

## Resale Restrictions, Shared Ownership, Equity Share, Low Cost Home Ownership and Special Schemes Instructions and Guidance for Conveyancers

General comments applicable to all above scheme types

These instructions and guidance for conveyancers cover the main schemes available and the requirements over and above our normal conveyancing instructions for the scheme to be accepted.

Important information:

Where a scheme contains provisions identified in these instructions as unacceptable:

- The waiving of these provisions where the mortgagee is in possession does not make the scheme acceptable. It must be assessed based on the restrictions placed on the owner.
- Any restrictions applied to a sale by a mortgagee in possession must be no more onerous than those affecting owners.
- We do not require sight of the legal documentation if our requirements are met.

As our policies are reviewed from time to time, acceptance of a scheme now or at any time in the past is no guarantee of future acceptance. Please advise your clients accordingly.

If the property is currently in mortgage to us but the scheme does not meet our current requirements, please advise us and explain why. If we are prepared to allow the case to proceed please emphasise to your clients that the scheme does not meet our requirements and whilst we will agree to this application proceeding, we cannot commit to any future lending.

Where the nature of the scheme differs from that detailed in the mortgage offer, you must notify us as this may affect the terms under which we are prepared to lend and will require a revised mortgage offer.

For equity shares, resale price restrictions and shared ownership cases our offer will include basic details of what Nationwide Building Society's understanding of the scheme is.

- For equity shares we will provide the name of the equity share loan provider.
- For resale price restrictions we will provide the percentage of open market value the property can be sold at.
- For shared ownership properties we will provide the percentage share that is to be purchased.

Upon reviewing the details, please advise us if the information we have supplied to you is not correct.

For other schemes (for example restrictions on occupation and right to buy properties) our offer will not contain details. Please advise us of the scheme type and check below what further information we require and provide details to us. We will check we were made aware of the correct details at the time of application and have processed the case correctly.

Terminology

Please note over the years various phrases have been used to describe specific schemes. However, there is no set/legal wording and consequently same or similar phraseology has been used to describe what are effectively different scheme types. For example, 'equity share' may relate to an equity loan (second charge the debt based on a share of the open market value), shared ownership or property subject to a resale price restriction.

When writing to us on any scheme please use the phrase below that applies to the scheme so that we can identify the scheme type.

References to "we", "us" and "our" means Nationwide Building Society. The "Property" is the Property as defined in our mortgage offer.

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- i) Equity Shares (alternative names: Equity Share Loans, Equity Loans)
- ii) Resale price covenant schemes and restrictive occupancy schemes (details often included in a Section 106 Agreement)
- iii) Sheltered Housing
- iv) Shared Ownership / Co-ownership (Northern Ireland) (please note that these Shared Ownership instructions do not apply in Scotland. Separate instructions for cases in Scotland are included in the Mortgage Offer).
- v) Right to Buys and Right to Acquires
- vi) First Homes

### **i) Equity Shares (alternative name: Equity Share Loans, Equity Loans)**

Our mortgage offer should detail the fact the applicant is obtaining a loan and detail the lender. If our offer doesn't contain the details or they are inaccurate, please advise us of the correct details. For any equity share the following applies:

1. We require first charge over the property.
2. There must be no other scheme applicable to the property as described in sections ii), iii), iv) or v) below.
3. Only one equity share allowed\*.
4. The total of our loan and the equity share must not be greater than 100% of the purchase price/value.
5. The equity share must be a percentage of the purchase price/value. The loan repayment must be based on a percentage of the value of the property with no fixed amount to protect the equity share lender if the value of the property declines.
6. No interest or charges payable within the first five years. See point 8 below.
7. The equity share must be for the term of our first charge or have a clause allowing the borrower the right, on request, during the term of the loan to seek an extension so the term is extended to end on, or after, the redemption date of our first charge.

