where a property is already let or is to be let on or following completion.

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6.6 Properties Let at Completion

6.6.1 Unless it is clear from the mortgage offer that the property is let or is to be let at completion then you must check with us whether we lend on "buy-to-let" properties and that the mortgage is for that purpose (see **part 2**).

6.6.1 If different from 1.11, contact point if property is let/to be let and to check you lend on buy-to-let:

The mortgage offer will indicate whether the mortgage is a Residential or Buy to Let product. Any queries regarding standard or special mortgage conditions should be referred to us see 1.11.a

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6.6.2 Where the property, or part of it, is already let, or is to be let at completion, then the letting must comply with the details set out in the mortgage offer or any consent to let we issue. If the letting does not comply, or no such details are mentioned, you must report the position to us (see **part 2**).

6.6.2 If different from 1.11, contact point when you do not have details of current letting or letting to take place at completion:

The property must be let under an approved AST at or within 3 months of completion. The Mortgage Offer will set out our specific requirements for any letting of the property. Any queries regarding standard or special mortgage conditions for letting the property should be referred to us, see 1.11.a.

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6.6.3 Check **part 2** for whether counterparts or certified copies of all tenancy agreements and leases in respect of existing tenancies must be sent to us after completion.

6.6.3 Does the lender require counterpart/certified copy tenancy agreement to be sent to you?

No, but a copy should be retained on your file.

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6.6.4 Where the property falls within the definition of a house in multiple occupation under the Housing Act 2004 see **part 2** as to whether we will accept this as security and if so what our requirements are.

6.6.4 Does the lender lend where the property comes within the definition of a house in multiple occupation? If yes, what are your requirements?

Please refer to your instructions in the mortgage offer. Each condition and/or requirement must be satisfied prior to submission of the Certificate of Title

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6.7 New Properties - Building Standards Indemnity Schemes

6.7.1 If the property has been built or converted within the past ten years, or is to be occupied for the first time, you must ensure that it was built or converted under a scheme acceptable to us (see **part 2** for the list of schemes acceptable to us and our requirements).

6.7.1 What new home warranty schemes are acceptable to the lender?

ABC+ Warranty

Advantage (ADHCI)

Aedis Warranties Limited

Architects Certificate (RIBA), with appropriate current professional Indemnity insurance.

Ark Insurance

Build Assure

Building Life Plans - you must request and receive confirmation from BLP that the sum insured is adequate when compared to the rebuilding costs. The certificate must not contain any reservations.

Build Zone

CADIS/CADIS MGA

Castle 10

Schemes underwritten by Casualty General Insurance Company Europe (CGICE)

Chartered Building Surveyors Certificate, or Architect's Certificate (RICS/RIBA) with appropriate current professional indemnity insurance.

Checkmate
Global Home Warranties
International Construction Warranties (“ICW”)
LABC
NHBC
One Guarantee
Premier Guarantee, but the certificate must not contain any reservations
Protek - New Home, Custom Build, Self-Build and Completed Housing
Q Build Assure
Schemes underwritten by Elite Insurance but administered by other providers.
Zurich Municipal

All other warranty schemes must be referred to us, see 1.11a.

The level of cover under the warranty must be sufficient to meet the full costs of repairing any defects covered under the warranty.

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6.7.2 Where the cover under a scheme referred to in clause 6.7.1 is not yet in place before you send us the certificate of title, you must obtain a copy of a new home warranty provider's cover note from the developer. The cover note must confirm that the property has received a satisfactory final inspection and that the new home warranty will be in place on or before legal completion. This does not apply to self-build schemes. Check **part 2** to see what new home warranty documentation should be sent to us after completion.

6.7.2 What new home warranty documentation should be sent to the lender?

None. Please forward appropriate documentation to the borrower and retain a copy on your file.

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6.7.3 We do not insist that notice of assignment of the benefit of the new home warranty agreement be given to the builder in the case of a second and subsequent purchase(s) during the period of the insurance cover. Check **part 2** to see if any assignments of building standards indemnity schemes which are available should be sent to us after completion.

