

# A Solicitors Guide to Folk2Folk

**Working together to create financially and  
socially successful communities**

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# WELCOME

Welcome to Folk2Folk Professional Partners. We are excited to have you as one of our Partners and look forward to working with you over the coming weeks, months and years.

Before going any further, we would appreciate it if you could spend a few moments reviewing this Guide and ensuring all those undertaking work on behalf of Folk2Folk have read it. This guide will introduce you to our business, explain the processes involved and services we will require.

Should you have any questions please do not hesitate to contact us. We are here to support and help you, handle all your queries and to ensure the best service is delivered to Folk2Folk's customers.

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Professional Partners Manager

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Professional Partners Team

Email: [professionalpartners@folk2folk.com](mailto:professionalpartners@folk2folk.com)

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# INTRODUCTION

## **Peer2Peer – working with local firms to support local communities**

Folk2Folk offers simple, straightforward, local lending and borrowing, helping to create financially and socially successful communities by matching investors with local businesses seeking finance through its award-winning Peer2Peer platform. We are not a bank or financial advisor; we organise the secured lending of money between local folk whilst all loan monies are held with solicitors until loans are completed.

Our Local Lending Movement enables people to invest their money locally, promoting business growth and diversification, creating job opportunities and driving positive social outcomes - all essential to the benefit of the wider UK economy.

It is the P2P platform most aligned with legal services. It has followed the footsteps of private mortgages which were conducted by lawyers, it has been set up by lawyers, and it works with lawyers throughout the process (including initial loan approval stage).

It is an opportunity for the legal community to benefit from this fast-growing industry. Folk2Folk provides a means for our legal partners to be more actively involved in a funding solution for businesses in their locality and in turn boosts the local economy.

Folk2Folk Limited is authorised and regulated by the Financial Conduct Authority (FRN 720867). Neither your firm nor the individual solicitors need to concern themselves with the lending decision that the individual person has made. The decision to lend rests with the Lenders at all times and Folk2Folk, in compliance with the FCA rules, have ensured Lenders are made clear of this.

## **Our Business**

### **Time is of the Essence**

We aim for a 7-10 day turnaround, from the initial enquiry by the Borrower until draw down of the Loan. This is one of our unique selling points and at the heart of our business. We provide a professional, quick and efficient service and we rely on our business partners to provide this too.

When lending is connected to a purchase, the completion of the Loan Agreement is timed with Exchange and the completion of the Legal Charge occurs when draw down and the Purchase completion is required. In these instances, the timing of the case is determined by the purchase

timetable. The process has been designed to be quick, but it is also essential that you are pro-active and understand the efficiencies required. For instance, we need you to confirm to us within 2 hours of receiving instructions if you can act.

Speed and timing is also essential to our Lenders. Our funds are often sourced from private people who wish their monies to be committed and gaining interest as soon as possible.

We have designed our instructions so that in the best-case scenario we meet the timeframe and in the worst-case scenario you alert us immediately to your concerns in meeting them and we then give you guidance on how those concerns can be mitigated. Our best partner firms understand our business and tell us in advance or immediately on becoming aware that they are unlikely to meet our timescales.

We need your assistance in fulfilling our core objective: providing great efficient personal customer service.

### **Professional**

We offer a pragmatic and professional funding solution. Our criteria for funding focuses on (a) the asset (and the low loan to value ratio of 60%), and (b) the borrower's reputation.

All the security is valued cautiously by experienced auction valuers. Therefore, a professional and yet proportionate approach to due diligence can be taken. We believe experienced local lawyers know what is important and what is not when considering title issues. We rely on your experienced staff, who understand the due diligence process, to efficiently identify real risks to security. We do not allow minor title issues, which do not affect the value of the property, to prevent loans from proceeding.

### **Team**

As you read through this Guide we hope that you understand our business, and realise how important you are to our customer journey. We view you as an extension of our professional team. We need you to ensure that "our team" is suitably resourced, supervised, and managed, and that the response times and service levels (detailed more in our Rules) are met.

We understand that at times you may not be available or have capacity to undertake the instruction. We ask that you simply update us and/or confirm immediately if at any time you are unable to act on our behalf or provide the level of resources and/or service we require. We will then re-allocate the work in this instance to another of our Professional Partners.

