Solicitors Instructions
BTL Mortgages
(v.1.4) April 2025

Contents

A - GENERAL

DEFINITIONS

A.1 **"We", "Us", "Our" -** means the firm (or its subsidiary) from whom you receive instructions.

A.2. **"Borrower", "Guarantor" -** 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 UK Finance Lenders Handbook and in the certificate of title.

A.3. The borrower and mortgagor must be one and the same person. We will not lend where the borrower and the mortgagor are different people.

A.4. **"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.

A.5. **"Immediate family" -** means a spouse, civil partner, co-habitee, parent, sibling, child, stepparent, stepchild, grandparent, grandchild, parent-in-law, or child-in-law.

A.6. **"Management company" -** means the company formed to carry out the maintenance and repair of the common parts.

A.7. **"Mortgage/Mortgage offer" -** references to "mortgage/mortgage offer" include any loan agreement, offer of mortgage or any other similar document.

A.8. **Regulation, legislation, or legislative provision -** any reference to any regulation, legislation or legislative provision shall be interpreted as a reference to that regulation, legislation or legislative provision as amended, re-enacted or extended at the relevant time.

A.9. You must comply with these instructions together with any additional instructions and special conditions you receive for an individual loan**. Please provide us with a name and your reference for our contact on receipt of these instructions.**

A.9 **(a) Who is the contact point for standard documents and specific requirements? (b) What non-standard documents are used and where are these available from?** (a) The contact point for specific requirements is: New Lending Team Quantum Mortgages Limited PO Box 1043, Ipswich, Suffolk IP1 9XZ. Email: quantum.mortgages@bcmglobal.com (b) We have no non-standard documents.

A.10. We certify that these instructions, and any additional instructions you may receive, have been prepared to comply with the requirements of the Solicitors' Code of Conduct 2019 and the limitations contained in it.

A.11. In order to act on our behalf your firm or company must meet the empanelment criteria stated below. 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.

A.11 (a) **What are the firm's conveyancing panel arrangements?** **Empanelment Criteria** All solicitors acting for Quantum Mortgages in connection with BTL activity must be empaneled. To be eligible for empanelment, a solicitor must meet the following criteria: i. Be authorised and regulated by the Solicitors Regulation Authority and registered with the Law Society ii. Hold a relevant accreditation. iii. Have at least 3 SRA Regulated Principals or Regulated Managers in the practice. Note, an appointed solicitor is one authorised to represent Quantum Mortgages specifically, with an empaneled solicitor being a firm that we permit to act on behalf of the borrower subject to our agreed criteria.

A.12. These instructions do not affect any responsibilities that you have to us under the general law, or any practice rule or guidance issued by your professional body from time to time.

A.13. Nothing in these instructions reduces your duties to the borrower.

A.14. The standard of care that we expect of you is that of a reasonably competent solicitor acting on behalf of a mortgagee.

A.15. If you become aware of any conflicts of interest or obtain any information that you are unable to make us aware of, you must return our instructions.

COMMUNICATIONS

A.16. All communications between you and us should be via email or in writing quoting the mortgage account number, the surname, and initials of the borrower plus the security property address. You should keep copies of all written communications on your file as evidence of notification and authorization which must be a readable format.

A.17. If you require deeds or information from us in respect of a borrower or a property then you must have the borrower's prior authority (or, if there is more than one borrower, the authority of both or all of the borrowers) for such a request.

A.18. If you need to report a matter to us, you must do so as soon as you become aware of it to avoid any delay. Please note our contact point(s) at A.9(a).

A.19. If you do not believe that a matter is adequately provided for in these instructions, you should identify the relevant provision and the extent to which the matter is not covered by it. You should provide —

- a concise summary of the legal risks, and
- your recommendation on how our interest can be protected.

A.20. 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 as soon as practicable, and before the exchange of contracts because we might have to change or withdraw the mortgage offer.

B - BORROWER

FINANCE AND COSTS

B.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 and/or is proposing to give a second charge over the property, you must report this to us if the borrower agrees, 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. The source of deposit must be verified in all cases.

B.2. The purchase price for the property must be the same as that set out in our Offer Letter. If it is not, you must tell us.

B.3. You must tell us if the contract provides for, or you become aware of any, arrangement in which there is -

- a cash back to the buyer, or
- part of the price includes a non-cash incentive to the buyer (e.g., paid stamp duty land tax), or
- any indirect incentive (cash or non-cash) or rental guarantee.
- Any such arrangement might lead to the mortgage offer being amended or withdrawn.

B.4 You must report to us if you will not have control over the payment of all 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.