6.7.3 Should any assignments of building standards indemnity schemes be sent to us?

No. Please forward appropriate documentation to the borrower and retain a copy on your file.

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6.7.4 Where the property does not have the benefit of a scheme under 6.7.1 and has been built or converted within the past 6 years check **part 2** to see if we will proceed and, if so, whether you must satisfy yourself that the building work is being monitored (or where the work is completed was monitored) by a professional consultant. If we do accept monitoring you should ensure that the professional consultant has provided the lender's Professional Consultant's Certificate which forms an appendix to this Handbook or such other form as we may provide. The professional consultant should also confirm to you that he has appropriate experience in the design or monitoring of the construction or conversion of residential buildings and has one or more of the following qualifications:

- fellow or member of the Royal Institution of Chartered Surveyors (FRICS or MRICS); or
- fellow or member of the Institution of Structural Engineers (F.I.Struct.E or M.I.Struct.E); or
- fellow or member of the Chartered Institute of Building (FCIOB or MCIQB); or
- fellow or member of the Architecture and Surveying Institute (FASI or MASI) (only if in conjunction with a FCIOB or MCIQB qualification); or

- fellow or member of the Chartered Association of Building Engineers (C.Build E MCABE and C.Build E FCABE); or
- member of the Chartered Institute of Architectural Technologists (formerly British Institute of Architectural Technologists) (MCIAT); or
- architect registered with the Architects Registration Board (ARB). An architect must be registered with the Architects Registration Board, even if also a member of another institution, for example the Royal Institute of British Architects (RIBA); or
- fellow or member of the Institution of Civil Engineers (FICE or MICE).

6.7.4 Will the lender proceed if the property does not have the benefit of a new home warranty scheme?

Yes, but the building work must be monitored or (if completed) have been monitored during construction by a professional consultant holding a qualification listed in section 6.7.4. The professional consultant must have provided the Professional Consultant's Certificate in the format set out by UK Finance and it must be compliant with 6.7.4 and 6.7.5.

A retrospective Professional Consultant's Certificate is not acceptable.

Where the Property comprises a flat within a building, the Professional Consultants Certificate must also cover all common parts (including the structure) of the building and must be available prior to completion of the loan.

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6.7.5 At the time he issues his certificate of practical completion, the consultant must have professional indemnity insurance in force for each claim for the greater of either:

- the value of the property once completed; or
- £250,000 if employed directly by the borrower or, in any other case, £500,000. If we require a collateral warranty from any professional adviser, this will be stated specifically in the mortgage instructions.

6.7.6 Check **part 2** to see if the consultant's certificate must be sent to us after completion.

6.7.6 Does the lender need to be sent the professional consultant's certificate?

Yes - a copy is required to be sent to us and you must retain a copy on your file. The borrower is to retain the original.

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6.8 Roads and Sewers

6.8.1 If the roads or sewers immediately serving the property are not adopted or maintained at public expense, there must be an agreement and bond in existence or you must report to us (see **part 2** for who you should report to).

6.8.1 If different from 1.11, contact point if no agreement and bond for an unadopted road or sewer:

See 1.11.a

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6.8.2 If there is any such agreement, it should be secured by bond or deposit as required by the appropriate authority to cover the cost of making up the roads and sewers to adoptable standards, maintaining them thereafter and procuring adoption.

6.8.3 If there is an arrangement between the developer and the lender whereby the lender will not require a retention, you must obtain confirmation from the developer that the arrangement is still in force.

6.8.4 Where roads and sewers are not adopted or to be adopted but are maintained by local residents or a management company this is acceptable providing that in your reasonable opinion appropriate arrangements for maintenance repairs and costs are in place.

6.9 Easements

6.9.1 You must take all reasonable steps to check that the property has the benefit of all easements necessary for its full use and enjoyment. All such rights must be enforceable by the borrower and the borrower's successors in title. If they are not check **part 2** for our requirements.