8. It is acceptable if the equity share must be repaid and/or interest charged if the loan agreement is breached.
9. It is acceptable if the equity share agreement contains a clause requiring redemption or interest is to be charged if the borrower is made bankrupt or enters into a credit agreement with their creditors.
10. Please advise the borrower we cannot guarantee to supply funds in the future to repay the equity share. If we do agree any further lending for this purpose it will be for full redemption of the loan. We will not lend to partially redeem the loan.
11. There must be no clause preventing the borrower from fully redeeming the loan.
12. The loan agreement must not hinder us in exercising our rights under the mortgage terms and conditions.
13. Any restriction to be registered on the title in respect of the property must not affect our ability to take possession of the property (in the event that it is required under the mortgage terms and conditions) and to sell it.
14. The property must be wholly owned by the Purchaser(s) alone and not held on trust for others.

\*Where the applicant/one of the applicants is a member of the armed forces and obtaining a Forces Help to Buy (FHTB) or MOD Long Service of Pay (LSAP) loan we do not regard these as equity shares. They can be combined with an equity share, however, please advise us of the amount of loan and repayment details.

Where required by the subsequent charge lender you can confirm to them on our behalf that, while they still have the subsequent charge against the property, we will not proceed with any offer to lend additional monies without their agreement to postponing their charge to the additional lending.

In Scotland any Ranking Agreement is acceptable providing:

- Our loan, interest, charges and fees rank in priority to the second charge
- The ranking agreement must not hinder us in exercising our rights under the mortgage terms and conditions
- Any restriction to be registered on the title in respect of the property must not affect our ability to take possession of the property (in the event that it is required under the mortgage terms and conditions) and to sell it.

Please advise the applicant/s that after completion of the loan, Nationwide will only consider further advances for paying off the equity share or buying out a joint borrower's interest. Requests for further advances for other purposes, including home improvements, will not be permissible.

Further advances for buying out a joint borrower. Where the equity share lender will not permit one of the joint borrowers to be removed from their loan, this doesn't affect our offer of a transfer of equity (change of borrower). This is providing that the borrower being removed from our mortgage is agreeable to remaining on the equity share. That borrower must receive independent legal advice on the matter and their legal adviser must confirm to you in writing their client is aware that they will still be liable under the terms of that loan and still wish to proceed with the transfer of equity. Additionally, please advise any borrower remaining and any

new borrower of the issues of the equity share remaining in the current names. For example, if the borrower being removed from ownership/joint mortgage remains named on the equity share if they are declared bankrupt the effects on the loan and payments required.

## **ii) Resale Restrictions - these include price covenant schemes, restrictive covenants on who can purchase/occupy the property**

Any restriction/s may be contained in a variety of documents, for example a lease or a 106 agreement. The following apply irrespective as to which document/s contain the restriction/s.

Where the scheme does not meet our requirements as detailed below, the property is not an acceptable security for Nationwide and you should advise us accordingly.

1. Purchase Price Restricted – The purchase price must be a defined percentage of the full open market value and must not be assessed against any house price index figure, multiple of local income or any other figure. Please check the percentage in the mortgage offer to ensure that the property has been valued accordingly. The applicants must not be paying any additional monies for the purchase. The property must be able to be sold to any willing purchaser or there must be a nomination or marketing process, see item 4 below. Restrictions on purchasers or occupiers with no nomination procedures as detailed in item 2 below are not acceptable to us.
2. Restrictions on Purchasers or Occupiers with no Nomination or Marketing Process – Where the property is subject to a restriction that only allows it to be purchased or occupied by someone living or working in a specified area this is acceptable to us providing there is no restriction on the sale price (for example X% of open market value). Where there is no restriction on the purchase price please report the specific wording of the restriction to the Issuing Office and check with them that the property has been valued accordingly. Restrictions relating to purchasers being in housing need, not being able to afford to purchase on the open market or having income less than a certain amount are not acceptable to us.
3. Agricultural Restriction – Where a property is subject to an agricultural restriction this is generally acceptable providing the following are complied with:
  - a. The applicants comply with the restriction.
  - b. The restriction is not limited to a specific farm, farms or estate. The restriction may advise the occupant/owner must be employed locally or within the locality. Where this is specifically detailed the description should be referred to us.
  - c. If the restriction complies with the above, please refer the exact wording to us and await confirmation from us that the wording is acceptable to us.
4. Nomination or Marketing Process - If nomination rights or restrictions on marketing the property exist the Nomination or Marketing Process can include a restriction regarding housing need, not being able to afford on the open market or income limits but the owner must have the right to sell on the open market free of the Nomination or Marketing Process with no restriction on who can purchase or occupy the property if there has been no exchange of contracts within 6 months (26 weeks) of the start of the process. There is no requirement to report details to us because the property can be sold on the open market after 6 months. If combined with a purchase price restriction (see item 1 above) it is acceptable for any sale to still be at the appropriate percentage, thus retaining the property as an affordable dwelling.