B.5. 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 the registration of our mortgage at the Land Registry. For solicitors, the Law Society recommends that your costs for acting on our behalf in connection with the mortgage should, in the interests of transparency, be separately identified to the borrower.

CONFLICTS OF INTEREST

B.6. If you or a member of your immediate family is the borrower and you are a sole practitioner, you must not act for us.

B.7. Your firm or company must not act for us if the partner or fee earner dealing with the transaction, or a member of his or her immediate family, is the seller or is the borrower, unless we say your firm or company may act and a separate fee earner of no less standing or a partner within the firm or company acts for us.

B.8. If any matter comes to your attention that 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 us misleading information or the information that 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.

FINANCIAL CRIME PREVENTION

B.9. *Solicitors:* You must follow the guidance in the Law Society's Green Card (mortgage fraud) and Pink Card (undertakings).

B.10. *Solicitors:* You must follow the Law Society's guidance 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.

B.11. If you are not familiar with the seller's solicitors, you must verify that they appear in a legal directory or that they are currently on record as practicing at the address shown on their notepaper. If the seller does not have legal representation, you must notify Quantum Mortgages Ltd so that a decision can be made as to whether we are prepared to proceed.

B.12. 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 and one of the documents in list B -

- **List A**
  - a valid full passport, or
  - a valid UK Photo-card driving licence, or
  - any photo identity card issued by any Government department or agency or by a court.
- **List B**
  - UK driving licence (full).
  - Recent evidence of entitlement to a state or local authority funded benefit (including housing benefit and council tax benefit), tax credit, pension, educational or another grant.
  - Current council tax demand letter, or statement
  - Current bank statements, or credit/debit card statements, issued by a regulated financial sector firm in the UK, EU or comparable jurisdiction (but not ones printed off the internet). Also, normal communication addressed by a Bank to the customer will not be accepted as proof of address.
  - Recent Utility bills not more than three months old (but not ones printed off the internet)

NOTE: If the full Driving Licence is submitted as identity proof by the customer, then a second document has to be provided by the customer as proof of address from the list mentioned above.

We do not supply a prescriptive list. You should ensure that you are happy that you have satisfied your obligations for the verification and identity of the Borrower/signatory and keep a certified copy of any documentation upon which you have relied on your file.

B.13. You should check that any document you use to verify a signatory's identity appears to be authentic, current, and 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 that we require the signatory to sign, and that the address shown on any document used to verify identity is that of the signatory.

COMPANY BORROWERS

B.14. It is a requirement of the mortgage offer that the company is registered in England or Wales and has been established solely for the purpose of the investment and management of the property. The following requirements will also apply when the Applicant is a company:

It is a requirement of the mortgage offer that the company is registered in England or Wales and has been established solely for the purpose of the investment and management of the property. The following requirements will also apply when the Applicant is a company:

(a) The maximum number of Directors is 4
(b) The Directors do not all have to be shareholders, but the applicants must hold at least 51% shareholding.
(c) The end beneficiary in any structure must be established and money laundering checks will be required on all directors, shareholders, and those with beneficial interests.
(d) No minimum period of trading is required, and newly formed companies may be considered.
(e) Personal Guarantees will be required from each of the Directors/Shareholders, (or as many Directors/Shareholders as required to reach a shareholding of 51% or more), for 100% of the loan amount on a joint and several basis, and prior to the release of funds. Directors issuing personal guarantees must hold a controlling interest in the borrowing company during the lifetime of the loan.
(f) You must register our Legal Charge with Companies House within 21 days of completion of the mortgage.

SEPARATE REPRESENTATION

B.15. Unless we otherwise state *by written permission on referral to us***,** you must not advise –

- any borrower who does not personally benefit from the loan, or
- any guarantor, or
- Another partner within the form may advise if you are satisfied, they can give independent advice and by doing so, the document will not be open to challenge.

B.16. 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 to any of these people must also be given in the absence of any other person interested in the transaction. A power of attorney is unacceptable.

C - SECURITY PROPERTY

VACANT POSSESSION

C.1. Unless otherwise stated in the Mortgage Offer, 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. The Mortgage Offer will confirm if the transaction is to be completed with a tenant in situ with the mortgage conditions containing the appropriate instructions.

VALUATION

C.2. Quantum Mortgages are responsible for providing you with a copy of the Valuation report and it will be included in your instructions.

C.3. 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 that a reasonably competent conveyancer should obtain, and, if there are, you must tell us immediately. The requirements in this paragraph and paragraph C.4 apply to valuation reports and home condition reports. Where there is both a valuation report and a home condition report the requirements apply to both

C.4. You should take reasonable steps to verify that the assumptions stated by the valuer (and where applicable a home inspector) about the title (for example, its tenure, easements, boundaries, and restrictions on its use) in the valuation and any home condition report are correct. If they are not, please let us know as soon as possible, 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.

