

LENDER REPORT

(England & Wales)

Lender: HSBC UK Bank plc

79, Tamworth Road, Sutton Coldfield, West Midlands, B75 6DZ

Report Period: 25 May 2022 to 25 November 2022

Report Summary

The UK Finance lenders' handbook provides comprehensive instructions for conveyancers acting on behalf of lenders in residential conveyancing transactions. The handbook consists of part 1 (general instructions) and part 2 (lender specific instructions).

This report details any modifications to part 2 of the handbook made by HSBC UK Bank plc within the report period, and contains 3 sections; a Report Summary, a Change Log detailing the exact changes made (if there have been any modifications), and HSBC UK Bank plc's current full policy.

! 6 sections of the Lenders' Handbook (Part 2) Requirements have been modified.

Section	Question	Modified
1.11a	Contact point for standard documents.	28/07/2022
5.7.1b	Does the lender lend on freehold flats?	13/09/2022
5.8.5	Does the lender accept security which comprises one of two leasehold flats in a building where the borrower also owns the freehold reversion of the other flat and the other leaseholder owns the freehold reversion in the borrower's flat? If so, are there any specific requirements?	13/09/2022
7.3	Does the lender require a consent to mortgage from all occupants aged 17 or over?	28/07/2022
8.1	Does the lender allow me to advise any of the specified third parties?	28/07/2022
16.3.1	Does the lender have a standard form of transfer/deed of covenant?	09/09/2022

Data accurate as of 17:51 5 December 2022 (Data is sampled from UK Finance every 4 hours).

End of report summary.

The following handbook sections were modified within the report period.

Q 1.11a Contact point for standard documents.

Previous Wording	Modifications	New Wording
<p>Instructions: Where the Solicitor, Legal Executive or Licenced Conveyancer is instructed to act on behalf of the Bank, they will be notified by email of the instruction by Legal Marketing Services Limited (LMS) and must access the instruction only through the LMS Conveyancer Zone website. You will not normally be sent the instruction directly by HSBC UK.</p> <p>The instruction will be a copy of the mortgage offer addressed to the borrower. The Solicitor, Legal Executive or Licensed Conveyancer will not normally receive a mortgage offer or cover letter addressed to the firm and should treat the borrower(s) copy of the mortgage offer as their formal instruction to act on behalf of the Bank.</p> <p>Note: HSBC UK offer documents do not require signing by the borrower and are subject to a 7 days' reflection period. The borrower may waive the reflection period if they wish.</p> <p>Standard Documents: You must use the LMS Conveyancer Zone website to access the following Lender documents: - Mortgage Lending Instructions & Guidance Notes document (which contain additional information on the Bank requirements) - Guidance on Mortgage Deed, Letter of Consent and Terms & Conditions document - All standard legal documents, Mortgage Deeds: HSBC UK allows applications with either direct or indirect security – your client will be able to advise if they have requested indirect security. Please ensure that you read our Guidance on Mortgage Deed, Letter of Consent and Terms & Conditions document to ensure you select the correct Mortgage Deed:</p> <ul style="list-style-type: none"> - A1 Mortgage Deeds (direct security) Used when the owners of the Property (the Mortgagors) are exactly the same as the Borrowers - A2 Mortgage Deeds (indirect security) Used when the owners of the Property (the Mortgagors) are not exactly the same as the Borrowers <p>Redemption Statement Requests: see 17.1</p> <p>Your contact point in the event your query still remains unresolved is: Customer Service Centre, BX8 4HB Telephone Number 0370 6007722 Fax Number 0370 2438800</p>	<p>Instructions: Where the Solicitor, Legal Executive or Licenced Conveyancer is instructed to act on behalf of the Bank, they will be notified by email of the instruction by Legal Marketing Services Limited (LMS) and must access the instruction only through the LMS Conveyancer Zone website.</p> <p>You will not normally be sent the instruction directly by HSBC UK.</p> <p>The instruction will be a copy of the mortgage offer addressed to the borrower. The Solicitor, Legal Executive or Licensed Conveyancer will not normally receive a mortgage offer or cover letter addressed to the firm and should treat the borrower(s) copy of the mortgage offer as their formal instruction to act on behalf of the Bank.</p> <p>Note: HSBC UK offer documents do not require signing by the borrower and are subject to a 7 days' reflection period. The borrower may waive the reflection period if they wish.</p> <p>Standard Documents: You must use the LMS Conveyancer Zone website to access the following Lender documents: - Mortgage Lending Instructions & Guidance Notes document (which contain additional information on the Bank requirements) - Guidance on Mortgage Deed, Letter of Consent and Terms & Conditions document - All standard legal documents,</p> <p>Mortgage Deeds: HSBC UK allows applications with either direct or indirect security – your client will be able to advise if they have requested indirect security. Please ensure that you From 1st July 2022, HSBC UK only offers mortgages with direct security (A1 mortgage deed) where the Borrower(s) and owner(s) (the Mortgagor(s)) are exactly the same. Prior to this date, there may be mortgages agreed our Guidance on Mwith indirect security (A2 mortgage Ddeed, Letter of Consent) where the Borrower(s) and Terms & Conditions document to ensure you select the correct Mortgage Deed:owner(s) are not exactly the same. If a Borrower is unsure, please contact HSBC UK to confirm.</p> <ul style="list-style-type: none"> - A1 Mortgage Deeds (dDirect sSecurity) - Used when the owners of the Property (the Mortgagors) are exactly the same as the Borrowers - A2 Mortgage Deeds (iIndirect security) Used when the owners of the Property (the Mortgagors) are not exactly the same as the Borrowers <p>Redemption Statement Requests: see 17.1</p> <p>Your contact point in the event your query still</p>	<p>Instructions: Where the Solicitor, Legal Executive or Licenced Conveyancer is instructed to act on behalf of the Bank, they will be notified by email of the instruction by Legal Marketing Services Limited (LMS) and must access the instruction only through the LMS Conveyancer Zone website.</p> <p>You will not normally be sent the instruction directly by HSBC UK. The instruction will be a copy of the mortgage offer addressed to the borrower. The Solicitor, Legal Executive or Licensed Conveyancer will not normally receive a mortgage offer or cover letter addressed to the firm and should treat the borrower(s) copy of the mortgage offer as their formal instruction to act on behalf of the Bank.</p> <p>Note: HSBC UK offer documents do not require signing by the borrower and are subject to a 7 days' reflection period. The borrower may waive the reflection period if they wish.</p> <p>Standard Documents: You must use the LMS Conveyancer Zone website to access the following Lender documents: - Mortgage Lending Instructions & Guidance Notes document (which contain additional information on the Bank requirements) - Guidance on Mortgage Deed, Letter of Consent and Terms & Conditions document - All standard legal documents,</p> <p>Mortgage Deeds: From 1st July 2022, HSBC UK only offers mortgages with direct security (A1 mortgage deed) where the Borrower(s) and owner(s) (the Mortgagor(s)) are exactly the same. Prior to this date, there may be mortgages agreed with indirect security (A2 mortgage deed) where the Borrower(s) and owner(s) are not exactly the same. If a Borrower is unsure, please contact HSBC UK to confirm.</p> <ul style="list-style-type: none"> A1 Mortgage Deeds (Direct Security) - Used when the owners of the Property (the Mortgagors) are exactly the same as the Borrowers - A2 Mortgage Deeds (Indirect security) Used when the owners of the Property (the Mortgagors) are not exactly the same as the Borrowers <p>Redemption Statement Requests: see 17.1</p> <p>Your contact point in the event your query still remains unresolved is: Customer Service Centre, BX8 4HB Telephone Number 0370 6007722 Fax Number 0370 2438800</p>