It is acceptable if after 12 months of sale on the open market if no sale has been agreed for the nomination process to be repeated.

5. Pre-emption rights - If the agreement includes a pre-emption right applicable on resale:-

(a) i) the owner must be permitted to sell free of the pre-emption right if the sale under pre-emption is not completed within 4 months of the date the owner gave notice of intention to sell or

ii) where the pre-emption is part of a nomination/marketing procedure the owner must be permitted to sell free of the pre-emption right within 4 months of when the pre-emption becomes operative;

(b) the price for the sale under pre-emption must be either the full open market price or the price in accordance with the price restriction and must be payable on completion;

(c) no deductions are to be made from the price.

6. Wholly owned – The property must be wholly owned by the Purchaser(s) alone and not held on trust for others.

7. Compulsory buyout of the price restriction – The scheme must not require the compulsory buyout of the price restriction within a specified period unless there has been any breach of the scheme restrictions. Where a mortgagee in possession can sell on the open market and buy out the restriction our requirements are:

a. It is acceptable for the mortgagee to first have to sell in accordance with any restrictions.

b. If there are nomination/marketing restrictions these must be no more onerous for a mortgagee in possession than a vendor.

c. Where a mortgagee has not sold a property within 6 months of marketing to a nominee or in accordance with the restricted market requirements, it is acceptable for the mortgagee to be able to sell on the open market and buy out the restriction. However, such a mortgagee in possession buyout clause is not essential.

d. Where a mortgagee in possession buyout clause exists and it can be implemented more quickly than 6 months and even more quickly than a vendor selling on the open market, this is acceptable to us.

e. Where a buyout takes place and there are insufficient sale funds to redeem the first charge and pay the appropriate percentage to the relevant party with the interest in the property the redemption of the first charge (including payment of all interest, fees and costs) must take priority.

8. Payment on assignment/surrender - The owner must not be required to make any payment on assignment/surrender other than a reasonable amount (maximum 2% plus vat of sale price) in respect of valuation, legal and administrative costs. There must be no payment on surrender or assignment to a sinking fund.

9. Combination of schemes – The property must not also be subject to a scheme described in i) above or in iii) or iv) below. It is acceptable for restrictions in 2. above to apply to Right to Buys including Voluntary Right to Buys, see v) below.

10. First Homes – Please notify us through your normal channels should you receive an instruction on a property which is either being sold through the 'First Homes' scheme or is a

second-hand purchase impacted by 'First Homes' scheme restrictions. Please include full details of the restrictions and advice as to whether it meets our standard Low Cost Home Ownership policy. Please note, all 'First Homes' transactions must meet our standard criteria.

Please note, some providers for their resale price restriction schemes require a charge to be registered at the Land Registry as well as noting the restriction. The registration of a second charge is not acceptable to Nationwide.

### **iii) Sheltered Housing (Housing for the retired)**

These developments supply housing for the retired, people close to retirement and the disabled. They are normally subject to additional restrictions.