C.5. When a home condition report is not provided, 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 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 valuation 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.

C.6. Where the mortgage offer states that a final inspection is needed, you must ask for the final inspection at least 14 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.

BOUNDARIES

C.7. 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 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 if there are any discrepancies.

PROPERTIES LET AT COMPLETION

C.8. 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 in any consent to let that we issue. If no such details are mentioned, you must report the position to us.

C.9. **Assured Short-Hold Tenancy Agreements (AST):** The Borrower may only let the Property under assured shorthold tenancies as defined by Section 19A of the Housing Act 1988 (The Act'). For every tenancy entered following completion of the Loan the tenant(s) must be served with a written Ground 2 Notice under the Housing Act 1988, whether included within the tenancy agreement or otherwise, no later than the commencement of the tenancy. Any deposit paid by the tenant(s) must be held with a government-backed tenancy deposit scheme. The applicant(s) must also comply with all your other legal responsibilities as landlord.

Each tenancy agreement must: —

(a) be in writing.

(b) require the rent to be paid monthly and be the market rent for the property.

(c) It must be for Residential purposes only and must not be granted to anyone who can claim diplomatic immunity, a related person, or a corporate body.

(d) be either a monthly periodic tenancy (that is rent is payable monthly and the tenancy runs indefinitely from one monthly rental period to the next) or be for a fixed term of at least six but not more than 3 years. It must not confer any security of tenure of the tenant(s) beyond the expiry of the initial fixed contractual term.

(e) prohibit the tenant from both taking in lodgers or otherwise parting with or sharing possession of the Property or from using it as anything other than a residential dwelling. No assignment or sub-letting is permitted.

(f) not contain any provision to the effect that the tenancy is not an assured short hold and must not contain any provisions which can adversely affect our interest as a mortgagee.

We require any tenancy agreements and leases that are not assured short hold tenancies to be reported to us for our approval unless the mortgage offer refers to an alternative lease type.

Where the tenant(s) is/are already in place at completion, notice must be served by you on the tenant(s) advising of our interest in the let property and to advise that should notice be served by us in the event of arrears, the tenants must agree to pay rent to us or vacate the property as appropriate. Where vulnerable or protected tenants are in situ, only the direct payment of rent to us applies. Please note that a new tenancy agreement is not required.

We do not require counterparts or certified copies of assured short hold tenancy agreements, but we do require counterparts or certified copies of all other tenancy agreements and leases after completion and these should be to be sent to: Quantum Mortgages Limited, PO Box 1043, Ipswich, Suffolk IPI 9XZ.

C.10. **Corporate and Housing Association tenancy agreements:**

Each tenancy agreement must be:

a) be in writing and be between the Limited Company/Individual(s) named in the Mortgage Offer.
b) require the rent to be paid monthly and be the market rent for the property.
c) It must be for Residential purposes only (with the exception of any commercial element for semi-commercial properties) and must not be granted to anyone who can claim diplomatic immunity, or a related person.
d) The/every tenancy agreement must be in a form normally used for corporate agreements, must contain no provisions which can adversely affect our interest as a mortgagee or imped our rights of repossession should we be required to do so. It is noted that this may not be the case where the tenants are classed as vulnerable, where QML will appoint an LPA receiver to collect the rental payments directly from the tenant. 100% of the rental payment received, minus all costs incurred, will be credited to the mortgage account with no payment due to the borrower until
e) a) the property is sold or b) Mortgage payments commence and have been made for at least 6 consecutive months).
f) It must not confer any security of tenure of the tenant(s) beyond the expiry of the initial fixed contractual term.
g) No assignment or sub-letting is to be permitted. QML may agree to allow tenancies to letting agents at their discretion.
h) QML will accept tenancies to tenants classed as vulnerable and will condition the Mortgage Offer accordingly.

Where the tenant(s) is/are already in place at completion, notice must be served by you on the tenant(s) advising of our interest in the let property and to advise that should notice be served by us in the event of arrears, the tenants must agree to pay rent to us or vacate the property as appropriate. Where vulnerable or protected tenants are in situ, only the direct payment of rent to us applies. Please note that a new tenancy agreement is not required.

