

Affordable Housing Schemes

Guidance notes for our panel solicitors and
licensed conveyancers (December 2018 edition)

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1 Introduction

We understand that legal documentation associated with affordable homes requires particular care. Therefore, and to ensure Conveyancers and our Borrowers are informed of our policy, this guidance for Conveyancers has been prepared.

This guidance is issued subject to specific requirements in both the Mortgage Offer and our instructions to Solicitors and Licensed Conveyancers (for Scotland, Independent Qualified Conveyancers).

In complying with our requirements as set out in these guidance notes, you must:

- still observe all relevant requirements set out in the UK Finance Mortgage Lenders' Handbook; and
- comply with the most recent rules and guidance of your governing or supervisory body (for example, the SRA Code of Conduct for solicitors in England & Wales).

2 Contact Point

Any matters specific to Affordable Housing Schemes and any request for further instructions should be made in writing, quoting the mortgage account number, to the Mortgage Operations office instructing you.

3 General

3.1 Planning Agreements

Affordable housing is often secured by planning authorities by means of agreements under the Town and Country Planning Acts or the Planning (Northern Ireland) Order 1991.

Whichever model of affordable housing is being used, Conveyancers must establish whether:

- such an agreement is in place;
- the Affordable Housing Scheme complies with it;
- the agreement will affect Santander UK plc receiving a good and marketable title.

3.2 Excluded Schemes

We do not accept schemes that:

- combine shared ownership with a restriction on the re-sale price;
- combine shared ownership with shared equity;
- combine shared ownership with a discounted purchase price where the provider requires repayment of all or part of the discount;
- include terms for sheltered housing schemes;
- include terms with an age restriction;
- require us to own an equity stake in the property;
- require the property to be sold at a percentage discount to the market value;
- do not allow an equity share to be increased to 100%; or
- include 'Golden Share' terms.

3.3 Forms of Leases and Agreements

See sections 5, 6 and 7 of these guidance notes for the forms of Leases and Agreements that may be used (and our requirements in respect of these) in relation to England & Wales, Scotland and Northern Ireland respectively.

Where we refer in these guidance notes to 'shared ownership lease/s / agreement/s', these refer to Shared Ownership Leases for England & Wales, Shared Ownership Leases/Sub-leases for Northern Ireland and the Exclusive Occupancy Agreement for Scotland.

3.4 Forfeiture/Possession

In all cases, you must give notice of our mortgage to the Scheme Provider.

The lease/agreement must:

- restrict the Landlord from starting forfeiture or repossession proceedings without reasonable notice to the mortgagee; and
- allow the mortgagee, after being provided with such reasonable notice, at least 28 days if the mortgagee confirms it will undertake necessary action to resolve the problem.

If, for whatever reason, the lease/agreement does not contain both of these provisions, you must obtain a written undertaking from the Landlord as set out in section 11 of these guidance notes.

3.5 Establishing Market Value

Where schemes require this, the following are acceptable to act as Valuer for certifying the open market value of a property:

- Valuer agreed by the Borrower and the Scheme Provider.
- An independent Valuer appointed by the president of the RICS.
- The District Valuer.
- An independent Valuer appointed by any Regulator.

4 Shared Ownership Leases/Agreements

Our general requirements relating to all shared ownership leases/agreements are set out in this section 4 and the preceding section 3, with specific additional requirements relating to these (and related legal documentation) set out in section 5 (England & Wales), section 6 (Scotland) and section 7 (Northern Ireland).

4.1 Scheme Providers

You must establish that the Scheme Provider is either:

- a Local Authority; or
- registered with the Homes and Communities Agency (known as Homes England) as a Registered Provider or Registered Social Landlord with one of the following:
 - England - Homes and Communities Agency (known as Homes England)
 - Wales - Welsh Government
 - Scotland - Scottish Government
 - Northern Ireland - Northern Ireland Housing Executive

4.2 Borrowers

The shared ownership lease/agreement must be granted to the Borrower alone and the Borrower must not hold their share upon trust with the Landlord/Scheme Provider.