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 Customer Service Centre, BX8 4HB
 Telephone Number 0370 6007722
 Fax Number 0370 2438800

Modified 28 July 2022

Q 5.7.1b Does the lender lend on freehold flats?

Previous Wording	Modifications	New Wording
We will only accept freehold flats where the security will comprise the freehold of the full building within which the flat is contained or where the legal arrangements for freehold flats are satisfactory and accepted in the local market (for example, in Scotland and Jersey).	<p>We will only accept freehold flats where the security will comprise the freehold of the full building within which the flat is contained or where the legal arrangements for freehold flats are satisfactory and accepted in the local market (for example, in Scotland and Jersey). Not generally acceptable, however we may be able to lend on freehold flats in the following circumstances:</p> <ul style="list-style-type: none"> • There is a leasehold interest in the flat and the reference to freehold relates to a share of the freehold interest in the block; • The property is a Coach house and is subject to suitable buildings insurance and acceptable lease of garage; <p>Please also refer to 5.8.1 to 5.8.5 for other freehold arrangements that would be acceptable</p>	<p>Not generally acceptable, however we may be able to lend on freehold flats in the following circumstances:</p> <ul style="list-style-type: none"> • There is a leasehold interest in the flat and the reference to freehold relates to a share of the freehold interest in the block; • The property is a Coach house and is subject to suitable buildings insurance and acceptable lease of garage; <p>Please also refer to 5.8.1 to 5.8.5 for other freehold arrangements that would be acceptable</p>

Modified 13 September 2022

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

Previous Wording	Modifications	New Wording
Yes, we do accept this type of security. We require a charge over both the freehold reversion and leasehold titles owned by the depositor	<p>Bullet 1 clause 5.8.5 – Yes, we require a mortgage of the leasehold interest in the flat owned by the borrower.</p> <p>Bullet 2 clause 5.8.5 - Yes, we do accept this type of security. We require a charge over both the freehold reversion and leasehold titles owned by the depositor/borrower.</p>	<p>Bullet 1 clause 5.8.5 – Yes, we require a mortgage of the leasehold interest in the flat owned by the borrower.</p> <p>Bullet 2 clause 5.8.5 - Yes, we do accept this type of security. We require a charge over both the freehold reversion and leasehold titles owned by the borrower.</p>