6.9.1 If different from 1.11, contact point if necessary easements are absent:

See 1.11.a

You must also check that the servient and dominant tenements have not at any point come into common ownership so as to extinguish the easement regardless of whether the easement is still noted against the registered title.

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6.9.2 If the borrower owns adjoining land over which the borrower requires access to the property or in respect of which services are provided to the property, this land must also be mortgaged to us unless all relevant easements are granted in the title of the land to be mortgaged to us and those rights are and remain enforceable in accordance with section 6.9.1.

6.10 Release of Retentions

6.10.1 If we make a retention from an advance (for example, for repairs, improvements or road works) we are not obliged to release that retention, or any part of it, if the borrower is in breach of any of his obligations under the mortgage, or if a condition attached to the retention has not been met or if the loan has been repaid in full. You should, therefore not give an unqualified undertaking to pay the retention to a third party.

6.10.2 Check **part 2** to see who we will release the retention to.

6.10.2 Who will the lender release any retentions (or instalments of the advance) to?

After completion retentions will be released to the borrower.

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6.11 Neighbourhood Changes

6.11.1 The local search or the enquiries of the seller's conveyancer should not reveal that the property is in an area scheduled for redevelopment or in any way affected by road proposals. If it is please report to us (see **part 2**).

6.11.1 If different from 1.11, contact point if property is affected by redevelopment or road proposals:

See 1.11.a

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6.12 Rights of Pre-emption and Restriction on Resale

6.12.1 You must ensure that there are no rights of pre-emption, restrictions on resale, options or similar arrangements in existence at completion which will affect our security. If there are, please report this to us (see **part 2**).

6.12.1 If different from 1.11, contact point if pre-emption rights, resale restrictions, options etc will affect the lender's security:

See 1.11.a

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6.13 Improvements and Repair Grants

6.13.1 Where the property is subject to an improvement or repair grant which will not be discharged or waived on completion, check **part 2** to see whether you must report the matter to us.

6.13.1 If different from 1.11, contact point if property is affected by improvement/repair grant which will not be discharged:

See 1.11.a

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6.14 Insurance

6.14.1 You must make reasonable enquiries to satisfy yourself that buildings insurance has been arranged for the property from no later than completion.

You should remind the borrower that they:

- Must have buildings insurance in accordance with the requirements of the mortgage contract no later than completion, and
- Must maintain such buildings insurance throughout the mortgage term.

7. Other Occupiers

7.1 Rights or interests of persons who are not a party to the mortgage and who are or will be in occupation of the property may affect our rights under the mortgage, for example as overriding interests.

7.2 If your instructions state the name of a person who is to live at the property, you should ask the borrower before completing the mortgage that the information given by us in our mortgage instructions or mortgage offer about occupants is correct and nobody else is to live at the property.

7.3 Unless we state otherwise (see **part 2**), you must obtain a signed deed or form of consent from all occupants aged 17 or over of whom you are aware who are not a party to the mortgage before completion of the mortgage. If you are acting in accordance with part 3 - Separate Representation Standard Instructions you should refer to [section 7](#) ('Other occupiers') of part 3.

7.3 Does the lender require a consent to mortgage from all occupants aged 17 or over?

Yes, our deed of consent form must be completed by all occupants aged 17 or over or anyone who may have a financial interest in the property.

If the mortgage is a buy to let mortgage and the property will be tenanted at completion you should ensure that an Assured Shorthold Tenancy or a Standard Occupation Contract is in place and that our interest in the property takes priority to that of any other person.

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7.4 We recognise that in some cases the information given to us or you by a borrower may be incorrect or misleading. If you have any reason to doubt the accuracy of any information disclosed, you should report it to us (see **part 2**) provided the borrower agrees; if the borrower does not agree, you should return our instructions.

7.4 If different from 1.11, contact point if doubts about accuracy of information disclosed:

See 1.11.a

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8. Circumstances Requiring Independent Legal Advice

8.1 Unless we otherwise state (see **part 2**), you must not advise:

- any borrower who does not personally benefit from the loan; or
- any guarantor; or
- anyone intending to occupy the property who is to execute a consent to the mortgage and you must arrange for them to seek independent legal advice.