4.3 Rent Review

The following methods of rent review are permitted:

- Annual review on an upward basis in line with United Kingdom RPI or CPI (plus up to two percentage points).
- Annual review in line with Average Earnings Index.
- Local property values where the Scheme Provider is a Local Authority.

In Scotland, any other annual review subject to agreement or arbitration by:

- a) a chartered surveyor nominated by the chairman of the Scottish branch of the Royal Institution of Chartered Surveyors;
- b) a person nominated by the Rent Registration Service; or
- c) such other person as may be approved by Scottish Housing Regulator.

4.4 Pre-emption/Nominations before 100% Staircasing

The Scheme Provider may reserve a right to nominate assignees or itself to acquire the property at the market value of the share held currently by the Borrower. This is acceptable provided there is an obligation for:

- the Scheme Provider to make the nomination or give notice of the intention to acquire the property within three months of the present owner wishing to sell the property; and
- the nominee of the Scheme Provider to enter a binding contract (subject to timely receipt of contract papers) within three months of nomination or notice of intention to acquire the property and such contract to contain reasonable standard terms.

4.5 Staircasing

The Borrower must have the right to purchase additional shares in the property up to and including 100% of the equity of the property.

- The minimum initial share to be purchased by the Borrower must be at least 25% based on the open market value of the whole property.
- The right to staircase must not be limited nor there be an obligation to complete staircasing at specified intervals; however, we will accept a condition for staircasing to be in minimum tranches (but no greater than 25% shares) provided any such requirement could not prevent final staircasing to 100% of the total value of the property.
- You must ensure you obtain formal consent from the Landlord/Scheme Provider in accordance with the requirements of the shared ownership lease/agreement prior to any additional loan proceeding and monies released for staircasing.

We accept shared ownership leases/agreements with a downward staircasing provision (i.e. where the Scheme Provider buys back a share in the property) provided:

- Our consent is required before the Scheme Provider may exercise any discretion to buy back shares.
- Money paid to purchase the share is used (after deduction of the Scheme Provider's reasonable costs and repayment of any money owed to the Scheme Provider under the shared ownership lease/agreement) to reduce/repay our mortgage.

4.6 Transfers after 100% Staircasing

We accept leases that provide for limited restrictions upon transfers during the period of 21 years after final staircasing.

The following are permitted:

- A right for the Scheme Provider to acquire the property at an open market value.
- A right for the Scheme Provider to nominate someone else to acquire the property at an open market value.

However:

- The Scheme Provider must either itself agree or nominate within three months of notice of intention to transfer.
- Contracts must have been exchanged within no more than three months of the notice to transfer with completion within one month after.
- If this timetable is not met, the owner must be free to sell the property on the open market for no less than 12 months before having to comply with the nomination period again.

4.7 Forfeiture Provisions

Please refer to section 3.4 and ensure that the Scheme Provider and the shared ownership lease meet our requirements.

4.8 Frustration

In the event of frustration, the shared ownership lease/agreement must provide that, if the property (or the building of which it forms part) is not restored after an insured event, the insurance proceeds must be applied first to repaying our advance, including costs, charges and at least 12 months' interest.

Terms which confirm proceeds will be paid to the lender in accordance with the relevant Frustration clauses contained in the model lease will be accepted.

5 Shared Ownership Leases – Specific Additional Requirements for England & Wales

5.1 Forms of Lease

The following forms of leases published by the Homes and Communities Agency (known as Homes England) or any successor Regulator may be used:

- Shared Ownership House Lease.
- Shared Ownership Flat Lease.
- Social HomeBuy House Lease.
- Social HomeBuy Flat Lease.
- Key Worker Living House Lease.
- Key Worker Living Flat Lease.

Examples of these leases (which are the HCA's 'standard model leases') are found at www.gov.uk - standard model leases.

Although Scheme Providers are not obliged to use HCA's standard model leases, these are in a recommended format and should therefore be used wherever possible.