We do not require counterparts or certified copies of corporate or housing association tenancy agreements, but we do require counterparts or certified copies of all other tenancy agreements and leases after completion and these should be to be sent to: Quantum Mortgages Limited, PO Box 1043, Ipswich, Suffolk IPI 9XZ. Email: quantum.mortgages@bcmglobal.com

C.11. Where the property falls within the definition of a house in multiple occupation under the Housing Act 2004, QML will accept them for lending purposes if the following criteria are met:

a) The property has the appropriate licence/planning permission to rent out the property as a house in multiple occupation (HMO), including Article 4 planning where appropriate; and
b) There are individual AST's in place. QML has no limitation on the number of tenants in place, providing it is within the maximum allowed for the building and the licence.

C.12 **Short term and Holiday Lets**:

The letting agreement in place must not obstruct or delay Quantum Mortgages rights of recovery in the event of default. If this is the case, we should be informed prior to completion, for us to consider if the lending remains appropriate.

NEW PROPERTIES:

C.13. If the property has been built or converted for use as a dwelling 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 new home warranty scheme acceptable to us. QML accept the following warranty scheme:

Properties built within the last 10 years must be covered by an NHBC certificate or equivalent policy agreed by Quantum Mortgages Limited.

- National House-Building Council Buildmark Scheme (NHBC)
- Checkmate
- LABC Hallmark
- Premier Guarantee for Private Housing and Completed Housing
- Building Life Plans scheme
- Zurich 10
- CML Professional Consultants Certificate
- Housing Association Property Mutual Scheme
- Buildzone 10-year warranty
- ICW
- Protek
- Ark Insurance
- One Guarantee
- Advantage Home Construction Insurance (AHCI)
- Global Home Warranties

Where an Architect's Certificate is being provided this must be issued by one of the following:

- CIOB - Member of the Chartered Institute of Building
- BIAT - Member of the British Institute or Architectural Technicians
- RIBA - Chartered Architect RICS Chartered Surveyor

Where the cover under a scheme referred to in C.12 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. We require the notice of assignment and certificate. The warranty must be place prior to release of funds.

C.14. 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.

We will require the assignments of building standards indemnity schemes to be placed with the Title Deeds. Where the property does not have the benefit of a scheme under C.12 and has been built or converted for use as a dwelling within the past 6 years we will not proceed. 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 firm's **Professional Consultant's Certificate** which forms an appendix to the UK Finance Lenders Handbook. 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:

(a) fellow or member of the Royal Institution of Chartered Surveyors (FRICS or MRICS)
(b) fellow or member of the Institution of Structural Engineers (F.I.Struct.E or M.I.Struct.E)
(c) fellow or member of the Chartered Institute of Building (FCIOB or MCIOB)
(d) fellow or member of the Architecture and Surveying Institute (FASI or MASI)
(e) fellow or member of the Association of Building Engineers (FB.Eng or MB.Eng)
(f) member of the Chartered Institute of Architectural Technologists (formally British Institute of Architectural Technologists) (MCIAT)
(g) 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
(h) fellow or member of the Institution of Civil Engineers (FICE or MICE).

C.15. At the time the certificate of practical completion is issued, 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.

C.16. If we require a collateral warranty from any professional adviser, this will be stated specifically in the mortgage instructions.

C.17. A PDF copy of the warranty is to be sent to QML on completion.

ROADS AND SEWERS

C.18. If the roads or sewers immediately serving the property are not adopted or maintained at public expense, our requirements are as follows:

C.19. For newly built properties we will not impose retention where a bond/agreement will not be in place upon completion. If the borrower accepts the situation we will proceed. If it is proposed the bond/ agreement will never be granted, we will require you to notify us as we will need to consult with the original valuer. We may require indemnity insurance.

C.20. For existing property, we will accept the situation providing the requirements of C.21 are met and the valuation report provided to you confirms that the valuation has been based on the correct assumption that these are privately maintained.

C.21. Where roads and sewers are not adopted or to be adopted but are maintained by local residents or a management company, this is acceptable provided that (in your reasonable opinion) appropriate arrangements for maintenance repairs and costs are in place. Please also see C.19/20

C.22. EASEMENTS

C.23. You must 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 borrowers' successors in title. If they are not:

If the defect in the title cannot be rectified by appropriate documentation, we will require indemnity insurance to be in place at completion. You must place a copy of any insurance policy with Title Deeds. 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.

REDEVELOPMENT etc.

C.24. The local search or the enquiries of the seller's conveyancer should not reveal that the property is in an area scheduled for redevelopment/regeneration or in any way affected by road proposals. If it is, please report to us.

RIGHTS OF PRE-EMPTION etc.

C.25. You must ensure that there are no rights of preemption, restrictions on resale, options, or similar arrangements in existence at completion which will affect our security. If there are, please report this to us.