If you are acting in accordance with part 3 - Separate Representation Standard Instructions you should refer to [section 8](#) (Circumstances Requiring Independent Legal Advice) of part 3.

8.1 Does the lender allow me to advise any of the specified third parties?

Yes in accordance with paragraph 8.2. of Part 1 and provided you are satisfied that there is no conflict of interest and neither the transaction nor the documentation will be open to challenge.

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8.2 If we do allow you to advise any of these people, you must only do so after recommending in the absence of any other person interested in the transaction that such person obtains independent legal advice. Any advice that you give any of these people must also be given in the absence of any other person interested in the transaction. You should be particularly careful if the matrimonial home or family home is being charged to secure a business debt. Any consent should be signed by the person concerned. A power of attorney is not acceptable.

9. Indemnity Insurance

9.1 You must effect an indemnity insurance policy whenever the Lenders' Handbook identifies that this is an acceptable or required course to us to ensure that the property has a good and marketable title at completion. This paragraph does not relate to mortgage indemnity insurance. The draft policy should not be sent to us unless we ask for it. Check **part 2** to see if the policy must be sent to us after completion.

9.1 Does the lender need to be sent the indemnity insurance policy?

No. You should ensure that the policy is sufficient to allow you to certify that the title to the property is good and marketable. The policy should be retained by the borrower and you should retain a copy on your file.

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9.2 Where indemnity insurance is effected:

- you must approve the terms of the policy on our behalf; and
- the limit of indemnity must meet our requirements (see **part 2**); and
- the policy must be effected without cost to us; and
- you must disclose to the insurer all relevant information which you have obtained; and
- the policy must not contain conditions which you know would make it void or prejudice our interests; and
- you must provide a copy of the policy to the borrower and explain to the borrower why the policy was effected and that a further policy may be required if there is further lending against the security of the property; and
- you must explain to the borrower that the borrower will need to comply with any conditions of the policy and that the borrower should notify us of any notice or potential claim in respect of the policy; and
- the policy should always be for our benefit and, if possible, for the benefit of the borrower and any subsequent owner or mortgagee. If the borrower will not be covered by the policy, you must advise the borrower of this.

9.2 What limit of indemnity insurance does the lender require?

An amount equal to 110% of the valuation or purchase price - whichever is the greater.

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10. The Loan and Certificate of Title

10.1 You should not submit your certificate of title unless it is unqualified or we have authorised you in writing to proceed notwithstanding any issues you have raised with us.

10.2 We shall treat the submission by you of the certificate of title as confirmation that the borrower has chosen to proceed with our mortgage offer and as a request for us to release the mortgage advance to you. Check **part 2** to see if the mortgage advance will be paid electronically or by cheque and the minimum number of days notice we require.

10.2a Will the mortgage advance be paid electronically or by cheque?

Electronically. A CHAPS payment fee of £35.00 will be deducted from the advance.

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10.2b What is the minimum number of days notice lenders require?

5 working days unless otherwise advised.

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10.3 See **part 2** for any standard deductions which may be made from the mortgage advance.

10.3 What are the standard deductions made from the mortgage advance?

Please refer to the offer for details of any deductions.

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10.4 You are only authorised to release the loan when you hold sufficient funds to complete the purchase of the property and pay all stamp duty land tax and registration fees to perfect the security as a first legal mortgage or, if you do not have them, you accept responsibility to pay them yourself. This does not apply if acting in accordance with [Part 3 - Separate Representation Standard Instructions](#).

10.5 Before releasing the loan when the borrower is purchasing the property you must either hold a properly completed and executed stamp duty land tax form or you must hold an appropriate authority from the borrower allowing you to file the necessary stamp duty land tax return(s) on completion.

10.6 You must ensure that all stamp duty land tax returns are completed and submitted to allow registration of the charge to take place in the priority period afforded by the search.

10.7 You must hold the loan on trust for us until completion. If completion is delayed, you must return it to us when and how we tell you (see **part 2**).