However, where a Scheme Provider does not use such form of lease, they must ensure that the lease they do use contains, inter alia, provisions relating to the following (some of which are 'fundamental' clauses specified by the HCA) – that in relation to the Mortgagee Protection Claim (see further 5.2 below) must be in the form as specified by the HCA in their standard model leases, with the other provisions being in the form (or substantially in the form) as so specified by the HCA:

- Mortgagee Protection Claim;
- Staircasing;
- Alienation;
- Service Charges (where applicable in relation to the particular property);
- Rent review;
- Forfeiture and the ability of the Landlord to commence proceedings under the Housing Act 1988; and
- Termination in the event of damage or destruction.

In addition to the requirements above in this section 5, and also those in sections 3 and 4 earlier, we will require that you are satisfied that there is nothing in the Shared Ownership Lease that would:

- prevent Santander UK plc from exercising its power of sale under the mortgage with the Borrower; or
- diminish the re-sale value of the property.

5.2 Mortgagee Protection

Where a Lease is not in standard form as per the requirements under 5.1, except for Local Authority Shared Ownership Leases, all other Leases must contain a suitable clause to protect the mortgagee in accordance with the requirements under either 5.2.1 or 5.2.2 below.

5.2.1 Leases effective from 6 April 2010

All Leases must contain a Mortgagee Protection Claim (formerly known as a Mortgagee Protection Clause) in the form as provided for in HCA's standard model leases.

This Mortgagee Protection Claim gives protection to a mortgagee of a leaseholder of a Shared Ownership Lease in return for lending on a shared ownership basis. The Mortgagee Protection Claim allows that if the Borrower defaults, the Scheme Provider will compensate the mortgagee for some part of any loss incurred.

The Mortgagee Protection Claim will only apply where the Borrower has acquired less than 100% ownership.

If a mortgagee enforces its security in respect of the mortgage, then the mortgagee is entitled to deduct the amount under the Mortgagee Protection Claim from monies that would otherwise be paid to the Scheme Provider as the price for final staircasing.

The amount that the mortgagee can claim is capped at the aggregate of four sums:

- a) A fixed sum representing the amount advanced for the purchase of the initial share and any subsequent borrowing for staircasing. The amount will be approved by the Scheme Provider prior to the date of each loan and the mortgagee will be obliged to obtain the Scheme Provider's consent.
- b) Eighteen months' interest on the amount in (a) above calculated at the interest rate applicable at the time of the mortgagee's application to the court for a possession hearing.
- c) Amounts advanced by the mortgagee in protecting its security by discharging any arrears of rent and service charge under the Lease.
- d) Fees and costs incurred in enforcing the mortgagee's security capped at an amount equal to 3% of the market value of the leasehold interest at the time of enforcement.

The mortgagee will be able to claim any sum due to it from the leaseholder as Borrower under the mortgage loan agreement. This can include the capital sum advanced, capitalised arrears, penalty interest, penalty fees, early redemption fees, costs associated with repossession and capitalised rent arrears.

It should be noted that the Scheme Provider is likely to require the Borrower to remain liable to reimburse the shortfall to the Scheme Provider.

If the Scheme Provider is a Local Authority, a Mortgagee Protection Claim need not be included in the Lease provided that a guarantee is obtained from the Local Authority under Section 442 of the Housing Act 1985.

We will accept a Lease where the Scheme Provider was originally a Local Authority and is now a Registered Provider and no Mortgagee Protection Claim is contained in the Lease.

5.2.2 Leases completed prior to 6 April 2010

The clause should provide that if the mortgagee wants to exercise the right to staircase up to the maximum, it may direct the Scheme Provider to transfer the freehold or leasehold interest to a third party.

If the sale price obtained by the mortgagee is insufficient to cover the sums referred to in the paragraphs below, then the amount payable to the Scheme Provider to complete the staircasing will be reduced by the amount of the shortfall.

The sums referred to above which the mortgagee can recover are as follows:

- The total principal (excluding capitalised interest) and up to twelve months' unpaid interest due under the mortgage.