# PROCESS

All documents referred to in [teal](#) are held in our online Portal, which you can access using your log in details. All documents referred to in [peach](#) will be attached as Appendices to this document as examples. Below is an overview of the process. You should read this in conjunction with the [General Instructions](#), [FAQs](#), the [Rules](#) and the [Step-by-Step Guides](#).

## Consider Conflicts

We appoint law firms to be our Partners in the same way a Bank would appoint a Panel Firm. You act for us and our Security Trust company (Folk Nominee Limited), which holds the security on behalf of our Lender customers. You may also act for a Borrower in the same transaction, provided conflicts are appropriately managed. In essence, there is no great difference to conflicts that would arise when you are acting for a Bank and the Borrower. You should have no fear in having to change any of your normal working practices in this regard. We have prepared a model [Conflicts Policy](#) to assist you to meet your regulatory obligations.

However, if in any or all instances you do not feel comfortable acting for the Borrower and Folk Nominee Limited/Folk2Folk, please notify us. We are a business founded by lawyers and understand and appreciate how significant reputation, professionalism and regulation compliance is. We will continue to assist your clients with funding where we can, and instruct your firm to act on our behalf where you are comfortable that there is no conflict.

## Undertake an Initial Review

Folk2Folk is unique in the way it has joined up with the legal profession. We want to know at the start of a loan application process whether it is likely to proceed. To assist with this, Solicitors are engaged as soon as a Borrower's application is received, to carry out an Initial Review; a high-level review of the security property, identifying any issues which would prevent the matter proceeding. e.g. a restriction on development on a site with proposals to build new homes.

We will look to allocate the initial review on the following basis:

- a. If the Borrower has been referred to us by a Legal Partner, that Partner will be given the first opportunity to act.

- b. If the Borrower was not referred by a Legal Partner or the referring Partner does not wish to act, we will invite another Legal Partner to take the instruction.
- c. Generally, such instructions will be allocated on a location basis as we will maintain a community based approach; we will look to appoint a firm close to the security property.

We will firstly send you an [Initial Review Instruction](#) and certain title and planning documents, and ask you to complete an Initial Review Form on behalf of Folk2Folk. You should, within 24 hours, identify any title issues or early risk indicators that could delay the process or cause the application to fail, and complete and return the Initial Review Form. We will then integrate information into any Offer Letter that will be issued to the Borrower very soon thereafter.

We have prepared our [Step-by-Step Guide to Completing an Initial Review](#) and attach a [Completed Initial Review Form](#) to assist you.

## Completing the Loan

Assuming the Borrower accepts the Offer, we will then ask you to conduct a full review of title and complete a [Report on Title](#) so that the loan can be put in place. We will ask the same Legal Partner who conducted the Initial Review to complete the loan.

When instructed, you will receive the [Security Instructions](#). This is a traditional set of instructions to complete the loan. Your duties are to Folk Nominee Limited. As Folk Nominee is a bare trust for the benefit of our Lenders, if any of them suffer a loss as a result of negligence, then Folk Nominee will take appropriate action on their behalf. The Lenders and Folk Nominee Limited appoint Folk2Folk to manage the loan and therefore, Folk2Folk retain the contact with the customer/the Lender. For instance, Reports on Title come to Folk2Folk to handle.

In completing the mortgage, you are required to undertake the due diligence, complete the standard Report on Title, complete the Loan Agreement and complete and perfect the security. We ask you to co-ordinate the usual things on completion like title indemnity insurance, funds release, searches, Land Registry and any SDLT issues arising. Detailed instructions are in the [General Instructions](#) and any specific instructions in the Security Instructions.

Please refer to our [Step-by-Step Guide to Completing a Loan](#) and the example [Completed Report on Title](#) for further information.

Towards the end of the process you will be required to deal with the Lender's funds. The money is currently received direct from the Lender (which Folk2Folk orchestrates). You will be provided with ID of all Lenders and an anti-money laundering search and we will forward the Lender's confirmation of funds at the outset. The money will be held in the name of Folk Nominee Limited on trust for the various Lenders until completion when the money will be released to the Borrower or their Solicitor.

On completion, you will deduct from the loan monies, among other things, F2F's initial arrangement fee, the first month's instalment of the annual arrangement fee and disbursements (including the Initial Review Fee and Valuers Fee), and you will also deduct your Fixed Fee for completing the Loan. Such deductions will have been detailed in the Financial Statement and approved by Folk2Folk in advance. If you also act for the Borrower in the transaction, then you will charge separately for that work.