Applications in retirement villages are not acceptable. A retirement village will be a complex with a large number of flats/apartments, and several services such as a gym, restaurants and hairdressers are likely to be located on site. The management company will be able to arrange care/nursing facilities and such costs will form part of the service costs for the leaseholder and they will rank in priority to any lender's loan.

Applications can only be considered for bungalows or flats contained on a small estate (20 bungalows or less) or in a small block/s of flats (50 flats or less in one or two blocks). The lease is likely to state that if a tenant is unable to care for themselves permanently then rather than the landlord providing nursing care the leaseholder would be required to sell/vacate the property. Such a restriction is acceptable to us.

Our standard requirements for leasehold properties contained within the UK Finance Mortgage Lenders' Handbook apply. The additional requirements detailed below also apply.

1. Where the property is subject to age or other restrictions specific to sheltered housing, on purchasers or occupiers of the property, we will not include details on our offer. Age restrictions do vary from scheme to scheme. It is therefore important for you to advise the Issuing Office of the specific age restriction applicable to the scheme to ensure we were aware of the scheme and its restrictions when processing the application and issuing the offer. Do not proceed until this confirmation has been obtained. Additionally, advise us of the services charges.
2. The scheme should only allow for the following provisions:
  - a. An emergency alarm system.
  - b. Provision of a warden.
  - c. Provision of a warden's flat or bungalow.
  - d. Provision of a visitors flat or room.
  - e. Provision of the following communal spaces/services:
    - Residents lounge
    - Kitchen facilities for a. above but not a restaurant or café
    - Residents laundry
    - Gardens and car parking facilities
3. The scheme should not allow the provider to offer nursing or other optional facilities the costs of which could be added to the services charges and thus take priority over our charge.

4. It is acceptable on any disposal for a percentage of the sale price to be paid to the scheme provider to add to the sinking fund. The percentage of sale price should be no greater than 1% per annum of ownership with a maximum of 10% payable.
5. The property must not also be subject to an Equity Loan (i.e. above), or Shared Ownership (iv below) scheme. Any resale restrictions as documented in section ii) above must only relate to the property being purchased or used as Sheltered Housing. Any resale restriction must not limit the sales amount (say to a defined percentage of the open market value) or to persons who live in a certain location or have limited income/capital resources.
6. It is acceptable for a pre-emption clause to be present and the details in ii) Resale Restrictions point 5 apply.

#### **iv) Shared Ownership – (Co-ownership Northern Ireland)**

Our additional requirements to our normal conveyancing terms will be detailed in the mortgage offer for Scotland and are detailed below for England, Wales and Northern Ireland. The Lease must meet the minimum requirements detailed below and must not contain any unduly onerous covenants:

1. Percentage Share – If the percentage of the property to be purchased/re-mortgaged differs from that stated on our Mortgage Offer, or there is no reference to Shared Ownership, you must inform the Issuing Office and await further instructions before contracts are exchanged.
2. Purchase of Additional Shares - The Lease must not require the compulsory purchase of additional shares within specified periods unless the lease has been assigned in breach of nomination provisions.

Some leases do not contain the right to purchase additional shares and/or impose a maximum limit on the percentage that can be owned. This is acceptable to us and we do not need to be advised separately.

3. Price to be paid/mortgage valuation – Whilst originally when launching shared ownership schemes it was envisaged that the purchase price must be the defined percentage of the full open market value and applicants must not be paying any additional monies for the purchase, in practice there are occasions when a premium is paid. This can be for a variety of reasons including, but not exclusively: locally a premium can be demanded for a shared ownership property or the seller is seeking some payment for home improvements they have made whilst a tenant, etc.

Where a purchaser pays a premium the scheme provider must approve the sale price and it must be compliant with the lease terms. Nationwide will only lend against a true proportion of the open market value of the property and will not lend against any premium paid. You should advise your client that they pay the premium at their own risk. That is any future sale may not command such a premium, this may be particularly pertinent if the clients intend eventually to purchase a 100% share of the property.

