

Mortgages

Leeds Building Society

Instructions to Solicitors and Licensed Conveyancers

(England and Wales)

www.leedsbuildingsociety.co.uk
105 Albion Street, Leeds LS1 5AS
Tel: 0113 225 7777

LB1042 02/10

Leeds Building Society

Lenders Handbook

We have adopted the Lenders' Handbook agreed between the Council of Mortgage Lenders and the Law Society to provide you with comprehensive instructions as to our requirements. A summary of these requirements is set out below. You should already have a copy of Part 1 of the Handbook, setting out main instructions and guidance which must be followed by Conveyancers following the Handbook. Part 2 of the Handbook, which sets out our specific procedural requirements, is available at www.cml.org.uk

Definitions

'*The Property*' means the property to be held as security

'*We/Us*' means the organisation issuing the mortgage offer which is either Leeds Building Society or its subsidiary company ('Subsidiary') namely Leeds Building Society Mortgage Funding Limited

'*You*' means solicitors/licensed conveyancers instructed on our behalf

'*The Advance*' means the amount to be lent to the Borrower

'*The Borrower*' means the persons taking the loan from Us

'*Mortgage Conditions*' means Leeds Building Society Mortgage Conditions 2007 (England & Wales) or those of the Subsidiaries, where appropriate

What we require you to do

1. To protect our interests as Lenders and proposed mortgagee of the property
2. To investigate and report to Us on the title to the Property
3. To ensure that all relevant documents are executed by the Borrower and all other interested parties prior to completion
4. To complete the Advance and carry out all stamping, registration and other formalities as required to perfect our security
5. To ensure that our charge is a first legal charge which ranks in priority over any form of second or subsequent charge or repayable discount or grant
6. To ensure that the Property has a good and marketable title free from any incumbrance, onerous restriction or obligation, save those which have been specifically referred to and agreed by Us
7. To comply with all applicable instructions set out in the special conditions noted in the Offer of Advance
8. You must ensure that the Borrower pays all costs incurred in connection with the Advance and the perfection of our security

Mortgage Conditions

Conflict of Interest

The Lenders' Handbook does not affect any responsibilities You have to Us under general law or any practice rule issued by your professional body. In particular You may not continue to act for both Us and the Borrower if a conflict of interest arises. The Handbook and Rule 3 of the Solicitors' Code of Conduct 2007 detail some of the circumstances in which a conflict may arise. If the Borrower refuses to authorise the disclosure of any information to Us which is necessary to enable You to comply with Our instructions, or if You become aware that the Borrower does not intend to comply with the Mortgage Conditions, then a conflict will arise. If there is a conflict, You must not act for Us and must return Our instructions.

Part 2: Leeds Building Society

Last modified: 01/12/2010

1.7 Contact point to see if the lender will lend when borrower and mortgagor are not one and the same.

Mortgage Lending Department. We will not lend in such circumstances.

1.11a Contact point for standard documents.

Mortgage Lending Department,
PO Box 337, Leeds, LS1 5PR.
DX 12299 Leeds 1. Direct Dial Tel: see Mortgage Offer.

1.11b Contact point if standard documents are inappropriate.

Legal Services, 105 Albion Street, Leeds, LS1 5AS. Tel: 0113 225 7796

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

No.

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

No.

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

Yes. You must also ensure that the relevant checks have been carried out to show compliance with the Law Society's Property and Registration Fraud Practice Note.

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

Mortgage Lending Department. We will not lend in such circumstances.

3.1.6 What other documents are acceptable for verifying identity?

Full UK (or EU) driving licence and DWP letter.

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?

Yes. You must also ensure that the relevant checks have been carried out to show compliance with the Law Society's Property and Registration Fraud Practice Note.

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.

Mortgage Lending Department. We will not lend in such circumstances.

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

Yes. If you have not received a copy, you should request a copy from Mortgage Lending Department.

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

Mortgage Lending Department.

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

Mortgage Lending Department.

4.5b Where should the certificate of title be sent?

Mortgage Lending Department.

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

Mortgage Lending Department. We require confirmation that the property is currently owned by the seller, the date on which the seller acquired the property and the purchase price paid by the seller.

For remortgages, we require confirmation that the property is currently owned by the applicant, the date on which the applicant acquired the property and the purchase price paid by the applicant.

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

No. We will only want to see them if there are matters which require further investigation, in which case please refer to Mortgage Lending Department.