IMPROVEMENTS AND REPAIR GRANTS

C.26. Where the property is subject to an improvement or repair grant that will not be postponed, discharged, or waived on completion, you must report the matter to us.

INSURANCE:

C.27. You must -

1. Arrange that the insurance cover starts from no later than completion.
2. Ensure that the buildings cover is indexed linked.
3. Check that the amount of buildings insurance cover is at least the amount referred to in the mortgage offer.

C.28. Our specific requirements relating to buildings insurance are the following -

(a) Our Interest must be noted.
(b) If the property is part of a larger building and there is a common insurance policy, the total sum insured for the building must be not less than the total number of flats multiplied by the amount set out in the mortgage offer for the property. If different, please refer back to us. See B.3 for details.
(c) The excess should not exceed a maximum of £1000.
(d) We do not require you to confirm before completion the insurer's confirmation that the insurer will notify us if the policy is not renewed or is cancelled.
(e) We require a copy of the building insurance before completion but do not need the last premium receipt.

C.29. - Submission of a clear certificate of title will be treated as your confirmation that the following risks are covered:

(a) fire
(b) lightning
(c) aircraft
(d) explosion
(e) earthquake
(f) storm
(g) flood
(h) escape of water or oil
(i) riot
(j) malicious damage
(k) theft or attempted theft.
(l) falling trees and branches and aerials
(m) subsidence
(n) heave.
(o) landslip
(p) collision
(q) accidental damage to underground services
(r) professional fees, demolition, and site clearance costs, and
(s) public liability to anyone else.

D — TITLE

For certificate of title, see paragraphs E.10 — E.18

GOOD AND MARKETABLE TITLE

D.1. 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.

D.2. 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 or adversely affect the value of the property or its future marketability (but excluding any matters covered by indemnity insurance). Our requirements in respect of indemnity insurance are set out in paragraphs D.50-1. You must also take reasonable steps to ensure that, on completion, the property will be vested in the borrower.

D.3. 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 — see paragraphs D 50-52

D.4. 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, or
- There is satisfactory evidence of statutory declaration of adverse possession for a period of at least 12 years. In the case of lost title deeds, the statutory declaration must explain the loss satisfactorily.

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.

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.

FIRST LEGAL CHARGE AND TITLE GUARANTEE

D.5. On completion of your retainer, 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 or loans must be redeemed on or before completion. Our standard deed or form of postponement must be used.

D.6. We require the borrower to give us a full title guarantee in the mortgage deed., a signed and date version of which must be provided to QML on completion of the loan for our records.

SEARCHES AND REPORTS

Please note that we expect full searches to be carried out on all cases (where appropriate), however in the event that there is a valid reason for why this is not possible, and we have provided permission, you may affect indemnity insurance in their place provided the policy protects our interests.

D.7. 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. An adverse entry is one that would prevent, or restrict, the lender from obtaining 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.

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

D.8. We must be named as the applicant in the Land Registry search.

D.9. All searches except where there is a priority period must not be more than six months old at completion.

D.10. You must advise us of any contaminated land entries revealed in the local authority search. We will only require environmental or contaminated land reports for the following:

- In cases where further enquiries are recommended in the report or where the valuer asks in his valuation report for enquiries to be made or the Local Land Charge Search result indicates that the land is listed in the contaminated land register.

D.11. We will accept personal searches, or search insurance providing you can provide us with an unqualified Certificate of Title. You must ensure that the search firm subscribes to the Search Code maintained by the Council of Property Search Organisations and monitored by the Property Codes Compliance Board.

D.12. If we do accept personal searches or search insurance, we require the following:

- That the solicitor must give a clear and unqualified Certificate of Title, and
- 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.

D.13. If no requirement is specified and we do not indicate that we do not 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.

You must be satisfied that you will be able to certify that the title is good and marketable.

BANKRUPTCY SEARCH

D.14. 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.

D.15. Where an entry is revealed against the name of the borrower (or the mortgagor or guarantor) -

- you must certify 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 certify that the entry does not relate to the borrower (or the mortgagor or guarantor) you must report this to us. (Please note that it is not acceptable for the borrower to certify an entry). We may as a consequence need to withdraw our mortgage offer.

A Bankruptcy indemnity policy must be arranged where the ownership of the property is being transferred from personal ownership to that of a Limited Company.

OWNER AND REGISTERED PROPRIETOR

D.16. Please report to us if the owner or registered proprietor has been registered for less than six months, or the person selling to the borrower is not the owner or registered proprietor, unless the seller is -

(a) a personal representative of the registered proprietor, or
(b) an institutional mortgagee exercising its power of sale, or
(c) a developer or builder selling a property acquired under a part-exchange scheme.