10.7 On a delayed completion, when and how is advance to be returned?

The advance should be returned immediately to the account from which it came.

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10.8 You should note that although your certificate of title will be addressed to us, we may at some time transfer our interest in the mortgage. In those circumstances, our successors in title to the mortgage and persons deriving title under or through the mortgage will also rely on your certificate.

10.9 If, after you have requested the mortgage advance, completion is delayed you must contact us immediately after you are aware of the delay and you must inform us of the new date for completion (see **part 2**).

10.9 If different from 1.11, contact point if completion is delayed?

New Business Department, Foundation, e Arlington Square, Downshire Way, Bracknell, RG12 1WA

Email: completions@foundationlending.co.uk

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10.10 See **part 2** for details of how long you can hold the mortgage advance before returning it to us. If completion is delayed for longer than that period, you must return the mortgage advance to us. If you do not, we reserve the right to require you to pay interest on the amount of the mortgage advance (see **part 2**).

10.10 How long can you hold the mortgage advance before returning it?

For the day of completion only. The mortgage advance needs to be returned to us immediately should completion not be effected.

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10.11 If the mortgage advance is not returned within the period set out in **part 2**, we will assume that the mortgage has been completed, and we will charge the borrower interest under the mortgage.

10.11 What, if any interest does the lender charge if return of the advance is delayed?

Interest at the rate appearing in the Offer will be charged from the date of the advance to the date the funds are re-credited to our bank account.

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11. The Documentation

11.1 The Mortgage

11.1.1 The mortgage incorporates our current mortgage conditions and, where applicable, loan conditions. If the mortgage conditions booklet is supplied to you with your instructions you must give it to the borrower before completion of the mortgage.

11.1.2 You should explain to each borrower (and any other person signing or executing a document) his responsibilities and liabilities under the documents referred to in paragraph 11.1.1 and any documents he is required to sign.

11.2 Signing and Witnessing of Documents

11.2.1 Except where we specify otherwise in our individual instructions, the signature of a document that needs to be witnessed must be witnessed by an independent person. The witness's signature must clearly record the witnessing of the signing of the document by the individual concerned, and the name and address of the witness must appear in legible form. All documents required at completion must be dated with the date of completion of the loan.

12. Instalment Mortgages and Mortgage Advances Released in Instalments

12.1 Introduction

12.1.2 The borrower is expected to pay for as much work as possible from his own resources before applying to us for the first instalment. However, we may, if required, consider advancing a nominal sum on receipt of the certificate of title to enable the mortgage to be completed so long as the legal estate in the property is vested in the borrower.

12.1.3 The borrower is responsible for our valuer's fees for interim valuations as well as the first and final valuations.

12.2 Applications for Part of the Advance

12.2.1 As in the case of a normal mortgage account, funds for instalment mortgages may be sent to you. However, instalments (apart from the first which will be sent to you to enable you to complete the mortgage) can be sent directly to the borrower on request. We may make further payments and advances without reference to you.

12.3 Requests for Intermediate Funds

12.3.1 To allow time for a valuation to be carried out, your request should be sent to us (see **part 2**) at least 10 days before the funds are required.

12.3.1 If different from 1.11, contact point for release of retentions/mortgage advance instalments:

We do not offer retentions or phased funds release.

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12.4 Building Contract as Security

12.4.1 We will not lend on the security of a building contract unless we tell you to the contrary. As a result the mortgage must not be completed and no part of the advance released until the title to the legal estate in the property has been vested by the borrower.

13. Mortgage Indemnity Insurance or Higher Lending Charge

13.1 You are reminded to tell the borrower that we (and not the borrower) are the insured under any mortgage indemnity or similar form of insurance policy and that the insurer will have a subrogated right to claim against the borrower if it pays us under the policy. Different lenders call the various schemes of this type by different names. They may not involve an insurance policy.

14. After Completion

14.1 Registration

14.1.1 You must register our mortgage as a first legal charge at the Land Registry.

14.1.2 Where the borrower or mortgagor is a company an application to register the charge must be lodged at Companies House within the required time period.