But disregarding for the purposes of the above paragraph, the following sums:

- Any part of the initial loan which exceeded the purchase price paid for the property in the case of a new lease, or the capital value of the Borrower's share in the property as valued by means detailed in the Lease.
- Any additional loans made to the Borrower unless the purpose of the additional loan is to pay for a further share (or another tenant's share) of the property, or to enable the Borrower to comply with covenants contained in the Lease.
- Any rent or other monies due under the Lease from the Borrower to the Scheme Provider.
- Any reasonable legal charges incurred by the mortgagee in attempting to recover sums due under the mortgage or in respect of the acquisition and sale of the property.
- Any reasonable agents' commission on such sale.
- Any other costs or expenses reasonably incurred by the mortgagee in connection with the protection of its security.

It should be noted that the Scheme Provider is likely to require the Borrower to remain liable to reimburse the shortfall to the Scheme Provider.

5.3 **Written approval of the Scheme Provider**
Before completion, you must ensure (and not complete the mortgage until) the Scheme Provider provides their:

- approval of Santander UK plc as a mortgagee; and
- consent to our mortgage terms and conditions.

This must be in writing and a copy sent to the Mortgage Operations office instructing you.

Failure to obtain the written consent of the Scheme Provider to our mortgage terms and conditions will render the Mortgagee Protection Claim invalid.

6 Shared Ownership Agreements – Specific Additional Requirements for Scotland

6.1 The Co-operation Agreement

The Scheme Provider must enter into a Co-operation Agreement with us and an Exclusive Occupancy Agreement with our Borrower.

We have entered into Co-operation Agreements with a large number of Scheme Providers. You should check with the Scheme Provider as to whether there is an existing Co-operation Agreement with us that covers the property and, if so, provide us with a copy of this so that both its current acceptability can be confirmed and a copy retained for our future records.

Note that, on occasions, the Co-operation Agreement will only relate to particular property (i.e. a specific Co-operation Agreement), as opposed to all properties in which the Scheme Provider has (or will in the future have) an interest (a global Co-operation Agreement).

If the Scheme Provider cannot provide a copy of an existing Co-operation Agreement with us, a new one must be prepared and sent to us.

If there is any doubt, you should check by writing to our Mortgage Operations office, quoting the mortgage account number.

The Co-operation Agreement must be substantially in the model style of Co-operation Agreement appended as Appendix 2 (covering loans secured over pro indiviso Shares (Option 1)) of the Scottish Homes Shared Ownership Procedures Guide (SHGN 2000/15) and contain agreements, inter alia, on the part of the Scheme Provider to the effect that we have priority over the Borrower's individual share of the property and that the Scheme Provider co-operates with us in the sale of the property should we look to exercise our power of sale under the Standard Security with the Borrower. The following additional provisions will also be acceptable for inclusion in the Co-operation Agreement:

- a prohibition on the Scheme Provider assigning its rights under the Exclusive Occupancy Agreement and/or its interest in the property without our consent (not to be unreasonably withheld or delayed); and
- a provision dealing with the application of sale proceeds between us and the Scheme Provider on a pro rata basis.

6.2 The Exclusive Occupancy Agreement

6.2.1 Price

For a purchase, your mortgage instructions will include a valuation of the property. The valuation may be a valuation of the whole of the property or only a share of the property.

Whether a new or existing Exclusive Occupancy Agreement is being acquired, the amount paid for the share being acquired should not be greater than the appropriate proportion of our valuation of the property.

6.2.2 Rent or Fee Payable

The initial rent or fee payable under the Exclusive Occupancy Agreement must be the same proportion of the gross rent or fee on commencement as the share acquired under the Exclusive Occupancy Agreement.

6.2.3 Irritancy Proceedings

The Exclusive Occupancy Agreement must restrict the Scheme Provider from starting irritancy proceedings without reasonable notice to the mortgagee.

The Scheme Provider must also allow the mortgagee, after being provided with such reasonable notice, at least 28 days if the mortgagee confirms it will undertake necessary action to resolve the problem.

If the Exclusive Occupancy Agreement does not contain both of the above provisions, you must obtain, before completion of the Standard Security, an undertaking from the Scheme Provider in accordance with section 11 of these guidance notes.