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

Searches carried out in accordance with the Search Code monitored by the Property Codes Compliance Board.

Ultimately, if personal searches are carried out, it is at your own risk.

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

Yes, at your risk and provided you are satisfied that our interests are safeguarded and not adversely affected.

5.4.1a Does the lender limit its requirements in terms of time for planning consents? If so, please specify:

Yes. All necessary planning consents must be obtained prior to completion.

5.4.1b Does the lender limit its requirements in terms of time for building regulation consents? If so, please specify:

Yes. All necessary planning regulation consents must be obtained prior to completion.

5.4.3a If different from 1.11, contact point for reporting if evidence of breach and all outstanding conditions will not be satisfied by completion:

Mortgage Lending Department.

5.4.3b Does the lender require an original/copy of the planning permission?

No, but please retain a copy on your file.

5.4.3c Does the lender require an original/copy of the building regulation consents?

No, but please retain a copy on your file.

5.4.3d Does the lender require certificates of lawful use or development/established use certificate?

No, but please retain a copy on your file.

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

Mortgage Lending Department. Such restrictions are not normally acceptable and Agricultural Restrictions are not acceptable.

5.6.1a Does the lender lend on flying freeholds?

No, but if a small part of the Property is affected this may be acceptable - refer to Mortgage Lending Department.

5.6.1b Does the lender lend on freehold flats?

No.

5.6.1c If the lender is prepared to accept a title falling within 5.6 and the property is a freehold flat or flying freehold, to which contact point must this be reported?

Mortgage Lending Department.

5.7.1 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.

5.7.5 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.

5.8.1 Does the lender lend on commonhold?

Yes.

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

Mortgage Lending Department.

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

Mortgage Lending Department. If the balance of the purchase price is being paid wholly or in part by anyone other than the borrower, you must provide us with a declaration of this amount, that such amount is not repayable and that the party providing this amount will not acquire an interest in the property. You must also ensure that clear bankruptcy searches are carried out against the borrower and all parties contributing to the balance of the purchase price.

5.13.1 What minimum unexpired lease term does the lender accept?

Mortgage term plus 40 years.

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

Mortgage Lending Department.

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

Mortgage Lending Department.

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

Refer to Mortgage Lending Department.

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

No, but please retain a copy on your file.

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

No, but please retain a copy on your file.

5.13.15a If different from 1.11, contact point if there is an absentee/insolvent landlord:

Mortgage Lending Department.

5.13.15b Does the lender accept indemnity insurance if the landlord is absent or insolvent?

Refer to Mortgage Lending Department.

5.14.2a If different from 1.11, contact point if there are apparent problems with the management company:

Mortgage Lending Department.

5.14.2b Does the lender need to be sent the management company share certificate?

No, but please retain a copy on your file.

5.14.2c Does the lender need to be sent the signed blank stock transfer form?

No, but please retain a copy on your file.

5.14.2d Does the lender need to be sent the management company's memorandum and articles of association?

No, but please retain a copy on your file.

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

Mortgage Lending Department.

5.16.5a Does the lender need to be sent the power of attorney?

No, but please retain a copy on your file.

5.16.5b Does the lender need to be sent the statutory declaration of non-revocation of power of attorney?

No, but please retain a copy on your file.

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

If this is a shared ownership mortgage, you will need to comply with the Society's shared ownership requirements.

Please note: our shared ownership requirements have been updated with effect from 6 April 2010. The majority of the changes have been made to reflect the terms of the new model shared ownership lease which will apply in respect of leases granted on or after 6 April 2010.

If the property is being purchased through a shared equity / affordable housing scheme which has been approved by

the Society, the Society's requirements in relation to such schemes must be complied with.

The requirements for both shared ownership and approved shared equity / affordable housing schemes are available on the Society's website at the following address www.leedsbuildingsociety.co.uk/mortgages/solicitors.

For shared ownership and approved shared equity / affordable housing schemes you must also ensure that the documents listed in 14.2.2 are sent to us after completion.

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

Mortgage Lending Department.

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

Mortgage Lending Department.

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

Mortgage Lending Department.

6.4.4 Does the lender require me to report incentives?

Yes. A completed copy of the CML Disclosure of Incentives Form must be obtained in the circumstances listed above and you must send a copy of the completed CML Disclosure of Incentives Form to our Mortgage Lending Department as soon as possible, even if there are no incentives to disclose. You must not submit your Certificate of Title until you have sent us the completed CML Disclosure of Incentives Form.