Modified 13 September 2022

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

Previous Wording	Modifications	New Wording
<p>A letter of consent is not required for full time students living away from home. A letter of consent will be required for:-</p> <p>a) any occupants who will be aged 17 or over at the date of completion; b) when the customer is a borrower but not a depositor; and c) anyone who may have a financial interest in the property.</p> <p>Homes for Ukraine Scheme: a Letter of Consent and Postponement by Deed is not required for any occupant/s who will be resident in the property under this scheme and you are not required to notify us that the customer is or intends to participate as a sponsor in this scheme.</p> <p>England only: We would recommend that the model agreements are used in accordance with government guidance (see GOV.UK website) but we do not require copies of these agreements.</p> <p>Customers should be directed to the HSBC web site for the most up to date requirements on the Home for Ukraine Scheme.</p>	<p>A letter of consent is not required for full time students living away from home. A letter of consent will be required for:-</p> <p>a) any occupants who will be aged 17 years or over at the date of completion; b) when the; b) a customer who is a bBorrower but is not a depositor. This only applies to cases where HSBC UK agreed to the proposed mortgage with indirect security (A2 mortgage deed); and c) anyone who may have a financial interest in the property.</p> <p>Homes for Ukraine Scheme: a Letter of Consent and Postponement by Deed is not required for any occupant/s who will be resident in the property under this scheme and you are not required to notify us that the customer is or intends to participate as a sponsor in this scheme.</p> <p>England only: We would recommend that the model agreements are used in accordance with government guidance (see GOV.UK website) but we do not require copies of these agreements.</p> <p>Customers should be directed to the HSBC web site for the most up to date requirements on the Home for Ukraine Scheme.</p>	<p>A letter of consent is not required for full time students living away from home. A letter of consent will be required for:-</p> <p>a) any occupants aged 17 years or over; b) a customer who is a Borrower but is not a depositor. This only applies to cases where HSBC UK agreed to the proposed mortgage with indirect security (A2 mortgage deed); and c) anyone who may have a financial interest in the property.</p> <p>Homes for Ukraine Scheme: a Letter of Consent and Postponement by Deed is not required for any occupant/s who will be resident in the property under this scheme and you are not required to notify us that the customer is or intends to participate as a sponsor in this scheme.</p> <p>England only: We would recommend that the model agreements are used in accordance with government guidance (see GOV.UK website) but we do not require copies of these agreements.</p> <p>Customers should be directed to the HSBC web site for the most up to date requirements on the Home for Ukraine Scheme.</p>

Modified 28 July 2022

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

Previous Wording	Modifications	New Wording
<p>Yes, provided that you are satisfied that you do not have any conflict of interest which prevents you advising the third party fully. If this is not the case you must arrange for them to see an independent conveyancer.</p> <p>Direct charges - We require any borrower who is a legal owner of the property but who will not personally benefit from the loan either at all or equally with the other borrowers to obtain Independent Legal Advice where either the amount or portion of the loan from which they will not benefit exceeds £50,000.</p> <p>Indirect charges – Where a Mortgagor of the property is not a borrower, we require that person to obtain Independent Legal Advice.</p> <p>All cases - You must strongly recommend to any person intending to execute a Letter of Consent and Postponement by Deed to the mortgage that they obtain Independent Legal Advice</p>	<p>Yes, provided that you are satisfied that you do not have any conflict of interest which prevents you advising the third party fully. If this is not the case you must arrange for them to see an independent conveyancer.</p> <p>Direct charges - We require any borrower who is a legal owner of the property but who will not personally benefit from the loan either at all or equally with the other borrowers to obtain Independent Legal Advice where either the amount or portion of the loan from which they will not benefit exceeds £50,000.</p> <p>Indirect charges – Where a Mortgagor of the property is not a borrower, we require that person to obtain Independent Legal Advice. HSBC UK no longer offers indirect security on new mortgages from 1st July 2022.</p> <p>All cases - You must strongly recommend to any person intending to execute a Letter of Consent and Postponement by Deed to the mortgage that they obtain Independent Legal Advice.</p>	<p>Yes, provided that you are satisfied that you do not have any conflict of interest which prevents you advising the third party fully. If this is not the case you must arrange for them to see an independent conveyancer.</p> <p>Direct charges - We require any borrower who is a legal owner of the property but who will not personally benefit from the loan either at all or equally with the other borrowers to obtain Independent Legal Advice where either the amount or portion of the loan from which they will not benefit exceeds £50,000.</p> <p>Indirect charges – Where a Mortgagor of the property is not a borrower, we require that person to obtain Independent Legal Advice. HSBC UK no longer offers indirect security on new mortgages from 1st July 2022.</p> <p>All cases - You must strongly recommend to any person intending to execute a Letter of Consent and Postponement by Deed to the mortgage that they obtain Independent Legal Advice.</p>

Modified 28 July 2022

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

Previous Wording	Modifications	New Wording
<p>No</p>	<p>NoInstruction: Where you are instructed to act on behalf of the Bank on a transfer of equity, you will be notified by email of the instruction by Legal Marketing Services Limited (LMS) and must access the instruction only through the LMS Conveyancer Zone website.</p> <p>The instruction will be a copy of the mortgage offer addressed to the borrower, you will not normally receive a mortgage offer or copy letter addressed to you and should treat the borrower (s) copy of the mortgage offer as the formal instruction to act on behalf of HSBC UK Bank plc.</p> <p>Standard Documents: You must use LMS Conveyancer Zone website to access all legal documents required.</p> <p>Requirements: As the Bank will not send you a separate letter of instruction, if you are unsure as to the changes required, please contact us per 1.11a</p> <p>You are required to ensure a new mortgage deed is signed for the transfer of equity and to register a new first charge by way of legal mortgage over the property on behalf of HSBC UK Bank plc.</p> <p>The bank will not agree to a transfer of equity subject to our existing charge and as such, will not be a signatory to the transfer deed. You must not send us a copy of the transfer deed, which should be signed by the transferors and transferees only.</p>	<p>Instruction: Where you are instructed to act on behalf of the Bank on a transfer of equity, you will be notified by email of the instruction by Legal Marketing Services Limited (LMS) and must access the instruction only through the LMS Conveyancer Zone website.</p> <p>The instruction will be a copy of the mortgage offer addressed to the borrower, you will not normally receive a mortgage offer or copy letter addressed to you and should treat the borrower (s) copy of the mortgage offer as the formal instruction to act on behalf of HSBC UK Bank plc.</p> <p>Standard Documents: You must use LMS Conveyancer Zone website to access all legal documents required.</p> <p>Requirements: As the Bank will not send you a separate letter of instruction, if you are unsure as to the changes required, please contact us per 1.11a</p> <p>You are required to ensure a new mortgage deed is signed for the transfer of equity and to register a new first charge by way of legal mortgage over the property on behalf of HSBC UK Bank plc.</p> <p>The bank will not agree to a transfer of equity subject to our existing charge and as such, will not be a signatory to the transfer deed. You must not send us a copy of the transfer deed, which should be signed by the transferors and transferees only.</p>