## Introductions

You may of course come across a situation in which you would want to suggest that a client (as a prospective borrower or lender) considers Folk2Folk. Please be assured that this is perfectly acceptable in terms of the SRA and the FCA. In summary:

- Our processes maintain your firm's independence on such matters as you are not expected to provide introductions to Folk2Folk and there is no restriction upon you suggesting other funding solutions to your clients.
- If providing written communications about Folk2Folk and/or our products, you must use Folk2Folk prepared promotional documents.
- In relation to oral communications about Folk2Folk and/or our products please simply ensure that you communicate to the client that your firm may receive legal fees as a result of any borrowing transactions entered into before making the introduction (this can be communicated within your conversation (orally)).
- Finally, if you have referred a borrower to Folk2Folk and you are acting for the Borrower on the loan please insert into your client care letter the additional "disclosures" as set out in the [Borrower Client Care Letter Disclosures and Conflicts Statements](#) document.

A further explanation of this is provided in the Conflicts Policy document.

# OUR STRUCTURE

- Folk Group Limited is the Parent Company for Folk2Folk Limited and Folk Nominee Limited.
- Folk2Folk Limited is the trading company and your client.
- Folk Nominee Limited is a security trust, and also your client.

## Administration

Folk Nominee was created as a security trustee, to hold the security and legal charge for and on behalf of the Lenders. This is not for legal or tax reasons but purely to enable the easier administration of the loans. For instance, with this structure, we can more simply replace or change the Lenders in a loan without having to notify the Land Registry of these changes.

Under this trust arrangement each of the Lenders do not sign documents held by the security trust company, for instance the Debentures. (Please note that the Legal Charge is structured so that Folk Nominee does not sign it). In addition, Folk2Folk (under the General Terms and Conditions which can be found on our website) are appointed by the Lenders to act as their agent, and therefore Folk2Folk sign the other loan documents.

## Responsibility

Whilst Folk Nominee is your client, your duty of care will extend to the beneficiaries (from time to time) of Folk Nominee. For further details please refer to the General Terms & Conditions, the [Legal Partners Terms & Conditions](#), General Instructions and the Specific Instructions in each instance.

If there is any complaint/claim against the Partner Firm as a result of loss suffered by all the Lenders, then Folk Nominee and Folk2Folk will act on behalf of the Lenders.

As Folk Nominee is the client, you do not have to create/accept each Lender as a new client. Although, as the beneficiaries of the security trust are the Lenders, and currently the Lenders send monies directly to the Partner Firms, the Partner Firms will, at the point of instruction, receive standard anti-money laundering documents (being two forms of identification), a copy of our online ID check, and we will forward to you the Lenders confirmation of the source of funds.

# OUR TEAM

For any new Borrower enquiries, please contact your local Business Development Manager or Branch:

Business Development Managers				
	Tracey Simm	Cornwall & Devon	Tel: 07468 693 505	Email: <a href="mailto:simmt@folk2folk.com">simmt@folk2folk.com</a>
	Paul Townsend	Thames Valley	Tel: 07483 111 353	Email: <a href="mailto:PaulTownsend@folk2folk.com">PaulTownsend@folk2folk.com</a>

Branch Personnel				
	Lynn Pett	Launceston Branch	Tel: 01566 788 375	Email: <a href="mailto:LynnPett@folk2folk.com">LynnPett@folk2folk.com</a>
	Hayley McGuire	Tewkesbury Branch	Tel: 01684 770 907	Email: <a href="mailto:HayleyMcGuire@folk2folk.com">HayleyMcGuire@folk2folk.com</a>
	Kaley Hood	Tewkesbury Branch	Tel: 01684 770 904	Email: <a href="mailto:KaleyHood@folk2folk.com">KaleyHood@folk2folk.com</a>
	David Brown	Head of Lending at Head Office	Tel: 01566 771 154	Email: <a href="mailto:brownd@folk2folk.com">brownd@folk2folk.com</a>

