

Mortgages

Leeds Building Society

# Instructions to Solicitors

(Northern Ireland)

[www.leedsbuildingsociety.co.uk](http://www.leedsbuildingsociety.co.uk)

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LB1042(NI) 05/09

Leeds Building Society

# Lenders Handbook

We have adopted the Lenders' Handbook as discussed between the Council of Mortgage Lenders and the Law Society of Northern Ireland 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 both [www.cml.org.uk](http://www.cml.org.uk) and [www.leedsbuildingsociety.co.uk](http://www.leedsbuildingsociety.co.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 its subsidiary company ('Subsidiary') namely Leeds Building Society Mortgage Funding Limited

'*You*' means solicitors 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 (Northern Ireland) 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 Regulation 19 of The Solicitors Practice Regulations 1987 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.

# CML Lenders' Handbook for Northern Ireland

Part 2 Leeds Building Society

Date last amended

30 October 2007

Paragraph Number

Issue of Query

Lenders' Response

1.10	Contact point for standard documents.	Mortgage Lending Department, PO Box 337, Leeds LS1 5PR. DX 12299, Leeds 1. Direct Dial tel: see Mortgage Offer.
1.10	Contact point if standard documents are inappropriate.	Legal Services, 105 Albion Street, Leeds LS1 5AS. Tel: 0113 225 7796.
1.13	May my firm act if the person dealing with the transaction or a member of his immediate family is the borrower?	No.
3.3	What other documents are acceptable for verifying identity?	Pension book, full UK (or EU) driving licence.
4.1.1	Do I get the valuation report?	Yes.
4.1.1.2	Contact point if assumptions stated by the valuer are incorrect.	Mortgage Lending Department.
4.2	Contact point if re-inspection required.	Mortgage Lending Department.
4.2	Where should the certificate of title be sent?	Mortgage Lending Department.
5.1.1	Contact point if the seller has owned the property for less than 6 months.	Mortgage Lending Department. Require confirmation of seller's date of original purchase and price paid. For remortgages, also require confirmation that property is currently owned by applicant.
5.3.2	Contact point if seller is not giving adequate undertaking to comply with outstanding planning permission/building regulation conditions.	Mortgage Lending Department.
5.3.2	Do you require the following documents to be sent to you: * original/copy planning permissions; * original/copy building regulation consents; * certificates of lawful use or development/established use certificates.	Yes, after completion. Yes, after completion. Yes, after completion only where the Property is new or has been physically altered or extended in the last 4 years or has had a material change of use in the last 10 years.
5.3.3	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.
5.5.1	Do you lend on flying freeholds?	No, but if a small part of the Property is affected this may be acceptable - refer to Mortgage Lending Department.
5.5.1	Do you lend on freehold flats?	No.
5.5.2.1	Contact point if the property comprises a flying freehold/freehold flat.	Mortgage Lending Department.
5.5.3	Do you lend in these circumstances?	Yes.
5.5.4.1	Do you lend in these circumstances?	Yes.
5.5.4.2	Do you lend in these circumstances?	Yes.
5.6	Contact point if there is a restriction on use.	Mortgage Lending Department.
5.9	Contact point if borrower is not providing balance of purchase price from own funds/proposing to give second charge.	Mortgage Lending Department.
5.10.1	What minimum unexpired lease term do you accept?	Mortgage term plus 40 years.
5.10.7	Contact point for matters connected with the lease.	Mortgage Lending Department.
5.10.8	Contact for service charge matters.	Mortgage Lending Department
5.10.9	Do you accept indemnity insurance where the terms of lease are unsatisfactory?	Mortgage Lending Department.
5.10.10	Do you require a clear ground rent/service charge receipt to be sent to you?	If it is obtainable, yes after completion - to be included in deeds.