RESTRICTIONS ON USE OR OCCUPATION

D.17. 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.

The property must not be occupied by the applicant, or any person related to the applicant. A related person is a spouse, civil partner (or anyone, whether or not of the same sex, whose relationship with the applicant is like husband and wife); parent, brother, sister, child, grandparent or grandchild.

RESTRICTIVE COVENANTS

D.18. 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 that indemnity insurance is in place at completion of our mortgage (see paragraphs 50-2).

PLANNING AND BUILDING REGULATIONS

D.19. You must be making appropriate searches and enquiries and take all reasonable steps (including any further enquiries to clarify any issues that may arise) to ensure the property has the benefit of all necessary planning consents (including listed building consent) and building regulations approvals 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 residential property or that the property may be the subject of enforcement action.

D.20. If there is such evidence and all outstanding conditions will not be satisfied by completion, then this must be reported to us. We do not require copies of planning permissions, building regulations and other consents or certificates to be sent to us.

D.21. 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.

'FLYING' FREEHOLDS

D.22. If any part of the property comprises or is affected by a flying freehold or the property is a freehold flat, we require you to report this to us and the following applies. Please note that QML will consider lending on both.

Elements of Flying Freehold may be considered acceptable subject to legal advice. Any "in principle" approval must be suitably caveated in cases where a Flying Freehold is present pending detailed investigation by Quantum Mortgages Limited's legal advisers and approval may be subject to the provision of Title Insurance. You should specifically report to us if the element of flying freehold is more than 25% of the total property.

- 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 second bullet point above are not satisfied, indemnity insurance must be in place at completion (see paragraphs 50-2).

OTHER FREEHOLD ARRANGEMENTS:

D.23. Provided there are separate long leases, including a lease for the flat the borrower is mortgaging AND the freehold is to be owned by a management company (as opposed to our borrower or any other flat owner) the security will be acceptable.

You should also bring to our attention any interest the borrower has in any of the other flats in the building or adjacent building.

D.24. We will not lend on a property if the borrower is occupying one of the flats and also owns the freehold.

D.25. If another flat owner owns the freehold of the building, the borrower must have a leasehold interest in the flat and our security must be the borrower's leasehold interest in such flat.

D.26. 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.

D.27. We will not lend 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.

D.28. Where we are lending on leasehold property and the applicant also owns the Freehold, the Freehold must be held in a separate legal entity on completion.

RENT CHARGES

D.29. If the security property is subject to a rent charge you should obtain the last 6 months proof of satisfactory rental payment receipts for payment of the rent charge from the seller's conveyancing solicitors.

COMMONHOLD

D.30. If any part of the property comprises commonhold, we will not accept it as security.

LEASEHOLD PROPERTY

D.31. Our requirements on the unexpired term of a lease offered as security are that there is at least 35 years of un-expired term on the lease at the end of the mortgage term and that there are no unduly onerous liabilities or restrictions contained in the lease.

D.32. There must be no provision for forfeiture on the insolvency of the tenant or any superior tenant.

D.33. You must take reasonable steps to check that -

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

D.34. 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 paragraphs D.45-48.

D.35. You should ensure that there are no arrears of insurance, ground rent or services charges. The unexpired term, ground rent and service charge are to be confirmed.

D.36. You must confirm there is a satisfactory Buildings Insurance Block Policy (or insurance policy for Leasehold houses) in place for the building. Details of the Policy are to be confirmed prior to completion.

D.37. 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.

D.38. 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 affect indemnity insurance (see paragraphs 50-1). This is not essential if the landlord is responsible for the maintenance and repair of the main structure. We do not require enforceability covenants mutual or otherwise for other tenant covenants.

D.39. We have no objection to a lease that 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. You must investigate any ground rent escalation provisions and advise if any such reviews are likely to be greater than the Retail Price Index (RPI), as this may affect the valuation figure.

D.40. 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.

D.41. Notice of the mortgage must be served on the landlord and any management company immediately following completion, whether or not the lease requires it. If you cannot obtain receipt of the notice then, as a last resort, suitable evidence of the service of the notice on the landlord should be provided. We do not require a receipted copy of the notice or evidence of service after completion, but you must retain a copy on your file.

D.42. 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.

D.43. You must report to us if it becomes apparent that the landlord is either absent or insolvent. We will not lend where there is as absent freeholder and do not accept Indemnity in its place. In instances where the landlord is insolvent, please refer to us with full details of the situation with your advice/recommendations. Please note that we may not lend. If we do agree to lend to an insolvent freeholder, indemnity insurance will be required.