**For any queries concerning a particular loan:**

<b>Head Office Borrower Team</b>				
	Laura Alford	Senior Client Relations Officer	Tel: 01566 773 296	Email: <a href="mailto:alfordl@folk2folk.com">alfordl@folk2folk.com</a>
	Nicola Clough	Client Relations Officer	Tel: 01566 773 296	Email: <a href="mailto:cloughn@folk2folk.com">cloughn@folk2folk.com</a>
	Amy Putt	Client Relations Officer, Loan Matching	Tel: 01566 773 296	Email: <a href="mailto:amyputt@folk2folk.com">amyputt@folk2folk.com</a>
	Alex Gray	Client Relations Officer, Loan Processing	Tel: 01566 773 296	Email: <a href="mailto:alexgray@folk2folk.com">alexgray@folk2folk.com</a>

**For any queries relating to legal matters:**

	Helen Willett	Head of Legal	Tel: 01566 788 347	Email: <a href="mailto:helenwillett@folk2folk.com">helenwillett@folk2folk.com</a>
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**For any queries relating to Professional Partners appointment:**

	Amanda French	Professional Partners Manager	Tel: 01566 788 356	Email: <a href="mailto:amandafrench@folk2folk.com">amandafrench@folk2folk.com</a>
	Tillie Hollis-Leick	Professional Partners Team	Tel: 01566 788 296	Email: <a href="mailto:professionalpartners@folk2folk.com">professionalpartners@folk2folk.com</a>
	Meg Chambers	Professional Partners Team	Tel: 01566 788 296	Email: <a href="mailto:professionalpartners@folk2folk.com">professionalpartners@folk2folk.com</a>

# APPENDIX I:

## Sample Initial Review Instruction

Dear Professional Partner,

Please find attached the Initial Review Form for the application from Brown Sausages Limited.

We also enclose the following:

1. OCE's
2. [List Deeds]
3. [Copy Planning Permission(s), dated [ ]]
4. [Copy Leases]
5. [Copy AST]
6. Plan showing security property edged red

Please complete the Initial Review as soon as possible.

Please do not hesitate to contact me if you have any questions.

I look forward to hearing from you.

Kind regards

[Borrower case worker]

## APPENDIX 2:

### Sample Initial Review Form

<b>Borrower</b>	Brown Sausages Limited	
<b>Loan Amount</b>	£350,000	
<b>Security Property/Tenure</b>	Freehold	
<b>Brief Security Description (including Leases and ASTs information)</b>	[insert current use and if application proposed use] Family farm occupied by Mr and Mrs Brown and their teenage children.	
<b>Planning details (if applicable)</b>	Barn to be converted for sausage production	
<b>Security Property owned by</b>	Mr and Mrs Brown	
<b>Title Registered</b>	Yes, OCE (incl plans) attached	Title Number CL123456
<b>Other Title Documents attached</b>	Deed of easement	
<b>Other Title Documents ordered</b>		
<b>First Charges we are aware of:</b>	Lloyds charged dated 12.09.65	To be removed on completion
<b>Local authority search required? No search indemnity insurance if not</b>	Yes	

				Folk2Folk Internal Use		
		Solicitors Comments	Suggested conditions to be satisfied prior to completion (“Conditions Precedent”)	Comments, further information obtained from Borrower	Condition Precedent in Offer Letter OR Satisfaction and no Action Required	Further Action required by Folk2Folk Or Legal Panel
1.	<b>Details of any existing charges against the title to the property and if applicable details of any charges registered at Companies House</b>		Charge to be discharged at completion.			
2.	<b>Issues to be brought to the attention of the Valuer:</b>					
3.	<b>Further information required from Borrower:</b>	Copy planning consents needed relating to conversion of barn. Borrower to confirm whether works have already started.				
4.	<b>Short summary of title issues that may affect our security:</b>	Deed of easement suggests that neighbouring land may also be owner by the Borrower or the Browns. Please	Additional land to be included within security?  Title indemnity insurance			

		<p>enquire of the Borrower. Is this adjacent land to form part of the security?</p> <p>Deed also contains restrictive covenants preventing the processing of meat</p>	backed up by statutory declaration?			
5.	<p><b>Access. Does the Property benefit from:</b></p> <ul style="list-style-type: none"> <li>• <i>a private right of way for vehicular and pedestrian access to and from a publicly adopted highway;</i></li> <li>or</li> <li>• <i>it appears to abut a highway;</i></li> <li>or</li> <li>• <i>a highway search is required as a conditions precedent to confirm the status of access to and from the Property”.</i></li> </ul>	<p>There appears to be an unregistered strip of land between the property and adopted highway.</p>	<p>Title indemnity insurance plus statutory declaration confirming 20 years plus use?</p>			
6.	<p><b>Planning:</b></p> <p>I. Please confirm the</p>	No planning	Compliance with any			