14.1.3 Our mortgage conditions and mortgage deed have been deposited at the Land Registry and it is therefore unnecessary to submit a copy of the mortgage conditions on an application for registration.

14.1.4 Where the loan is to be made in instalments or there is any deferred interest retention or stage release, check **part 2** to see whether you must apply to Land Registry on form CH2 for entry of a notice on the register that we are under an obligation to make further advances. If the mortgage deed states that it secures further advances, and that the lender is under an obligation to make them, there is no need to submit a form CH2 provided the mortgage deed also states that application is made to the Registrar for a note to be entered on the register to that effect and the mortgage deed bears a Land Registry MD reference at its foot.

14.1.4 Does the lender require me to make a form CH2 application?

No as we do not offer deferred interest retention of phased release.

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14.1.5 The application for registration must be received by the Land Registry during the priority period afforded by the subsisting Land Registry or Land Charges search at the time of completion. Please check **part 2** to see if we require the original mortgage deed and/or any other original title documents to be returned to us. You may use any available Land Registry process for registration including electronic registration. You should retain any original documents until you are satisfied that the registration is completed. You are not otherwise required by us to retain any original documents.

14.1.5 Does the lender need to be sent the original mortgage deed and/or any other original title documents?

You should register the charge at HM Land Registry using a certified copy of the mortgage deed and retain the original on your file. If the borrower is a limited liability company or partnership then the Mortgage Deed and associated Conditions must be registered at Companies House using Form MR01 within 21 days of completion. You will need to tick the Yes Box in Part 7 of form MRO1.

We require you to retain all original deeds on your file including legal charge, TID, and where applicable the deeds of guarantee, consent to mortgage, confirmation of legal advice, incentive form, certificate of registration at Companies

House, any statutory declaration, stock transfer form executed by the Borrower, Indemnity Insurance Policy. See 14.2.2 for our requirements following registration.

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14.2 Title Deeds

14.2.1 All title deeds, official copies of the register (where these are issued by the Land Registry after registration), searches, enquiries, consents, requisitions and documents relating to the property in your possession must be held to our order pending completion of the retainer and you must not create or exercise any lien over them. Check **part 2** for our requirements on what you should do with these documents following registration. If registration at the Land Registry has not been completed within three months from completion you must advise us in writing with a copy of any correspondence with the Land Registry explaining the delay.

14.2.1 Where should the title deeds and documents be sent?

By email to: customerservices@foundationlending.co.uk

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14.2.2 You must only send us documents we tell you to (see **part 2**). You should obtain the borrower's instructions concerning the retention of documents we tell you not to send us.

14.2.2 Which documents must I send after completion?

Following registration of the mortgage at the Land Registry and, where appropriate, at Companies House, please:

1. Retain original documents in your file;
2. Complete our 'eDeed Packet' Checklist;
3. Forward a pdf copy of the checklist together with pdf copies, certified as true copies of the original by a Solicitor, FCILEX or Licensed Conveyancer authorised on behalf of your firm,
BY EMAIL to: customerservices@foundationlending.co.uk

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14.3 Your Mortgage File

14.3.1 For evidential purposes you must keep your file for at least six years from the date of the mortgage before destroying it. You should retain on file those documents as specified in these instructions, and/or our individual instructions, and any other documents which a reasonably competent solicitor/conveyancer would keep. Microfiche, data imaging or material held electronically constitutes suitable compliance with this requirement. It is the practice of some fraudsters to demand the conveyancing file on completion in order to destroy evidence that may later be used against them. It is important to retain these documents to protect our interests.

14.3.2 Where you are processing personal data (as defined in the Data Protection Act 1998) on our behalf, you must;

- take such security measures as are required to enable you to comply with obligations equivalent to those imposed on us by the seventh data protection principle in the 1998 Act; and
- process such personal data only in accordance with our instructions. In addition, you must allow us to conduct such reasonable audit of your information security measures as we require to ensure your compliance with your obligations in this paragraph.