6.3 General

In addition to the requirements above in this section 6, and also in sections 3 and 4 earlier, we will require that you are satisfied that there is nothing in either the Co-operation Agreement or the Exclusive Occupancy Agreement that would:

- prevent Santander UK plc from exercising its power under the mortgage terms and conditions; or
- diminish the re-sale value of the property.

In all cases, you must give notice of our Standard Security to the Scheme Provider.

7 Shared Ownership Leases – Specific Additional Requirements for Northern Ireland

7.1 FairShare Lease

Shared ownership schemes offering terms using the FairShare lease are accepted.

7.2 Master Mortgage Agreement (alternatively titled, Side Agreement)

For all other shared ownership schemes, we require that a Master Mortgage Agreement is in the same (or substantially the same) form as the NICHA (Northern Ireland Co-Ownership Housing Association) standard Master Mortgage Agreement.

Whilst a Mortgagee Protection Claim or Section 442 of the Housing Act 1985 guarantee will not be available in Northern Ireland, the NICHA standard Master Mortgage Agreement will indemnify us against loss in the event of there being any shortfall in cases where we were to sell the property as mortgagee in possession.

It is a requirement of this Master Mortgage Agreement that the bank advises the Scheme Provider with formal notice in writing of the Borrower's mortgage account number and an address for service of all notices under the Agreement.

Please ensure that you notify the Scheme Provider on our behalf. The address that is to be provided to the Scheme Provider is that of the Mortgage Operations office instructing you.

The notice must be served on the Scheme Provider within 28 days of completion. It is your responsibility to ensure that this notice is served correctly.

In addition to the requirements above in this section 7.2 and also in sections 3 and 4 earlier, we will require that you are satisfied that there is nothing in the Master Mortgage Agreement that would:

- prevent Santander UK plc from exercising its power under the mortgage terms and conditions; or
- diminish the re-sale value of the property.

7.3 Co-Ownership Equity Sharing Lease

We require that the lease is in the same (or substantially the same) form as NICHA's standard Co-Ownership Equity Sharing Lease.

Before completion, you must ensure (and not complete the mortgage until) the Scheme Provider provides their:

- approval of Santander UK plc as a mortgagee; and
- consent to our mortgage terms and conditions.

This must be in writing and a copy sent to the Mortgage Operations office instructing you.

In addition to the requirements above in this section 7.2 and also in sections 3 and 4 earlier, we will require that you are satisfied that there is nothing in the Co-Ownership Equity Sharing Lease that would:

- prevent Santander UK plc from exercising its power of sale under the mortgage terms and conditions; or
- diminish the re-sale value of the property.

8 Discounted/Low Cost Housing

These schemes are acceptable only if the Offer of Mortgage and/or your instructions on a particular case make it clear that Santander was aware the property is being purchased at a discounted price. In all other cases, you must report the position to the Mortgage Operations office instructing you.

Low Cost Housing Schemes operate in such a way that the Borrower purchases the property at a reduced price and the documentation then deals with how this reduction or discount is protected. Schemes usually fall into one of two categories:

8.1 Scheme A

A legal charge (or, where appropriate, Standard Security) is granted in favour of the Scheme Provider.

The documents must contain a satisfactory postponement of the Scheme Provider's Legal Charge or Standard Security (as the case may be) in favour of our mortgage. We must have a first charge or first ranking standard security (as the case may be) over the property, with full priority for the amount of our lending, including arrears, costs, interest and charges. If the documents do not contain adequate priority, then a separate Deed of Priority (or Ranking Agreement for Scotland) will be required. You must approve the documentation on our behalf and ensure it is in place on or before completion.

8.2 Scheme B

A restriction operates on re-sale or other dealing with the property.

This is acceptable provided the conditions set out in these guidance notes are complied with. These schemes usually require the sale of the property at full value (subject to repayment of a percentage of the proceeds to the Scheme Provider) or at the same discounted rate (being the share that the applicant originally purchased).