Paragraph Number	Issue of Query	Lenders' Response
5.10.11	Do you require a receipted copy of notice or evidence of service to be sent to you?	Yes, after completion - to be included in deeds.
5.10.13	Contact point if there is an absentee/insolvent landlord.	Mortgage Lending Department.
5.10.13	Do you accept indemnity insurance if the landlord is absent or insolvent?	Yes.
5.11.2	Contact point if there are apparent problems with the management company.	Mortgage Lending Department.
5.11.2	Do you require the following to be sent to you: * management company share certificate; * signed blank stock transfer form; * management company's memorandum and articles of association.	Yes, after completion. Yes, after completion. Yes, after completion.
5.12.2.2	Contact point if unable to certify search entry does not relate.	Mortgage Lending Department.
5.13.3	Do you require the following to be sent to you: * power of attorney; * statutory declaration of non-revocation of power of attorney.	Yes. Yes.
6.1.3	Contact point if borrower is not taking up the mortgage offer.	Mortgage Lending Department.
6.2	Contact point if any discrepancies in property's description.	Mortgage Lending Department.
6.3.1	Contact point for any issues relating to purchase price.	Mortgage Lending Department.
6.3.1	Do I have 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.
6.3.2	Contact point if I will not have control of the purchase price.	Mortgage Lending Department.
6.4.	Contact point if vacant possession is not being given	Mortgage Lending Department.
6.5.1	Contact point if property is let/to be let.	Mortgage Lending Department.
6.5.2	Do you require counterpart/certified copy tenancy agreement to be sent to you?	No.
6.6.1	Will you accept: * NHBC; * Zurich Municipal; * HAPM; * Premier Guarantee. * Building Life Plans * other new home warranty schemes	Yes. Yes. N/A. Yes. Yes. Refer to Mortgage Lending Department.
6.6.2	What New Home Warranty documentation should be sent to you?	Policy and certificate.
6.6.3	Should any assignments of building standards indemnity schemes be sent to us?	Yes, after completion - to be included in deeds.
6.6.4	Will you accept monitoring by a professional consultant?	Yes.
6.6.6	Do you require the professional consultant's certificate to be sent to you?	Yes, after completion.
6.7.1	Contact point if no agreement and bond for an unadopted road or sewer.	Mortgage Lending Department.

Paragraph Number	Issue of Query	Lenders' Response
6.8.1	Contact point if necessary easements are absent.	Mortgage Lending Department.
6.9.1	Contact point for enquires on undertakings.	Mortgage Lending Department.
6.9.2	Who will you release any retentions (or instalments of the advance) to?	The Borrower (see special conditions for instalments).
6.10	Contact point if property is affected by redevelopment and road proposals.	Mortgage Lending Department.
6.11	Contact point if pre-emption rights, resale restrictions, options etc will affect our security.	Mortgage Lending Department.
6.12	Contact point if property is affected by improvement/repair grant which will not be discharged.	Mortgage Lending Department.
6.13.1	Contact point if property is not insured in accordance with your requirements.	Mortgage Lending Department.
6.13.1	Do you need the buildings insurance in joint names/your interested noted?	Either.
6.13.5	What is the maximum excess you will accept on buildings insurance policy?	£200 (£1000 on a subsidence policy).
6.13.6	Do you require confirmation that all the insurance risks are included?	Yes.
6.13.7	Do you require insurer's confirmation to notify you of non-renewal/cancellation of buildings insurance policy?	Yes.
6.13.8	Do you require a copy of the buildings insurance policy and last premium receipt to be sent to you?	No.
7.3	Do you require a consent to mortgage from all occupants aged 17 or over?	Yes.
7.4	Contact point if doubts about accuracy of information disclosed.	Mortgage Lending Department.
8	May I also advise of any of the specified third parties?	No.
9	Do you require the indemnity insurance policy to be sent to you?	Yes, after completion.
9.2	What limit of indemnity insurance do you require?	Agree with Mortgage Lending Department.
10.2	Will the mortgage advance be paid: * electronically. * by cheque. What is the minimum number days notice you require? * electronically. * by cheque.	Yes. No. 5 working days. N/A.
10.2	What are the standard deductions made from the mortgage advance?	TT Fee.
10.3	On a delayed completion, when and how is the mortgage 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.
10.5	Contact point if completion delayed.	Mortgage Lending Department.
10.6	How long can I hold the mortgage advance before returning it?	10 days.
10.7	What, if any, mortgage interest do you charge if return of the mortgage advance is delayed?	10 days.
12.3	Contact point for release of retentions/mortgage advance instalments?	Mortgage Lending Department.