14.3.3 Subject to any right of lien or any overriding duty of confidentiality, you should treat documents comprising your file as if they are jointly owned by the borrower and us and you should not part with them without the consent of both parties. You should on request supply certified copies of documents on the file or a certified copy of the microfiche to either the borrower or us, and may make a reasonable charge for copying and certification. This does not apply if acting in accordance with [Part 3 - Separate Representation Standard Instructions](#).

15. Legal Costs

15.1 Your charges and disbursements are payable by the borrower and should be collected from the borrower on or before completion. You must not allow non-payment of fees or disbursements to delay the payment of stamp duty land tax, the lodging of any stamp duty land tax return and registration of documents.

16. Transactions During the Life of the Mortgage

16.1 Request for Title Documents

16.1.1 All requests for title documents should be made in writing and sent to us (see **part 2**). In making such a request you must have the consent of all of the borrowers to apply for the title documents.

16.1.1 If different from 1.11, contact point for title documents:

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2).

If applicable, where title documents have been released on loan and the mortgage is not being repaid, you must return all documents to us on demand or when you no longer need them. If there has been a transaction requiring an application at the Land Registry you should send us official copies of the updated title when returning all other documents.

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16.2 Further Advances

16.2.1 Our mortgage secures further advances. Consequently, when a further advance is required for alterations or improvements to the property we will not normally instruct a member of our conveyancing panel but if you are instructed the appropriate provisions of this Handbook will apply.

16.3 Transfers of Equity

16.3.1 You must approve the transfer (which should be in the Land Registry's standard form) and, if we require, the deed of covenant on our behalf. Check **part 2** to see if we have standard forms of transfer and deed of covenant.

16.3.1 Does the lender have a standard form of transfer/deed of covenant?

No. We require you to draft an appropriate form of transfer/deed of covenant as may be necessary. You must ensure that our interest is sufficiently protected.

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16.3.2 When drafting or approving a transfer, you should bear in mind that:

- although the transfer should state that it is subject to the mortgage (identified by date and parties), it need give no details of the terms of the mortgage;
- the transfer need not state the amount of the mortgage debt. If it does, the figure should include both principal and interest at the date of completion, which you must check (see **part 2** for where to obtain this);
- there should be no statement that all interest has been paid to date.

16.3.2 If different from 1.11, contact point for finding out the debt amount:

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2). Email: customerservices@foundationledning.co.uk

Tel: 01344 770 8030

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16.3.3 You must ensure that every person who will be a borrower after the transfer covenants with us to pay the money

secured by the mortgage, except in the case of:

- an original party to the mortgage (unless the mortgage conditions are being varied); or
- a person who has previously covenanted to that effect.

16.3.4 Any such covenant will either be in the transfer or in a separate deed of covenant. In a transfer, the wording of the covenant should be as follows, or as close as circumstances permit: "The new borrower agrees to pay the lender all the money due under the mortgage and will keep to all the terms of the mortgage." If it is in the transfer, you must place a certified copy of the transfer with the deeds (unless we tell you not to in **part 2**).

16.3.4 Does the lender need to be sent the transfer of equity?

No.

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16.3.5 If we have agreed to release a borrower or a guarantor and our standard transfer form (if any) includes no appropriate clause, you must add a simple form of release. The release clause should be as follows, or as close as circumstances permit: "The lender releases ... from [his/her/their] obligations under the mortgage." You should check whether a guarantor who is to be released was a party to the mortgage or to a separate guarantee.

16.3.6 You must obtain the consent of every guarantor of whom you are aware to the release of a borrower or, as the case may be, any other guarantor.

16.3.7 You must only submit the transfer to us for execution if it releases a party. All other parties must execute the transfer before it is sent to us. See **part 2** for where the transfer should be sent for sealing. **Part 2** also gives our approved form of attestation clause.

16.3.7a If different from 1.11, contact point for obtaining execution of transfer equity:

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2).

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16.3.7b What form of attestation clause does the lender use?