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

Mortgage Lending Department.

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

Mortgage Lending Department.

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:

Mortgage Lending Department.

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:

Mortgage Lending Department.

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

No, but please retain a copy on your file.

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?

Not applicable.

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

- the National House-Building Council (NHBC) Buildmark scheme.
- the Zurich Municipal Newbuild scheme for cover issued up to the 30/09/09

- the Zurich Municipal Rebuild scheme for cover issued up to the 30/09/09
- the Premier Guarantee for Private Housing and Completed Housing.
- the Building Life Plans scheme.
- Castle 10 Certification
- Build-Zone
- LABC

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

Certified copy of Policy and Certificate.

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

No, but please retain a copy on your file.

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

No.

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

No, but please retain a copy on your file.

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

Mortgage Lending Department.

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

Mortgage Lending Department.

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

The borrower (see Special Conditions for instalments in the mortgage offer).

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

Mortgage Lending Department.

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

Mortgage Lending Department.

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

Mortgage Lending Department.

6.14.1a If different from 1.11, contact point if property is not insured in accordance with your requirement:

Mortgage Lending Department.

6.14.1b Does the lender need the buildings insurance in joint names or its interest noted?

Either.

6.14.1c What are the lender's requirements if the total sum insured is less than the total number of flats multiplied by the amount set out in the mortgage offer?

Refer to Mortgage Lending Department. Confirmation must also be provided from the insurer that sufficient cover is in place.

6.14.1d What is the maximum excess the lender will accept on buildings insurance policy?

£250. We will accept up to a limit of £1000 upon written receipt of the borrower's acknowledgement of their obligations. Any excess over £1000 must be referred to the Mortgage Lending Department.

6.14.2 Does the lender require confirmation that all insurance risks are included?

Yes.

6.14.3 Does the lender require insurer's confirmation to notify it of non-renewal/cancellation for buildings insurance policy?

Yes.

6.14.4 Does the lender require a copy of the buildings insurance policy and last premium receipt to be sent to you?

No.

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

Yes, use our standard form of consent.

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

Mortgage Lending Department.

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

No.

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

No, but please retain a copy on your file.

9.2 What limit of indemnity insurance does the lender require?

Agree with Mortgage Lending Department.

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

Electronically.

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

Five working days.

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

TT Fee.

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

Funds must be returned if delayed more than 10 days. You will be liable for accrued interest from the date of transfer of funds if funds are not returned after 10 days.

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

Mortgage Lending Department.

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

10 days.

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

10 days.

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

Mortgage Lending Department.

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

No.

14.1.5 Does the lender need to be sent the original mortgage deed?

No, but please retain a copy on your file.

14.2.1 Where should the title deeds and documents be sent?

Document Services Department,
105 Albion Street, Leeds,
LS1 5AS. DX 12299 Leeds 1.

14.2.2 Which documents must I send after completion?

Pre-registration deeds need not be sent and may be forwarded to the borrower for retention.

Title Information Document.

Please note for shared ownership you must send a certified copy of the Lease and a certified copy of the relevant consent.

For shared equity, please ensure you send a certified copy of the relevant shared equity document.

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

Document Services Department.

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

No.

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

Customer Call Centre 0113 225 7777.

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

Yes, certified copy to Document Services Department.

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

Additional Lending Department.

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

The Common Seal of Leeds Building Society was hereto affixed in the presence of ... duly authorised by the Board of Directors.

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

Mortgage Lending Department before completion or Mortgage Administration Department after completion. NB: not applicable to Buy to Let Mortgages.

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

No.

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

Mortgage Administration Department.

16.5.3a Where should the deed of variation be sent?

Mortgage Administration Department.

16.5.3b Where should the deed of rectification be sent?

Mortgage Administration Department.

16.5.3c Where should the deed of easement be sent?

Mortgage Administration Department.

16.5.3d Where should the option agreements be sent?

Mortgage Administration Department.

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

Customer Call Centre 0113 225 7777.

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

Mortgage Administration Department.

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

Yes. We send direct to the Land Registry (from 9/12/10).