D.44. If the leasehold title is registered but the lease has been lost, we are prepared to proceed provided you have checked a Land Registry produced copy of the registered lease. Whilst this will not be an official copy of the lease you may accept it as sufficient evidence of the lease and its terms when approving the title for mortgage purposes provided it is, on its face, a complete copy.

MANAGEMENT COMPANY

D.45. 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.

D.46. 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.

D.47. For leases granted before 1 September 2000, if the lease does not satisfy the requirements of paragraph D.49, 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 judgment.

D.48. 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. If the borrower is required to be a shareholder in the management company, 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. If the management company is limited by guarantee, the borrower (or at least one of them if two or more) must become a member on or before completion.

DEED OF GIFT

D.49. 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.
- Ensure Deed of Gift Insurance is in place or has been incorporated within a Title Insurance Policy.

If you are unable to give an unqualified certificate of title, you must arrange indemnity insurance (see paragraphs D.50-2).

D.50. You must also obtain clear bankruptcy searches against all parties to any deed of gift or transaction at an apparent undervalue.

INDEMNITY INSURANCE:

Please note that we expect full searches to be carried out on all cases (where appropriate) particularly when the transaction is a purchase, however in the event that there is a valid reason for why this is not possible, and we have provided permission, you may affect indemnity insurance in their place provided the policy protects our interests.

This section does not relate to mortgage indemnity insurance or higher lending charges.

D.51. You must affect an indemnity insurance policy whenever the UK Finance Lenders Handbook identifies that this is an acceptable or required course to ensure that the property has a good and marketable title at completion. A copy of the policy must be sent to us either before or after completion with the Schedule of Title Deeds.

D.52. Where indemnity insurance is affected, it must protect our interests as a Lender -

(a) You must approve the terms of the policy on our behalf.
(b) The limit of indemnity must meet our requirements with a limit equal to the purchase price or value of the property, whichever is the higher.
(c) The policy must be affected without cost to us.
(d) You must disclose to the insurer all relevant information which you have obtained.
(e) The policy must not contain conditions which you know would make it void or prejudice our interests.
(f) You must provide a copy of the policy to the borrower and explain to the borrower why the policy was affected and that a further policy may be required if there is further lending against the security of the property.
(g) 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
(h) 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.

E - MORTGAGE

THE MORTGAGE DOCUMENTATION

E.1. You must use our current standard documents in all cases, including the mortgage deed, and must not amend or generate them without our written consent. We will send you all the standard documents necessary or tell you where to obtain all standard documentation to enable you to comply with our instructions. If you consider that any of the documentation is inappropriate to the particular facts of a transaction, you should write to us with full details and any suggested amendments. Standard documents are available from newapplications@quantummortgages.co.uk

E.2. The mortgage incorporates our current mortgage conditions and, where applicable, loan conditions.

E.3. You should explain to each borrower (and any other person signing or executing a document) their responsibilities and liabilities under the documents referred to in paragraph E.1 and any documents they are required to sign.

E.4. It is considered good practice that the signature of a document that needs to be witnessed is witnessed by a solicitor or legal executive.

E.5. All documents required for completion must be dated with the date of completion of the loan.

THE MORTGAGE OFFER

E.6. 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 unqualified certificate of title. Please note that all mortgage conditions must be satisfied prior to submission of the certificate of Title. Mortgage offers are usually subject to a time limit (e.g., 3 months), therefore it may be necessary to refer to the firm in case of expiry.

E.7. You should tell us as soon as possible if you have been told that the borrower has decided not to take up the mortgage offer.

E.8. Prior to release of funds, Quantum mortgages must be in receipt of a signed and dated acceptance(s) by the borrower(s) (and Guarantor(s)) of the Offer.

RETENTIONS

E.9. Whilst QML do not offer retentions, 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 such retention to a third party. Quantum Mortgages Limited may offer partial retention in certain circumstances. Details will be provided in the Offer Letter. Documentary evidence will be required to evidence that the conditions of the retention have been met.

THE LOAN AND CERTIFICATE OF TITLE

E.10. 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.

E.11. We shall treat the submission by you of the certificate of title as a request for us to release the mortgage advance to you. The mortgage advance will be paid electronically, and the minimum number of days' notice we require is 6. (14 days if a re-inspection of the property is required). Fees to be deducted from the mortgage advance will be detailed in the Offer Letter.

E.12. You must hold the loan on trust for us until completion.
E.13. You are authorised to release the loan only 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, and
- a completed and signed mortgage deed and any other necessary document such as a deed of postponement.

E.14. Before releasing the loan when the borrower is purchasing the property you must hold a properly completed and executed stamp duty land tax return.