Signed as a Deed by Paratus AMC Limited by its Attorneys.....and.....in the presence of:

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16.4 Properties to be let after Completion (other than "Buy-to-Let")

16.4.1 If prior to completion of the retainer, the Borrower informs you of an intention to let the property you should advise the borrower that any letting of the property is prohibited without our prior consent. If the borrower wishes to let the property after completion then an application for consent should be made to us by the borrower (see **part 2**).

16.4.1 If different from 1.11, contact point for application for consent to letting:

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2).

Email:customerservices@foundationlending.co.uk

Tel: 01344 770 8030

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16.4.2 Check **part 2** to see whether it is necessary to send to us a copy of the proposed tenancy when making the application.

16.4.2 Does the lender need to be sent a copy of the proposed tenancy?

No.

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16.4.3 If the application for our consent is approved and we instruct you to act for us, you must approve the form of tenancy agreement on our behalf in accordance with our instructions.

16.5 Deeds of Variation etc

16.5.1 If we consent to any proposal for a deed of variation, rectification, easement or option agreement, we will rely on you to approve the documents on our behalf.

16.5.2 Our consent will usually be forthcoming provided that you first of all confirm in writing to us (see **part 2**) that our security will not be adversely affected in any way by entering into the deed. If you are able to provide this confirmation then we will not normally need to see a draft of the deed. If you cannot provide confirmation and we need to consider the matter in detail then an additional administration fee is likely to be charged.

16.5.2 If different from 1.11, contact point for confirming proposed deed or agreement will not adversely affect the lender:

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2).

Email: customerservices@foundationlendin.co.uk

Tel: 01344 770 8030

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16.5.3 Whether we are a party to the deed or give a separate deed or form of consent is a matter for your discretion. It should be sent to us (see **part 2**) for sealing or signing with a brief explanation of the reason for the document and its effect together with your confirmation that it will not adversely affect our security.

16.5.3a Where should the deed of variation be sent?

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2). Email: customerservices@foundationlending.co.uk

Tel: 01344 770 8030

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16.5.3b Where should the deed of rectification be sent?

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2). Email: customerservices@foundationlending.co.uk

Tel: 01344 770 8030

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16.5.3c Where should the deed of easement be sent?

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2). Email:customerservices@foundationlending.co.uk
Tel: 01344 770 8030

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16.5.3d Where should the option agreements be sent?

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2). Email:customerservicesreferrals@foundationlending.co.uk
Tel: 01344 770 8030

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16.6 Deeds of Postponement or Substitution

16.6.1 If we agree to enter into an arrangement with other lenders concerning the order of priority of their mortgages, you will be supplied with our standard form of deed or form of postponement or substitution. We will normally not agree to any amendments to the form. In no cases will we postpone our first charge over the property.

17. Redemption

17.1 Redemption Statement

17.1.1 When requesting a redemption statement (see **part 2**) you should quote the expected repayment date and whether you are acting for the borrower or have the borrower's authority to request the redemption statement in addition to the information mentioned in paragraph 2.1. You should request this at least five working days before the expected redemption date. You must quote all the borrower's mortgage account or roll numbers of which you are aware when requesting the repayment figure. You must only request a redemption statement if you are acting for the borrower or have the borrower's written authority to request a redemption statement.

17.1.1 If different from 1.11, contact point for redemption statements:

Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2). Email:customerservices@foundationlending.co.uk
Tel: 01344 770 8030

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17.1.2 To guard against fraud please ensure that if payment is made by cheque then the redemption cheque is made payable to us and you quote the mortgage account number or roll number and name of the borrower.

17.2 Discharge

17.2.1 On the day of completion you should send the discharge (if required) and your remittance for the repayment to us (see **part 2**). Check **part 2** to see if we discharge via a DS1 form or direct notification to the Land Registry.

17.2.1a Where do you send the discharge and repayment remittance?

Contact Customer Services Department, Foundation, 3 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA or DX 122530 Bracknell (2) or Email:customerservices@foundationlending.co.uk
Tel: 01344 770 8030
for further details

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17.2.1b Does the lender send the discharge via a DS 1 form or direct with the Land Registry?

Directly with the Land Registry.

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