Modified 9 September 2022

End of change log

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

See 1.11a

Q 1.11a Contact point for standard documents.



Instructions:

Where the Solicitor, Legal Executive or Licenced Conveyancer is instructed to act on behalf of the Bank, they will be notified by email of the instruction by Legal Marketing Services Limited (LMS) and must access the instruction only through the LMS Conveyancer Zone website.

You will not normally be sent the instruction directly by HSBC UK.

The instruction will be a copy of the mortgage offer addressed to the borrower. The Solicitor, Legal Executive or Licensed Conveyancer will not normally receive a mortgage offer or cover letter addressed to the firm and should treat the borrower(s) copy of the mortgage offer as their formal instruction to act on behalf of the Bank.

Note: HSBC UK offer documents do not require signing by the borrower and are subject to a 7 days' reflection period. The borrower may waive the reflection period if they wish.

Standard Documents:

You must use the LMS Conveyancer Zone website to access the following Lender documents:

- Mortgage Lending Instructions & Guidance Notes document (which contain additional information on the Bank requirements)
- Guidance on Mortgage Deed, Letter of Consent and Terms & Conditions document
- All standard legal documents,

Mortgage Deeds:

From 1st July 2022, HSBC UK only offers mortgages with direct security (A1 mortgage deed) where the Borrower(s) and owner(s) (the Mortgagor(s)) are exactly the same. Prior to this date, there may be mortgages agreed with indirect security (A2 mortgage deed) where the Borrower(s) and owner(s) are not exactly the same. If a Borrower is unsure, please contact HSBC UK to confirm.

A1 Mortgage Deeds (Direct Security)

- Used when the owners of the Property (the Mortgagors) are exactly the same as the Borrowers

- A2 Mortgage Deeds (Indirect security)

Used when the owners of the Property (the Mortgagors) are not exactly the same as the Borrowers

Redemption Statement Requests: see 17.1

Your contact point in the event your query still remains unresolved is:

Customer Service Centre, BX8 4HB

Telephone Number 0370 6007722

Fax Number 0370 2438800

Q 1.11b Contact point if standard documents are inappropriate.

Customer Service Centre, BX8 4HB

Telephone Number 0370 6007722

Fax Number 0370 2438800

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

Yes, provided a separate partner to the firm (who is not related to the seller) acts for us, there is no conflict of interest and you are acting within your professional guidelines

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

Yes, provided a separate partner to the firm (who is not related to the seller) acts for us, there is no conflict of interest and you are acting within your professional guidelines

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

No

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

We only need to be notified of any cases where the seller is not represented or where you cannot satisfy yourselves with the checks carried out on the seller's appointed representative

Q 3.1.5 What other documents are acceptable for verifying identity?

None

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

No

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

We only need to be notified of any cases where the seller is not represented or where you cannot satisfy yourselves with the checks carried out on the seller's appointed representative

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

A valuation for mortgage purposes will have been undertaken, though this may not be based on a physical inspection of the property. A copy of the valuation report will be sent to you with a copy of the Mortgage Offer. The valuation report is obtained for mortgage purposes only and should not be passed to the borrower.

Note: where the name of the valuer in Section 9 of the valuation report is specified as SDLAVM or SDLMDV, you should disregard and must not raise queries regarding the information in Sections 2 to 7 inclusive and section 10. You should refer to sections 1 Applicant and Property Address and 9 Recommendation only.

Q 4.3 If different from 1.11, contact point if assumptions stated by the valuer are incorrect.**Q 4.5a If different from 1.11, contact point if re-inspection required.****Q 4.5b Where should the certificate of title be sent?**

See 10.2b

Q 5.1.1 If different from 1.11, the contact point if the seller has owned the property for less than 6 months:**Q 5.2.1 If different from 1.11, the contact point if the seller is not the owner or registered proprietor and is not listed in the exceptions above:**

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

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

All other circumstances where the seller is not the owner or registered proprietor, other than those listed in Part 1 under 5.2.1, should be referred to us (see 1.11a for contact details) with full details

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

Japanese Knotweed - You will need to advise the Bank if you become aware that there is, may be or has previously been Japanese Knotweed identified on or near the property (within 3m of the boundary) and this is not noted on the valuation.

Where Japanese Knotweed has not been identified within the boundaries of the property to be mortgaged to the Bank but is present on neighbouring land within 3 metres from the boundary, we will rely on the Valuer to assess if there is any impact on the valuation.