E.15. You must ensure that, where a stamp duty land tax return is required, it is completed and submitted to allow registration of the charge to take place in the priority period afforded by the search.

E.16. If, after you have requested the mortgage advance, completion is delayed you must telephone or email us immediately after you are aware of the delay and you must inform us of the new date for completion.

E.17. If completion is delayed, you must return the loan to us as per the following: -.

a) We will allow the mortgage advance to be held for 2 working days if Completion is delayed.

b) Interest will be payable on the mortgage advance from the date of drawdown.

c) Funds must be returned by CHAPS.

d) We will not accept responsibility for any fees associated with the return of funds.

If completion is delayed for longer than that period, you must return the mortgage advance to us. If you do not, we will assume that the mortgage has been completed. We reserve the right to charge the borrower interest under the mortgage and/or require you to pay interest on the amount of the mortgage advance**.**

E.18. 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.

REGISTRATION

E.19. You must register our mortgage as a first legal charge at the Land Registry. Before making your Land Registry application for registration, you must place a copy of the results of the Official Search on your file, together with certified copies of the transfer, mortgage deed and any discharges or releases from a previous mortgagee.

E.20. The application for registration must be received by the Land Registry during the priority period afforded by your original Land Registry search made before completion and, in any event, in the case of an application for first registration, within two months of completion. Any delays regarding this, must be reported to us at quantum.mortgages@bcmglobal.com. Confirmation our charge has been registered must be provided.

E.21. Our mortgage conditions and mortgage deeds 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.

E.22. If you cannot register our mortgage within the priority period afforded by your original Land Registry Search made before completion, you must register a unilateral notice to protect our position. Simply renewing your original Land Registry Search is not acceptable.

E.23. If registration at the Land Registry has not been completed within three months from completion, you must write to us explaining the reason for the delay and keep us regularly informed of the position until registration has been completed.

E.24. 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.

THE TITLE DEEDS

E.25. 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 and you must not create or exercise any lien over them.

The Schedule of Title Deeds should be completed and returned to us by pdf after completion together with the following documents to Quantum Mortgages Limited

- Title Information Document (TID)
- Deed of Consent (if applicable)
- Certificate of Independent Legal Advice and Execution (if applicable)
- Notice of Assignment of Lease & Acknowledgement (if applicable)
- Deed of Guarantee (if applicable)
- Architects certificate/New Build Warranty (if applicable)
- Any other documents required under these Solicitors Instructions

E.26. You should obtain the borrowers' instructions concerning the retention of documents we tell you not to send us.

YOUR MORTGAGE FILE

E.27. For evidential purposes, you must keep your file for at least six years from the date of the mortgage before destroying it. Microfiching or data imaging is suitable compliance with this requirement. It is the practice of some fraudsters to demand the conveyancing file on completion to destroy evidence that may later be used against them. It is important to retain these documents to protect our interests.

E.28. Where you are processing personal data (as defined in the Data Protection Act 2018) 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 2018 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.

E.29. 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 all 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.

F - LATER TRANSACTIONS

DOCUMENTS

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 or they can be requested from Quantum Mortgages Limited, PO Box 1043, Ipswich, Suffolk IP1 9XZ or quantum.mortgages@bcmglobal.com but please let us know if you need any other documents and we will send these to you. If you consider that any of the documentation is inappropriate to the particular facts of a transaction, you should write to us with full details and any suggested amendments.

F.1. All requests for title documents should be made in writing and sent to us. In making such a request, you must have the consent of all the borrowers to apply for the title documents.

FURTHER ADVANCES

F.2. QML do not offer further advances.

TRANSFERS OF EQUITY

F.3. QML do not offer transfer of equity.

DEEDS OF VARIATION

F.4. 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.

F.5. Our consent will usually be forthcoming provided that you first of all confirm in writing to us 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.

F.6. 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 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.

DEEDS OF POSTPONEMENT OR PRIORITY

F.7. 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 our standard form. In no circumstances will we postpone our first charge over the property.

REDEMPTION AND DISCHARGE

F.8. When requesting a redemption statement, 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 A.16. You should request this at least five working days before the expected redemption date. You must quote all of the borrower's mortgage account or roll numbers of which you are aware when requesting the repayment figure. You must request a redemption statement only if you are acting for the borrower or have the borrower's written authority to request a redemption statement.

F.9. To guard against fraud please ensure that, if payment is made by cheque, the redemption cheque is made payable to us, and you quote the mortgage account number or roll number and name of the borrower.

F.10. On the day of completion, you should send the discharge and your remittance for the repayment to us. Our interest in the property must be discharged via a DS1 form.