3. Landlords – Where the Landlord is not a registered provider of Social Housing the lease must contain a clause that the lease is extendable. Extensions must be available for all successors in title with no limits on the number of extensions allowed. Please refer all terms of extensions to us and do not proceed with the case until we have approved the terms.



5. The Leaseholder - The Leaseholder must be the applicant(s) alone, not the Landlord and applicant(s) to be held on trust. Please note this relates to the lease that will be our security, it does not relate to the freehold or any superior lease.

6. Valuations required under the terms of the lease – The value of a property may be set by the District Valuer. The value may be set by another mechanism providing that in the event of disagreement between the leaseholder and the Landlord, it allows for the valuation of the property to be undertaken by an independent expert. The District Valuer or a valuer appointed by the President or Chairman of the RICS is acceptable as an independent expert.

Please note we will not accept private valuations, valuations from a District Valuer or from the Landlord. We will undertake our own valuation assessment which will be for our own lending purposes. Any valuation obtained by us will not be shared with you, the applicant or any other party.

7. Mortgagee Protection Clause - the Lease must contain a Mortgagee Protection Clause in the Housing Corporation or Homes & Communities Agency standard form applicable at the time the lease was granted.

This is not required if the lease was granted by a Local Authority or Milton Keynes Development Corporation.

8. Consent to Mortgage - The Landlord's consent to our mortgage or assignment of the lease must be obtained prior to completion (in the case of an assignment where required by the lease) and sent to Nationwide Building Society, Mortgage Servicing at Kings Park Road, Moulton Park, Northampton NN3 6NW (DX 12499 NORTHAMPTON), as soon as possible following completion.

We do not have a standard form of consent. The consent is separate from the undertaking we require in item 9. Possession Undertaking below.

It is acceptable for any consent to advise what lending will be covered by the mortgagee protection clause and confirm that the providers consent is required for any such future lending by Nationwide. However, Nationwide cannot agree not to lend without the providers consent as we may lend for purposes that will not be covered by the mortgagee protection clause.

It is acceptable for a Landlord to issue one letter covering the Consent to Mortgage and Possession Undertaking (see item 9 Possession Undertaking below).

9. Possession Undertaking - The attached undertaking (appendix 1) should be signed by the Landlord prior to completion (with the exception of Local Authorities (as defined in Schedule 1, Part1 paragraph 12(2) of the Housing Act 1988)) and forwarded to our Deeds Control (see 5 above) as soon as possible following completion.

Whilst we have provided a letter of undertaking to be used it is acceptable for the Landlord to issue their own letter providing the wording is as per our undertaking and they include our address detailing where we require notices to be sent.

It is acceptable for the Landlord to issue one letter to cover the Consent to Mortgage and the Possession Undertaking providing the wording is compliant with our requirement as detailed in item 8 Consent to Mortgage above and this item (9).

10. Nomination or Marketing Process - If nomination rights or restrictions on marketing the property exist, the owner must have the right to assign the lease on the open market free of the Nomination or Marketing Process, with no restriction on who can purchase or occupy the



property if the landlord fails to nominate or the nominee fails to exchange contracts, or the marketing restriction has not resulted in exchange of contracts within 6 months (26 weeks) from the date the Leaseholder gave notice to the Landlord of intention to sell.

There is no requirement to report details to us because the property can be sold on the open market after 6 months.

It is acceptable if after 12 months of sale on the open market if no sale has been agreed for the nomination process to be repeated.

Please note that the instruction that the lease must be freely marketable free of any Nomination or Marketing Process means that protected area leases will not be suitable security to Nationwide.

11. Right to Surrender/Assign – This item covers our requirements if the Lease gives the Landlord the right to take surrender or an assignment of the Lease or allows the Landlord to appoint another provider to:-

(a) the Leaseholder must be permitted to assign free of the pre-emption rights if the Landlord fails to take a surrender/assignment within 4 months of the Leaseholder's initial written notice offering a surrender/assignment;

(b) the consideration for the surrender/assignment must be payable on completion;

(c) the only deductions that may be made from the consideration for the surrender/assignment are sums due under the Lease. The Lease must not permit the Landlord to deduct other sums due from the Leaseholder (e.g.

under a mortgage or charge even if our mortgage has priority).