Shared ownership requirements (England and Wales)

General

1. We understand that the Borrower wishes to acquire a share of a Property under a shared ownership lease. You are instructed to follow these shared ownership instructions in addition to the Society's Instructions to Solicitors and Licensed Conveyancers in the CML Lenders' Handbook Parts 1 and 2.
2. The Borrower must be acquiring a percentage of the market value of the Property and will be paying a rent to the Landlord in respect of the remaining interest in the Property (which remains in the ownership of the Landlord). The lease should allow the Borrower to acquire further interests in the Property up to 100% of its total value. This is known as staircasing. The Borrower must not hold his share upon trust with the Landlord. The lease must be granted to the Borrower alone.
3. The initial share to be purchased by the Borrower must be at least 25% based on the market value of the whole Property.
4. Before completion, you must ensure that the Landlord is shown a copy of the mortgage offer / terms of the mortgage to be taken out by the Borrower and the Landlord must provide consent to the mortgage in writing. You must not complete without the Landlord's consent and evidence of the consent must be sent to us with the deeds.
5. You must ensure that the lease granted by the Landlord provides that the Landlord will give us at least 28 days' written notice of the Landlord's intention to forfeit the lease or commence proceedings under the Housing Act 1988. If the lease does not make provision for this, you must obtain a written undertaking from the Landlord in the form of the CML model undertaking, to provide us with not less than 28 days' written notice of intention to forfeit or commence proceedings.
6. The unexpired term of the lease must be for a period at least equivalent to the mortgage term plus 40 years. If the lease does not meet this requirement, you must obtain a deed of variation from the Landlord to grant an extension and you must obtain any requisite consent which may be required from the Homes and Communities Agency.
7. Shared ownership leases sometimes contain a provision for downward / reverse staircasing (i.e. where the Landlord buys back a share in the Property). Where this right exists, there must be a provision for the Landlord to ensure that the offer, made by the Landlord to "buy back" a share, is acceptable to the Society (as the tenant's mortgagee) and the Landlord's mortgagee and that the sale proceeds are paid direct to the Society (as the tenant's mortgagee) who has the first registered charge on the Property.

Specific requirements in respect of leases granted before 6 April 2010

1. Staircasing
 - 1.1 If the lease does not enable the Borrower to acquire a full 100% of the value of the Property then you should revert to us for further instructions. There should be no time limits in the lease with regard to staircasing.
 - 1.2 The lease must provide that a mortgagee in possession can either (a) assign the lease as it is, or (b) staircase to 100% and then assign.
2. Disposal of the Property
 - 2.1 If the lease provides that, in connection with a proposed disposal of the Property, the Borrower must assign the lease to a person nominated by the Landlord, then the lease must also provide that any such person must be nominated and contracts exchanged

within a reasonable time. Failing this, the Borrower must be able to dispose of the Property on the open market.

2.2 If the lease contains pre-emption rights in favour of the Landlord then reasonable time limits should also be included and the Landlord should pay the full market value for the shares it is acquiring.

3. Definition of market value

3.1 For staircasing purposes

If the Borrower acquires further shares in the Property, the price of the shares will be determined by the market value of the Property as at the date of the Borrower's notice to the Landlord setting out the Borrower's intention to acquire such further shares. We will not accept any prejudicial restrictions on the definition of market value. The market value will be assessed disregarding the following:-

3.1.1 Any improvements made by the tenant.

3.1.2 Any failure by the tenant to comply with the repairing obligations in the lease.

3.1.3 The rights of any third parties in the Property.

3.1.4 Any mortgage over the Property.

3.2 For surrender or assignment purposes

There should be no onerous restrictions in respect of the market value in the event of the interest of the Borrower being assigned or surrendered. The value of any improvements should be taken into account. After surrender, the Landlord should be allowed to deduct any sums due under the lease.

3.3 In the event of a dispute

The lease should provide for a valuation by an independent expert in the event of any disagreement between the Landlord and the tenant. The independent expert should be one agreed by the Landlord and the tenant or one appointed by the President for the time being of the Royal Institution of Chartered Surveyors or, where the Landlord is the Local Authority, the District Valuer.

4. Mortgagee Protection Clause

4.1 The lease must contain a mortgagee protection clause which will protect us against any losses we may sustain should we have to take the Property into possession, exercise our right to complete the final staircasing and assign the lease.

4.2 The clause should provide that the amount payable by us to complete the final staircasing shall be either:

4.2.1 the sum as calculated under the terms of the lease; or

4.2.2 the sale price less the sum total of the following: the total principal and interest (which shall not exceed 12 months) due under the terms of the mortgage; estate agents, legal fees and other costs and disbursements incurred by us in completing the final staircasing and assigning the lease; and rent, service charge or other sums due to the Landlord or due under an endowment or mortgage protection policy;

whichever is the less amount.