8.3 Either Scheme

In either Scheme A or B, the Scheme Provider may have the right to nominate a purchaser. You should ensure the nomination provisions are no more onerous than those referred to in 4.4.

8.4 Price Restriction

The documentation may provide that:

- the price of the property must not exceed the open market value specified by a Valuer; or
- the re-sale price may be restricted to no less than 70% of the open market value.

We will only accept a re-sale price restriction where the restriction is stated as a percentage of the open market value of the property.

Please refer to 3.6 for acceptable parties to act as Valuer.

9 Shared Equity Schemes

These schemes are acceptable only if the offer of Mortgage and/or your instructions on a particular case make it clear we are aware of the equity share and the scheme you are dealing with is the one we detail in the offer of mortgage. In all other cases you must report the position to the Mortgage Operations office instructing you.

If we agree to accept a shared equity scheme, then provided that the notice of subsequent charge is served on Santander, it is our policy that no further lending will be provided by us without the Scheme Provider agreeing to postpone their charge to our further lending.

The equity sharing lender may require specific confirmation of this, so you should clarify this to them as per these guidance notes.

9.1 All Schemes must meet the following terms:

- Our charge must be secured by a first legal charge/ standard security and rank in priority to the charge/ standard security securing the shared equity advance.
- The equity sharing lender and the purchaser agree that

any future change in the value of the equity in the property, on disposal or sale, will be shared in the relative percentages.

- The right of the equity sharing lender to share in the equity is to be secured by terms of the subsequent charge/standard security.
- Insurance proceeds paid in respect of the property must be paid to us first in satisfaction of any claims we may have before any claims of the second charge holder/ subsequent ranking standard security holder are paid.
- The Borrower must have the right to repay the equity-sharing lender's percentage or part thereof, prior to disposal/expiry of the term. Fixed Shared Equity Schemes are not acceptable.
- Any restriction (whether registered or otherwise) must not affect Santander UK plc as a registered mortgagee, such as preventing sale of the property without the consent of the Scheme Provider.
- You should review the terms of the equity mortgage and ensure that it is in the form prescribed in accordance with the Home and Communities Agency (known as Homes England) Help to Buy scheme and confirm there is nothing contained in the equity mortgage charge document that would prevent us from exercising any of our powers under our mortgage terms and conditions

9.2 Shared Equity Schemes other than the Homes and Communities Agency (known as Homes England) Help to Buy equity loan Scheme

In addition to ensuring that such schemes meet the requirements set out in sections 9 and 9.1 above you must ensure specifically that:

- There must be no rent payable in respect of the equity sharing lender's percentage. If a scheme requires future payment other than rent (as a percentage of the equity share in lieu of interest) you must report the details to us.
- If the equity must be repaid on expiry of a 'repayment' term, this must be no earlier than 10 years from completion of the purchase and must include provision for the deferment of the repayment date for at least a further five years (which may be on a year by year basis).

9.3 Homes and Communities Agency (known as Homes England) – Help to Buy equity loan Scheme

In addition to ensuring that this scheme meets the requirements set out in sections 9 and 9.1 above you must ensure specifically that:

- The form of equity mortgage to be used in the transaction is in the form prepared by the Homes and Communities

Agency (known as Homes England) for use in Help to Buy equity loan transactions without amendment.

9.4 LIFT (formerly Homestake) Shared Equity Schemes (Scotland)

In addition to ensuring that this scheme meets the requirements set out in sections 9, 9.1 and 9.2 above you must ensure specifically that:

- The Standard Security is first ranking and the appropriate ranking arrangements are put in place in accordance with the requirements of the UK Finance Mortgage Lenders Handbook for Scotland.
- The ranking agreement should be in substantially the same form of the Scottish Ministers standard for LIFT schemes, which is available at www.scotland.gov.uk/Home.

10 Confirmation of Approval

10.1 England and Wales

If the documentation satisfies our requirements as set out in this booklet, you should write to us quoting full details of the proposed Scheme Provider, mortgage account number and the property address confirming the following:

We confirm that the Shared Ownership Lease in respect of the above property complies with your Affordable Housing Schemes Guidance Notes (May 2018 Edition), save for any matters specifically approved in writing by Santander UK plc, and will provide a good and marketable title to Santander UK plc.