Where Japanese Knotweed has been identified within the boundaries of the property being mortgaged to the Bank, we can only proceed if any damage to outbuildings, paths and fences is minor. We will rely on the Valuer to assess whether there is any visible damage to structure or outbuildings, or whether it is causing any restrictions to the access of amenity space. If the answer to either of these is yes, a Japanese Knotweed Survey is required and we will require the following:

- A Treatment plan which has been fully completed by an appropriately qualified person or company such as an accredited member of an industry recognised trade association such as the Property Care Association and the Invasive Non-Native Specialists Association
- A Completion Certificate that confirms the weed has already been fully remediated with a minimum 10 year insurance backed guarantee in place which should commence on the date of completion of treatment
- A copy of the treatment plan, completion certificate and guarantee are to be provided to the valuer for their confirmation that the property is suitable for mortgage security and whether there is any impact on the valuation of the property

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

Yes, provided the firm is registered with the Council of Property Search Organisations (CoPSO), has adequate professional indemnity insurance and states that it complies with the Code of Practice for Search Compilers and Retailers.

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

Yes, we will accept local authority search indemnity insurance at your own risk provided that the mortgage valuation of the property does not exceed £1 million and that you are satisfied the policy adequately protects us as mortgagee and that you give an unqualified Certificate of Title. At a minimum, the policy cover must be the open market value of the property. Other than local search indemnity insurance, no other search indemnity insurance is acceptable.

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

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

We do not require a copy of the planning permission.

If any breach of planning permission is still within any applicable enforcement period, we will rely upon your professional judgement to protect any risk to the Bank. If you consider indemnity insurance is required, this should be obtained in accordance with Section 9 of the UK Finance Handbook. If not, we do not need to be notified.

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

We do not require a copy of the building consents.

If any breach of building regulations is still within any applicable enforcement period, we will rely upon your professional judgement to protect any risk to the Bank. If you consider indemnity insurance is required, this should be obtained in accordance with Section 9 of the UK Finance Handbook. If not, we do not need to be notified.

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

No, unless the property has been converted from commercial to residential property. In this case we will require proof of residential status. If planning permission exists for the change in use, then a separate certificate of lawful use or development is not required. Where planning permission cannot be confirmed, a certificate of lawful use or development is required.

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

Q 5.7.1a Does the lender lend on flying freeholds?

Yes, provided there are mutual rights of support, protection, repair and maintenance and entry for repair and maintenance and mutually enforceable covenants, usually including a Deed of Covenant, being entered into in identical form on each dealing with the Property between the existing/other flat owners and the incoming purchaser.

If a flying freehold is mentioned in the valuation report, the Bank requires you to check there are mutual rights of support and maintenance and mutually enforceable covenants and or if these are not in place to arrange appropriate indemnity insurance.

If the flying freehold is not mentioned within the valuation report this will also need to be referred back to the valuer.

Q 5.7.1b Does the lender lend on freehold flats?

Not generally acceptable, however we may be able to lend on freehold flats in the following circumstances:

- There is a leasehold interest in the flat and the reference to freehold relates to a share of the freehold interest in the block;
- The property is a Coach house and is subject to suitable buildings insurance and acceptable lease of garage;

Please also refer to 5.8.1 to 5.8.5 for other freehold arrangements that would be acceptable

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

See 1.11

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

Yes

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



Bullet 1 clause 5.8.5 – Yes, we require a mortgage of the leasehold interest in the flat owned by the borrower.

Bullet 2 clause 5.8.5 - Yes, we do accept this type of security. We require a charge over both the freehold reversion and leasehold titles owned by the borrower.

Q 5.9.1 Does the lender lend on commonhold?

Yes

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

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

Contact Point as 1.11

You must report any circumstances where the balance of the purchase price is not being provided in accordance with Part 1 and in doing so must wait for our written instructions prior to proceeding. We do not accept deposits sourced from unsecured credit facilities or personal borrowing

We do not require you to report a deposit gifted by a family member (unless the donor is also the Vendor) provided that you are satisfied that the following conditions are met

The gift must be from a family member(s), who confirms it is unconditional and not repayable. A family member is considered to be a close relation defined as a spouse, domestic partner, grandparent, parent sibling, half sibling, aunt, uncle, cousin, in law relation or step relation. Gifts from third parties, including friends and employers are not acceptable.

The family member(s) must be related to one of the borrower(s).

Where a gifted deposit meets the above conditions and a Declaration of Trust is not being made, you must obtain and retain on your file a letter, addressed to you, signed by each donor which confirms the following information;

- The name and address of the family member gifting the deposit
- Their relationship to the borrowers(s)
- The name and current address of the borrower(s)
- The address of the property being purchased
- The amount being gifted and the source of the funds
- That the gift is not repayable and is an unconditional gift, and the donor(s) providing the gift will not acquire an interest in the property
- The letter must be obtained prior to completion and dated no more than 3 months of this date.

Where a Declaration of Trust is being made, this must be drafted in accordance with section 20 of our Mortgage Lending Instructions and Guidance Notes for England & Wales, Scotland & Northern Ireland which are located on LMS Conveyancer Zone. You must send us a copy of the draft deed at least 10 working days prior to completion for approval. You must not proceed without such approval.

Sole legal proprietor – it is not acceptable for a sole legal proprietor to enter into a Declaration of Trust.