Specific requirements in respect of leases granted on or after 6 April 2010

1. The provisions of the lease dealing with:
 - 1.1 Alienation (including without limitation rights of pre-emption and, in respect of houses, the transfer of the freehold interest to the tenant);
 - 1.2 the Mortgagee Protection Clause;
 - 1.3 Rent Review;
 - 1.4 Staircasing;
 - 1.5 Forfeiture and the ability of the Landlord to commence proceedings under the Housing Act 1988;
 - 1.6 Termination in the event of damage or destruction; and
 - 1.7 Data protection;

(the "Specific Requirements") must be in substantially the same form as those contained in the model shared ownership leases for flats, houses or Social HomeBuy houses or flats (as the case may be) published by the Homes and Communities Agency as at 6 April 2010 and available at the following link:

<http://cfg.homesandcommunities.co.uk/model-leases-for-housing-association-use-from-april-2010.htm>

2. You should revert to us for further instructions in the event that the Specific Requirements materially depart from the relevant provisions contained in the Homes and Communities Agency's model leases.
3. Please note that we do not lend in connection with "Protected Area" shared ownership leases or any other shared ownership lease which prevents staircasing to 100%.

Shared Equity

1. Definition

The Society defines shared equity as where the borrower only pays a percentage of the full open market purchase price of the property but acquires ownership of 100% of the property and the balance of the purchase monies are provided by an equity sharing lender (often the vendor). Our requirements in relation to such schemes are set out below in clause 3.

2. General

- Acceptance of shared equity cases in the past is no guarantee of future acceptability and you should advise your clients accordingly;
- Please note that conveyancers acting for Leeds Building Society accept the usual responsibilities of conveyancers acting for mortgagees, including the requirements of the CML Lenders' Handbook. These notes do not detract from those general responsibilities.
- The Society will only lend on shared equity schemes in England and Wales.

Shared equity should not be confused with shared ownership (where the borrower buys an initial percentage of the market value of the property and has the right to acquire additional shares in the future up to 100%) or the Homestake scheme. Our specific requirements in relation to shared ownership and Homestake can be found at www.leedsbuildingsociety.co.uk/solicitors/index.htm.

3. Requirements

The Society's requirements are as follows:

- The borrower pays a percentage of the full purchase price (e.g. 75%) but must acquire ownership of 100% of the property.
- The balance of the purchase price (e.g. 25%) must be provided by an equity sharing lender as an interest free loan which is secured by a second charge on the property. Any future change in the value of the equity in the property, on a disposal or sale, will be shared between the borrower and the equity sharing lender in the relative percentages (e.g. 75% for the borrower and 25% for the equity sharing lender). The right of the equity sharing lender, to share in the equity, will be secured by the terms of the second charge. When ascertaining the amount to be repaid to the equity sharing lender, the calculation must disregard any increase in the overall total value of the property as a direct result of material home improvements made by the borrower.
- No rent is paid by the borrower in respect of the equity sharing lender's percentage.

- On disposal of the property, or earlier on expiry of the term of the borrower's agreement with the equity sharing lender, the equity sharing lender's percentage must be repaid (allowing 100% equity share for a future purchaser or the existing borrower).
- The repayment term of the borrower's agreement with the equity sharing lender must be at least 10 years from the date of purchase and it must also include an additional 5 year repayment period option for customers in financial hardship.
- If the equity sharing scheme gives the borrower the right to "buy out" / repay the equity sharing lender's percentage (or part of it) prior to the disposal of the property / expiry of the term of the borrower's agreement with the equity sharing lender, any such "buy out" / repayment must be at the current open market value.
- **The Society, as mortgagee in possession, must have the ability to sell the property on the open market and at full open market value, with access to 100% of the equity of the property in satisfaction of its charge, and free of any restrictions whatsoever.**
- The Society's mortgage must be secured by a first legal charge on the property.
- You should check the terms of the mortgage offer to ensure that the customer has selected a shared equity product. The Society will only lend on a shared equity basis when a shared equity product has been selected. If you are in any doubt, you must phone 0113 225 7889.
- You must ensure that the cumulative total borrowing does not exceed 100% of the value.
- You must ensure that the Society's mortgage does not exceed the amount which represents the percentage of the purchase price which is to be paid by the borrower.

If the scheme does not meet all of the above requirements, the Society will not lend.