The valuation placed on the property by the Scheme Provider is £.....; and the actual purchase price is £..... There is a discount on the valuation of% and there is a restriction of %.

10.2 Scotland

If the documentation satisfies our requirements as set out in this booklet, you should write to us quoting full details of the proposed Scheme Provider, mortgage account number and the property address confirming the following:

10.2.1 For Shared Ownership and Shared Equity Schemes

We confirm that we have inspected the Co-operation Agreement and draft Exclusive Occupancy Agreement in respect of the above property and they comply with your Affordable Housing Schemes Guidance Notes (May 2018 Edition) and will provide a good and marketable title to Santander UK plc.

The Scheme Provider is either registered with the Scottish Housing Regulator, is a Local Authority, or has been approved by us.

There is no agreement in place in terms of Section 75 of the Town and Country Planning (Scotland) Act 1997 restricting or regulating the above property.

Or

There is an agreement in place in terms of Section 75 of the Town and Country Planning (Scotland) Act 1997 restricting or regulating the above property. The terms of the Affordable Housing Scheme, Co-operation Agreement and draft Exclusive Occupancy Agreement comply with the Section 75 agreement.

10.2.2 For Discounted/Low Cost Sale and Housing without Subsidy Schemes

We confirm that the Discounted/Low Cost Sale Scheme/ Housing Without Subsidy Scheme (delete as appropriate) in respect of the above property complies with your Affordable Housing Schemes Guidance Notes (May 2018 Edition) and will provide a good and marketable title to Santander UK plc and falls into Scheme A/B (delete as appropriate).

The valuation placed on the property by the Scheme Provider is £.....; and the actual purchase price is £..... There is a discount on the valuation of%.

There is no agreement in place in terms of Section 75 of the Town and Country Planning (Scotland) Act 1997 restricting or regulating the above property.

OR

There is an agreement in place in terms of Section 75 of the Town and Country Planning (Scotland) Act 1997 restricting or regulating the above property. The terms of the Affordable Housing Scheme, Co-operation Agreement and draft Exclusive Occupancy Agreement comply with the Section 75 agreement.

10.3 Northern Ireland

Where a Master Mortgage Agreement is used, if the documentation satisfies our requirements as set out in this booklet, you should write to us quoting full details of the proposed Scheme Provider, mortgage account number and the property address confirming the following:

We confirm that the Master Mortgage Agreement and/or Shared Ownership Lease in respect of the above property comply with your Affordable Housing Schemes Guidance Notes (May 2018 Edition), save for any matters specifically approved in writing by Santander UK plc, and will provide a good and marketable title to Santander UK plc.

The valuation placed on the property by the Scheme Provider is £.....; and the actual purchase price is £..... There is a discount on the valuation of%.

11 Scheme Provider’s undertaking

Unless provided for in the shared ownership lease/ agreement, on every Affordable Housing Scheme, you must obtain an undertaking from the Scheme Provider in the following terms and send a copy to us.

- Leaseholder/Sharing Owner: (Add Details)
- Borrower: (Add Details)
- Landlord/Scheme Provider: (Add Details)
- Property: (Add Details)
- Lease/Agreement: (Add Details)
- Lender: (Add Details)
- Mortgage Account Number: (Add Details)

In consideration of the Lender granting the Borrower a mortgage or standard security (as the case may be) on the Property, the Landlord/Scheme Provider undertakes not to commence any proceedings for obtaining possession of the Property or forcing the sale of the Property without:

- o giving the Lender not less than 28 days’ notice in writing of their intention to commence proceedings; and
- o if, within such period of 28 days (or within such other period specified in the notice period, if longer), the Lender indicates in writing to the Landlord/Scheme Provider that it wishes to remedy such breach, or is going to take such action as may be necessary to resolve the problem complained of by the Landlord/Scheme Provider, giving the Lender such time as may be reasonable (in view of the nature and extent of the breach/problem) to take such action.

Signed

Dated

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

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