	<p>planning permission is valid.</p> <p>2. Are there any pre-development conditions that need to be discharged? (Please consider if we have advised that the Borrower has commenced works)</p> <p>3. Are there any onerous conditions that we need to be aware of that may affect our security?</p>	<p>permissions supplied. Please request of borrower.</p>	<p>planning conditions?</p>			
<p>4.</p>	<p><b>Other items we need to be aware of:</b></p> <p>1. Restrictions of Encumbrances not mentioned above;</p> <p>2. Third party interests (including other proprietors/rights over the property);</p> <p>3. Anything that looks unusual that</p>		<p>Property to rear does not appear to abut highway. Ask borrower if access in practice is over security property?</p> <p>Borrower does not own the property. Third party charge needed? Borrower to give debenture?</p> <p>If teenage children 18 years old or more to</p>			

	<p>we should be aware of;</p> <p><b>4.</b> Anything based on your local knowledge that may be material; and</p> <p><b>5.</b> Anything that may delay the transaction.</p>		<p>waive rights and obtain independent legal advice?</p> <p>There appears to be a dispute with a neighbour. More information required.</p> <p>On what basis does Brown Sausages Limited occupy?</p>	<p>Grant of formal lease to Brown Sausages?</p>		
	<p><b>Leasehold. Please confirm that there are no onerous conditions and/or the lease(s) meet the standard requirements (See Notes)</b></p>	<p>n/a</p>				
	<p><b>The fixed legal fee for completing this loan is as follows:</b>          £[ ] plus VAT and Disbursements</p>	<p><b>Please state if the legal fee should be more (if so how much) and the reasons behind this:</b></p>				

<p><b>Folk2Folk recommends going to Green Light?</b></p>	
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**Notes:**

1. Where the security is held by way of a Leasehold interest, please verify that the Lease satisfies the basic requirements set out in the General Instructions document. Please highlight any variances.
2. Where there are occupational residential lease (maximum of 2), please confirm that they are all valid Assured Short Hold Tenancies, and satisfy the requirements in the General Instructions document.
3. Where there are occupational commercial leases (max of 1), please confirm that they are validly excluded from the 1954 Act and that they satisfy the requirements in the General Instructions document.

<b>INTERNAL USE ONLY</b>	<b>Issues Post Initial Review</b>	Highlighted issues (please detail where the comments have been recorded from)	Decision on whether there will be further action taken	Reasons for action or no action	Condition Precedents in Offer Letter	Further Action required by Folk2Folk with final legal due diligence

# APPENDIX 3:

## Sample Completion

### Security Instructions

FAO [Primary Contact]

Legal Partner

Address

Your  
Ref:

Our  
Ref:

Ask  
for:

Date: 08 January 2018

Dear Sirs

**BORROWER(S):** Mr Fred Cash and Mrs Louise Cash

**AMOUNT:** £550,000

**TERM:** EASY IN/EASY OUT

**INTEREST RATE:** 9% REDUCING TO 7%

**COMPLETION DATE:** 7 October 2017

**PROPERTY:** 8 Community Terrace, Folk Town, County Lending, F2F XXX

9 Local Street, Folk Town, County Lending, F2F YYY

**ESTIMATED VALUE OF THE PROPERTY:** 8 Community Terrace £750,000 & 9 Local Street £950,000

**DEVELOPMENT PLANNED:** none

**TITLE NUMBER(S):** CL12345 AND CL54321

**LENDER(S):**

**TYPE OF CHARGE:** [LEGAL CHARGE-ONE OR MORE LENDERS- EASY IN EASY OUT/FIXED TERM] OR [LEGAL CHARGE – SECOND – ONE OR MORE LENDERS – EASY IN EASY OUT/FIXED TERM] OR [THIRD PARTY LEGAL CHARGE – ONE OR MORE LENDERS – EASY IN EASY OUT/FIXED TERM] [Note standard Legal Charge to be used if more than 1 Borrower but only 1 Borrower owns the security. See definition of Mortgagor and Secured Liability which captures liabilities secured jointly and alone]