Paragraph Number	Issue of Query	Lenders' Response
14.2.1	Where should the title deeds and documents be sent?	Mortgage Deeds Department, 105 Albion Street, Leeds LS1 5AS. DX 12299 Leeds 1.
14.2.2	Which documents must I send after completion?	The Mortgage Deed, all the title deeds, all searches, Property Certificates and all other items which we have stated we require in Part 2 of the Handbook.
16.1	Contact point for requesting the deeds.	Mortgage Deeds Department.
16.3.1	Do you have a standard form of transfer/deed of covenant?	No.
16.3.1.2	Contact point for finding out the debt amount.	Mortgage Deeds Department.
16.3.3	Do you require the transfer of equity to be sent to you?	Yes, after completion.
16.3.6	Contact point for obtaining execution of transfer equity.	Mortgage Deeds Department.
16.3.6	What form of attestation clause do you 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	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 Mortgage.
16.4.1	Does a copy of a proposed tenancy need to be sent to you?	No.
16.5.2	Contact point for confirming proposed deed or agreement will adversely affect you.	Mortgage Lending Department.
16.5.3	Where should the following documents be sent for execution: * Deed of variation; * Deed of rectification; * Deed of easement; * Option agreements.	Mortgage Administration Department. Mortgage Administration Department. Mortgage Administration Department. Mortgage Administration Department.
17.1.1	Contact point for requesting redemption statement	Mortgage Redemptions Department.

# Shared Ownership Leases

## 1. General

- 1.1 We understand that the Borrower wishes to acquire a share of a property under an equity sharing lease. You are instructed to follow these additional instructions in addition to the general Instructions to Solicitors already provided.
- 1.2 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 further interest in the property held by the landlord. The lease should provide for 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.
- 1.3 The initial share to be purchased by the Borrower must be at least 25% based on the market value of the whole-property.
- 1.4 The lease to the Borrower must be for a minimum of 99 years, and quantify the extent of the interest in the property retained by the landlord by reference to a percentage (the "relevant percentage").
- 1.5 You must advise Us of the identity of the landlord and seek authority to proceed.

## 2. Staircasing

- 2.1 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.

## 3. Definition of Market Value

- 3.1 For Staircasing Purposes  
If the Borrower acquires further shares in the property the price of such shares will be determined by the open market value of the property at the time of the acquisition of such further shares. The open market value is to be assessed on the presumption:-
  - 3.1.1 That any improvements were made by the tenant and their value is disregarded.
  - 3.1.2 That vacant possession of the property is available.
  - 3.1.3 That the equity sharing lease had not been granted.
- 3.2 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 Chairman for the time being of the Royal Institution of Chartered Surveyors in Northern Ireland.

## 4. Disposal of the Property

- 4.1 Prior to the completion of the mortgage You must secure a binding agreement between the landlord and Us which provides that in the event of the sale of the property by Us as mortgagee in possession and there being insufficient proceeds of sale to pay to the landlord the landlord's relevant percentage after the discharge of Our debt, We are entitled to receive:-
  - 4.1.1 The total principal debt plus interest due thereon under the terms of the mortgage not exceeding 18 months unpaid interest (excluding capitalised interest).
  - 4.1.2 Further advances made by Us to the Borrower and unpaid interest thereon if such further advance or advances was made with the written approval of the landlord or was made to the Borrower to acquire further portions of the market value of the property.
  - 4.1.3 Payment of rent paid by Us and any monies outstanding in respect of premiums paid by Us either by way of loan or otherwise on behalf of the Borrower under a mortgagee protection policy, life policy or buildings insurance policy.
  - 4.1.4 Reasonable legal charges in recovering sums due under the mortgage and in connection with the sale of the property.
  - 4.1.5 Reasonable agents commission (payable to a third party) on the sale of the property.
  - 4.1.6 Reasonable costs and expenses (paid to a third party) in connection with the protection of the property.

## 5. Forfeiture by the Landlord

In the event that the lease permits forfeiture by the landlord You must ensure the the landlord is obliged to serve a minimum of 28 days notice in writing on Us before re-entry or proceedings for forfeiture are taken.