In addition to your usual searches, you must ensure clear bankruptcy searches are obtained against all parties contributing to the balance of the purchase price. You must notify us if you cannot obtain clear searches.

Q 5.14.1 What minimum unexpired lease term does the lender accept?

All residential leasehold properties must have more than 30 years remaining after completion of the term of the mortgage.

If the above criteria is met, however the unexpired term at the outset has less than 85 years remaining, this will always be subject to a Valuer's opinion and must be referred to us for approval. The Valuer must be satisfied that there is a market for any property taking the lease into consideration.

All Buy to Let leasehold properties must have more than 35 years remaining after completion of the term of the mortgage.

If the above criteria is met, however the unexpired term at the outset has less than 85 years remaining, this will always be subject to a Valuer's opinion and must be referred to us for approval. The Valuer must be satisfied that there is a market for any property taking the lease into consideration.

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

Lease terms such as ground rents must be reasonable at all times during the term of the lease and adhere to our requirement below.

If you are unsure as to whether the terms of a lease are reasonable or onerous, please refer the details to us for consideration.

If the potentially onerous terms are in relation to the ground rent, please include the current ground rent figure per annum, how often it will be reviewed and the mechanism by which any increase is calculated. See the guidance below:

Acceptable:

- Maximum Ground Rent p.a. must not exceed £250 (£1,000 in Greater London) per year. If there is the potential (within the lease provisions) for the ground rent to exceed these levels then the rent should be reduced to within the required threshold. This would require a lease variation on the lines that under no circumstances could reviewed rent be increased so that it comes within the applicable Assured Shorthold Tenancy (AST) thresholds in the Housing Act 1988 (as amended) or in any legislation amending or replacing it or in any subordinate legislation issued under it. If the lease cannot be varied, a suitable indemnity policy must be put in place to protect the risk to the Bank
- Ground Rent less than or equal to 0.2% of the current property value (New Builds restricted to 0.1%)
- Grounds Rent review period greater than or equal to 10 years
- Ground Rent escalation less than or equal to RPI. Any RPI increase must not exceed the AST thresholds under the Housing Act 1988.
- Ground Rent doubles every 20 years or over any longer period and does not continue to double after 125 years. Any doubling of ground rent must not be capable of exceeding the AST thresholds.

Unacceptable:

- Ground Rent greater than 0.2% of the current property value (New Builds greater than 0.1%)
- Ground Rent review period is less than 10 years
- Ground Rent escalation greater than RPI or linked to any other indices
- Ground Rent doubles less than every 20 years

Where ground rent provisions cause (or, during the term of the mortgage and/or lease, are likely to cause) the lease to be treated as an Assured Shorthold Tenancy (AST) under the Housing Act 1988, this need not be reported to us if either:

a. the Lease can be varied to restrict the ground rent below the statutory level;

OR

b. If the lease cannot be varied, a suitable indemnity policy is put in place to protect the risk to the Bank (Please refer to paragraph 9 for the Bank's requirements for Indemnity Insurance).

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

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

In some cases, please refer to us, see 1.11a for contact details.

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

No

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

No, however you must send a copy to the borrower and retain a copy with the title deeds

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

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

Yes, indemnity insurance is acceptable. We will also require you to make a retention equivalent to six (6) years ground rent

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

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

No

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

No

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

No

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

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

Yes, we require sight of the original or a certified copy of either the original or an extract of the power of attorney before completion to check its suitability along with a specimen signature of the attorney.

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

No

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

Schemes acceptable to the Bank are:

- a) Shared ownership including New Build Homebuy (NBHB) and First Time Buyer Initiative (FTBI)

Schemes currently unacceptable to Bank are:

- a) Shared Equity Schemes
- b) Open Market Homebuy
- c) Discount for Sale
- d) Properties for sale at a discount
- e) Any scheme where the Housing Association requires a 2nd charge

Shared Ownership Lease Requirements

You must check the suitability of the lease for our purposes and, in particular, the protection it affords to us as mortgagee. You must advise us immediately where the lease is not suitable. Without prejudice to the foregoing, we have the following additional requirements:

- A suitable mortgagee protection clause. Please refer to the model leases on the gov.uk website for examples of acceptable clauses - [https://www.gov.uk/guidance/capital-funding-guide/1- + help-to-buy-shared-ownership](https://www.gov.uk/guidance/capital-funding-guide/1-+help-to-buy-shared-ownership)
- stair casing provisions must enable the borrower to purchase further shares and eventually, 100% of the freehold, if required.
- Mutually enforceable covenants (if the property is a flat or maisonette).

We will rely on you to ensure that the lease is suitable for our security purposes and follows the form of the appropriate Model Lease available from the gov.uk website subject to your ensuring that the mortgagee protection clause includes:

- (1) a minimum of 18 months' interest from the date of enforcement: and
- (2) the minimum requirement for costs and fees in enforcing the security is 3% of the Market Value at time of enforcement.

If the lease does not meet all of the Bank's requirements but does contain a mortgagee protection clause which meets the Bank's requirements, the Bank will be happy to proceed provided that you are able to advise that, in your professional opinion, the lease will be a good and sufficient security for the Bank's mortgage debt and that you are able to submit an unqualified Certificate of Title.

If you believe that the security would be adversely affected, you must advise the Bank of the risks and of any action that could be taken to mitigate these and, if so, to what extent.