(d) If the Lease contains a Mortgagee Protection Clause, the guarantee must apply on surrender/assignment.

Some model HCA leases prior to April 2015 had a pre-emption clause that lasts for 21 years after final staircasing. The Homes and Communities Agency have agreed Landlords can remove these details so they should be agreeable to an appropriate deed of variation. However, if this is not available the pre-emption agreement is acceptable to us providing the above requirements are met.

12. Payment on Assignment/Surrender - The Lease must not require the Leaseholder to make a payment to the landlord on assignment/surrender other than arrears of rent or service charge and a reasonable amount (maximum 2% of sale price plus vat) in respect of valuation, legal and administrative costs. There must be no payment on surrender or assignment to a sinking fund.

13. Rent Review (note ground rent, see point 14 below, or estate rent charges, see point 15 below) - Rent reviews should not allow for increases of more than 2% above either the Retail Prices Index or the Average Earnings Index or by 5%, whichever is the greater. It is acceptable for the rent to increase in line with local authority rent increases. The Lease must not link the rent to the Landlord's funding costs.

Additionally, the following clause and formulas are acceptable to us for rent increases:

(a) The reviewed Gross Rent is to be the greater of:

- (i) the Gross Rent under this Lease immediately preceding the Relevant Review Date x 1.005; and
- (ii) (the Gross Rent under this Lease immediately preceding the Relevant Review Date  $\frac{B}{x(A)}$  + 0.005).

“A” means the monthly figure shown in the Index published for the Relevant Month in the year of the immediately preceding Relevant Review Date or (if none) in the year of the date of the Commencement Date.

“B” means the monthly figure shown in the edition of the Index for the Relevant Month in the year of the Relevant Review Date.

“Index” means the all items retail prices index published by the Office for National Statistics.

“Relevant Month” means [the calendar month which is two calendar months before] the Relevant Review Date.

14. Ground rent – Please refer to the UK Finance Mortgage Lenders’ Handbook for our requirements on ground rent.
15. Estate rent charges – Please refer to the UK Finance Mortgage Lenders’ Handbook for our requirements.
16. Combination of schemes – A Shared Ownership must not also be subject to a scheme documented in i), ii) or iii) above. A shared ownership lease may cross refer for resale restrictions and procedures to other documentation. E.g. a section 106 agreement but, where it does, the restrictions must comply with our Shared Ownership requirements.

A shared ownership lease may relate to a Right to Buy property or former Right to Buy property. Please see v) below.

### **v) Right to Buys (including Voluntary Right to Buys) and Right to Acquires, includes properties previously sold under such schemes**

We will lend on the above schemes and the following applies:

1. Our loan for the purchase will rank in priority to any discount, however, where we are granting further lending above the purchase price in England and Wales the Councils/Housing Associations interest must be postponed in favour of our additional lending.

For Right to Buys/Acquires please see:

[www.nationwide.co.uk/-/media/MainSite/documents/about/media-centre-and-specialist-areas/informationfor-lawyers/rtb-letter-of-postponement.pdf](http://www.nationwide.co.uk/-/media/MainSite/documents/about/media-centre-and-specialist-areas/informationfor-lawyers/rtb-letter-of-postponement.pdf)

For Voluntary Right to buys you must ensure the Housing Associations charge ranks secondary to our charge.

2. Pre-emption rights. Providing these are as detailed:

a. in the Statutory Instrument 2005 number 1917 Housing England, The Housing (Right of First Refusal) (England) Regulations 2005 the situation is acceptable.

3. Resale restrictions. Where these exist, they should not restrict the sale price but merely who is entitled to own and occupy the property. Please refer details to us so we can check the property has been valued taking the restriction into account and the case has been processed correctly.