If there is an action that could be taken, the Bank will rely upon your professional judgment to ensure a good and sufficient security is obtained.

Stair Casing Provisions

The Bank must be able to exercise the stair casing rights and acquire the long lease or freehold without having to become the tenant.

Surrendering the Lease

If the lease is to be surrendered back to the social landlord in lieu of assignment, the surrender must be for the current market value of the share.

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

The registered lease of roof space must meet the UKF minimum standards.

If the lease does not meet the UKF minimum standards and you are unable to agree a variation to ensure the lease meets the UKF minimum requirements, the case cannot proceed and you should advise the applicants and us.

We do not require a copy of the lease.

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

We will only consent to a new lease of roof space where the UK Finance minimum requirements are met. We require confirmation of compliance using the UKF template letter where our consent is required to register a lease of roof space.

We do not require a copy of the lease.

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

Yes (see 1.11a for contact details).

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

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

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

Q 6.4.4 Does the lender require me to report incentives?

All incentives must be reported to us. You must also complete a UK Finance Disclosure of Incentives Form which the valuer will require. On sending the Certificate of Title you are confirming you are in receipt of this form

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

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

Residential properties: we require vacant possession to be obtained upon completion. Where you identify a residential property is to be let on completion, you must advise us.

Buy to Let properties: please refer to 6.6.1 for our requirements where the property is already let or will be let on completion.

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

Our requirements are:

1. The agreement between the mortgagor and the tenant(s) must not result in the tenant(s) having the benefit of any security of tenure over and above the contractual term of the tenancy:
2. The Bank must be able to obtain vacant possession at the end of the term if required.
3. The tenancy agreement, and the entry into of it, must be valid and properly constituted
4. If the property is leasehold tenure, the lessor's/freeholder's consent is obtained.

We will accept the following types of tenancy agreement:

- An Assured Shorthold Tenancy ("AST") under the Housing Act 1988, which meets all of the statutory requirements including the following criteria:
 - i. The tenant must be an individual:
 - ii. The property must be occupied as the tenant's only or principal home; and
 - iii. The tenancy must be dated on or after 28 February 1997 and must not be one that can become an Assured Tenancy
 - iv. The term of any AST agreement, including any extension periods contained within the agreement, must not exceed 3 years.
- a Company Let (a residential letting to a company which permits occupation of the property by an employee of the company tenant) which does not fall within the provisions of the Housing Act 1988 (as amended by the Housing Act 1996). Please note that neither the company nor the occupant will have security of tenure and the term of any Company Let agreement must not exceed 12 months.

We do not require sight of the AST agreement or the Company Let agreement.

For any other type of tenancy, the Bank will require sight of the proposed agreement for approval prior to completion.

The bank will not give consent to:

- Lifetime tenancies.
- Participation in schemes such as AirBnB.

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

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

No

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

No, we do not lend on this type of property

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

- ABC+
- Advantage HCI
- Aedis Warranties Ltd
- Ark Insurance Group Ltd
- Build Assure New Homes/Build Assure 10
- Building Life Plans (BLP)
- Build-Zone New Home Warranty
- Checkmate Castle 10 Home Warranty
- Global Home Warranties Ltd
- International Construction Warranties Ltd (ICW)
- Local Authority Building Control (LABC) New Home Warranty
- NHBC
- One Guarantee
- Premier Guarantee
- Protek
- The Q Policy
- Zurich Municipal

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

None. However a copy must be sent to the borrower and a copy must be retained with the title deeds

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

No

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

Where the property does not have the benefit of a New Home Warranty scheme and has been built in the last 10 years then NO we will not proceed.

However, for Converted Properties we will proceed providing confirmation is received that the property is subject to full building regulations, planning permissions and completion certificate.

CARE for Conversions where FULL STRUCTURAL alterations have occurred then a New Home Warranty scheme should be in place as detailed in Section 2 6.7.1

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

We do not accept professional consultant certificates

Q 6.8.1 If different from 1.11, contact point if no agreement and bond for an unadopted road or sewer:**Q 6.9.1 If different from 1.11, contact point if necessary easements are absent:****Q 6.10.2 Who will the lender release any retentions (or instalments of the advance) to?**

We will release any retentions to the borrower unless otherwise instructed. We do not offer instalment mortgages

Q 6.11.1 If different from 1.11, contact point if property is affected by redevelopment or road proposals:**Q 6.12.1 If different from 1.11, contact point if pre-emption rights, resale restrictions, options etc will affect the lender's security:**

See 1.11b. We do not lend on properties where there is an overage agreement in place or where such an agreement will be set up on completion.

Q 6.13.1 If different from 1.11, contact point if property is affected by improvement/repair grant which will not be discharged:**Q 7.3 Does the lender require a consent to mortgage from all occupants aged 17 or over?**

A letter of consent is not required for full time students living away from home. A letter of consent will be required for:-

- a) any occupants aged 17 years or over;
- b) a customer who is a Borrower but is not a depositor. This only applies to cases where HSBC UK agreed to the proposed mortgage with indirect security (A2 mortgage deed); and
- c) anyone who may have a financial interest in the property.

Homes for Ukraine Scheme: a Letter of Consent and Postponement by Deed is not required for any occupant/s who will be resident in the property under this scheme and you are not required to notify us that the customer is or intends to participate as a sponsor in this scheme.

England only: We would recommend that the model agreements are used in accordance with government guidance (see GOV.UK website) but we do not require copies of these agreements.