4. Former Right to Buy Properties. We will lend on such properties providing:

a) on completion all relevant clawback (if payable) must have been paid

b) the right of pre-emption has been offered to the Council/Housing Association and has been rejected. c) where resale restrictions apply refer to: 3 above.

5. Shared Ownerships on Right to Buy Properties – these schemes are not acceptable to us.

### Voluntary Right to Buy scheme

Details above apply and additionally we will issue you with a letter confirming we are an authorised mortgage provider within the meaning of Section 622 (1) of the Housing Act 1985 and detailing further requirements. Please let us know if you do not receive this letter.

### **vi) First Homes**

First Homes is a National Government backed discounted market sale affordable housing scheme. The terms of this affordable housing scheme will be contained in a section 106 agreement securing the restrictions on the use and sale of the property.

All instructions which involve either the Purchase or Remortgage of a First Homes property must be referred over to us with sufficient time to review and consider. Your referral to us must include the details of the scheme and its suitability against our lending criteria confirmed below.

Where the scheme does not meet our requirements as detailed below, the property is not an acceptable security for Nationwide and you should advise us accordingly.

Nationwide will accept properties designated as First Homes subject to:

**1. The section 106 being in the DLUHC model section 106 agreement format - [First Homes: Model Section 106 Agreement \(for developer contributions\) - GOV.UK \(www.gov.uk\)](#)**

**2. Purchase Price Restricted** – The purchase price must be a defined percentage of the full open market value. The discount must be a minimum of 30% against the full open market value of the home. This discount should not be more than a maximum of 50%. Please check the percentage in the mortgage offer to ensure that the property has been valued accordingly.

**3. Restrictions on Purchasers** – the scheme requires a purchaser (or, if a joint purchase, all the purchasers) of a First Home: a. to be a first-time buyer as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers. b. to have a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) in the tax year immediately preceding the year of purchase. Any further restrictions on

purchasers imposed by the Local Authority should be referred to the Issuing Office for advice before exchange of contracts.

**4. Restriction on title** - this should be in the form of the Government's published model title restriction: "No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by [Local Authority] of [address] or their conveyancer that the provisions of clause XX (the First Homes provision) of the Transfer dated [Date] referred to in the Charges Register have been complied with or that they do not apply to the disposition" Some schemes also require the registration of a second charge, this not acceptable to Nationwide.

**5. Mortgagee Exclusion Clause** – the scheme must include a Mortgagee Exclusion Clause providing for a mortgagee in possession to sell the property to anyone on the open market at open market value, following which, the property will cease to be a First Home.

**6. Wholly owned** – The property must be wholly owned by the Purchaser(s) alone and not held on trust for others.

**7. Combination of schemes** – The property must not also be subject to any other scheme described in this guidance document.

Appendix 1

Name of Solicitor

<Address of Solicitor>  
<Address of Solicitor>  
<Address of Solicitor>  
<Address of Solicitor>  
<Postcode>

<Name of Landlord >  
<Address of Landlord>  
<Address of Landlord>  
<Address of Landlord>  
<Address of Landlord>  
<Postcode>

<date>

Dear Sir/Madam

Re: <insert applicant name and security address>

Leaseholder:

Borrower:

Landlord:

Property:

Lease:

Lender:

Mortgage Account No:

Nationwide Building Society has been asked to provide a mortgage for the purchase of the above property and requires your agreement to the undertaking below. This undertaking must be returned to the solicitor named above.

In the consideration of the Lender granting the Borrower a mortgage on the property, the Landlord undertakes not to commence any proceedings for obtaining possession of the Property under any of the grounds in Schedule 2 of the Housing Act 1988 without:-

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

Signed.....

Dated.....

You should retain the attached copy of this undertaking as it details below the address where any notice should be sent:

Nationwide Building Society  
Leasehold Team

Lending Control Legal Services  
Nationwide House  
Swindon  
SN38 1NW

Yours faithfully

<Solicitor signature>