Customers should be directed to the HSBC web site for the most up to date requirements on the Home for Ukraine Scheme.

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



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

Yes, provided that you are satisfied that you do not have any conflict of interest which prevents you advising the third party fully. If this is not the case you must arrange for them to see an independent conveyancer.

Direct charges - We require any borrower who is a legal owner of the property but who will not personally benefit from the loan either at all or equally with the other borrowers to obtain Independent Legal Advice where either the amount or portion of the loan from which they will not benefit exceeds £50,000.

Indirect charges – Where a Mortgagor of the property is not a borrower, we require that person to obtain Independent Legal Advice. HSBC UK no longer offers indirect security on new mortgages from 1st July 2022.

All cases - You must strongly recommend to any person intending to execute a Letter of Consent and Postponement by Deed to the mortgage that they obtain Independent Legal Advice.

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

Yes, on completion

Q 9.2 What limit of indemnity insurance does the lender require?

The value of the insurance must be for at least the full value of the property

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

Electronically

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

Six (6) working days.

You must specify the completion day in the Certificate of Title and also the day on which you would like to receive the mortgage advance (which should either be the working day prior to the completion day or the completion day itself).

We will only accept Certificates of Title in electronic form using the prescribed form which is available from the LMS Conveyancer Zone. No other form of Certificate of Title or method of submission will be accepted. The CoT submission process must only be used for the CoT and must not include any other documents or queries.

You should also ensure that all pre completion queries are resolved prior to submitting the CoT to us, see section 1.11b for Contact Points for queries.

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

Available Funds:

The mortgage amount shown in the 'Main features of the loan' section of the Mortgage Illustration (which forms part of our Mortgage Offer), is inclusive of any Booking Fee set out in the 'Interest rate and other costs section of the Mortgage Illustration if the Booking Fee text makes it clear that it will be added to the loan. Therefore, the Booking Fee must be deducted from the mortgage amount to confirm available funds on completion.

Calculation: Mortgage Amount – Booking Fee* = Available Funds on completion

*Note: deduct any Booking Fee which is advised in Interest rates and other costs section of the Mortgage Illustration as – “£xxx to be added to the Loan when the Loan completes”.

Funds Transfer Fee:

Any fee for electronic funds transfer will be charged to the customer separately.

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

The advance must be returned by CHAPS within three working days of receipt. You must not make any deductions. You must quote the mortgage sortcode and account number. Please refer to section 17.1 of our Mortgage Lending Instructions and Guidance Notes (which can be accessed as per 1.11a) for the specific destination sort code and account number the funds will need to be returned to. Please note the destination sort code and account number is dependent on the third and fourth digit of the mortgage sortcode.

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

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

Three working days

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

Interest will be charged from the date of receipt by you until the date of payment or return of the advance to us. The interest rate will be that on the mortgage offer

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

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

We do not make retentions or offer instalment mortgages

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

We only require a copy of the charge where an INDIRECT (A2) Legal Mortgage has been taken.

Q 14.2.1 Where should the title deeds and documents be sent?

We do not require the original title deeds and documents

Q 14.2.2 Which documents must I send after completion?

A copy of the Register completion Sheet
A copy of the completed Mortgage Deed only where an INDIRECT A2 Mortgage Deed has been taken.
A copy of any Indemnity Policy
A copy of any signed Letters of Consent.

Instructions received from Legal Marketing Services Ltd (LMS): All documents must be added to the LMS Conveyancer Zone

If you did not receive your instruction from LMS, the documents should be sent to the address stated in 1.11

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

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

Instruction: Where you are instructed to act on behalf of the Bank on a transfer of equity, you will be notified by email of the instruction by Legal Marketing Services Limited (LMS) and must access the instruction only through the LMS Conveyancer Zone website.

The instruction will be a copy of the mortgage offer addressed to the borrower, you will not normally receive a mortgage offer or copy letter addressed to you and should treat the borrower (s) copy of the mortgage offer as the formal instruction to act on behalf of HSBC UK Bank plc.

Standard Documents: You must use LMS Conveyancer Zone website to access all legal documents required.

Requirements: As the Bank will not send you a separate letter of instruction, if you are unsure as to the changes required, please contact us per 1.11a

You are required to ensure a new mortgage deed is signed for the transfer of equity and to register a new first charge by way of legal mortgage over the property on behalf of HSBC UK Bank plc.

The bank will not agree to a transfer of equity subject to our existing charge and as such, will not be a signatory to the transfer deed. You must not send us a copy of the transfer deed, which should be signed by the transferors and transferees only.

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

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

No, as we do not want to be a party to the transfer. A new charge will be taken at all times

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

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

This will not be required in transfer of equity cases as a new charge will be taken in all cases

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

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

No

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

Q 16.5.3a Where should the deed of variation be sent?

See 1.11 for contact details

If the deed is in relation to a lease extension we do not require the deed, we rely on your professional judgement to perfect our security

Q 16.5.3b Where should the deed of rectification be sent?

See 1.11

Q 16.5.3c Where should the deed of easement be sent?

See 1.11

Q 16.5.3d Where should the option agreements be sent?

See 1.11

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

See 1.11 for contact points.

You must submit a request for a redemption statement via the smart form on <https://www.lms.com/conveyancerzone/Pages/Documents.aspx>

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

See 1.11

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

We send the discharge direct with the Land Registry

End of document.