<b>Name</b>	<b>Address</b>	<b>Amount</b>	<b>Lenders have confirmed their funds have come from the following:</b>
Mrs Caroline Bank	16 Peer Street, County Lending, F2F ZZZ	£250,000	Pension
Mr Tom Peer	25 Security Street, County Lending, F2F WWW	£300,000	Sale of a house
	Total	£550,000	Golden Hand Shake

**Conditions Precedent: [To be completed by F2F See Initial Review Form]**

**The following actions are to be fulfilled and/or undertaken before Completion:**

We require you to act on behalf of Folk Nominee Limited (who acts on behalf of the above-named lenders) in connection with the [First/Second] Legal Charge that is to be secured against the above-mentioned Property and title number[s].

If you are not prepared or unable to act for us as instructed then you must return our instructions immediately, together with any and/or documentation that we have previously sent to you.

These specific instructions must be read in conjunction with our General Instructions.

You may not make any amendment to the terms of our standard Legal Charge or other security documentation without our specific written agreement.

In all circumstances, you must consider our requirements in respect of undervalue as set out in our General Instruction.

If issues are raised that our detrimental to the Property, its title or its current and proposed use then we will require you to advise on the need for a Statutory Declaration or indemnity insurance and any other appropriate solutions in your Report on Title. It will not be acceptable to simply report any defect in title without advising how this will affect the security and without making appropriate recommendations.

When providing your Report on Title, you must also provide full details of the Borrower's insurance cover for the Property with confirmation that it is for the greater of the full reinstatement value and the value of the loan and is in place at completion. You must also confirm that you will procure the noting of our interest on the policy of insurance.

We require you to email your Report on Title together with the signed Loan Agreement, executed Legal Charge, Financial Statement, Land Registry Priority Search, Land Charges Bankruptcy Search

(or Companies House search as appropriate) and any associated security documentation not less than 48 hours before the date set for completion. If disclosures are to be made in your Report on Title, please submit this at your earliest convenience so that we have sufficient time to consider your disclosures and recommendations in order that completion is not adversely delayed. Following receipt of the required documents, we will authorise completion of the Loan Agreement and subject to simultaneous completion of the security documents, the release of funds for drawdown on completion.

Thank you for your assistance in this matter.

Yours faithfully

**FOLK2FOLK LIMITED for and on behalf of Folk Nominee Limited and our lenders**

# APPENDIX 4:

## Sample Completed Report on Title

**FOLK2FOLK**

**REPORT ON TITLE**

To: Folk2Folk Limited, Number One Business Centre, Western Road, Launceston, Cornwall PL15 7FJ

Borrower: **Loan Committee Limited**

Lenders: **Sterling, Pound, Dollar, Penny, and Tuppence**

Property: **Ground Floor Commercial Unit, Penny Mill, High Town, Launceston**

Tenure: **Freehold**

Title Number(s): **BL123456**

Loan Advance: **£250,000**

Completion Date: **10 November 2017**

From: **Woods Solicitors Limited, Number One Business Centre, Western Road, Launceston, Cornwall PL15 7FJ**

**WE THE SOLICITORS NAMED ABOVE HEREBY CERTIFY** as follows:

1. We have [~~not~~] checked and verified the identity of the Borrower (and anyone else required to sign the Legal Charge and any other security document). [~~We have received confirmation from you that you have checked and verified the ID of the Borrower.~~] / We have supplied you with certified copies of the Borrowers' ID documentation.
  
2. Except as otherwise disclosed to you in writing:
  - 2.1. You have provided us with a plan, showing the location and extent of the Property, and we have compared your plan against relevant plans in the title deeds, and in our opinion, there are no material discrepancies.

Details of Discrepancies:

.....

2.2. We have investigated the title to the Property, we are not aware of any other financial charges secured on the Property which will affect the Property after completion of the Legal Charge and, upon completion of the Legal Charge, both the Lenders and the Borrower will have a good and marketable title to the:

- i. Property [Yes/ No]
- ii. Appurtenant Rights [Yes/No]

And free from

- iii. prior mortgages or charges [Yes]/[No]

if answered NO to (i), (ii) OR (iii), please provide further details below (e.g.) the prior mortgages and charges noted below

.....  
.....

- iv. ~~[subject to the comments below are] free from~~ onerous encumbrances so that the Property is fit for use for the purpose that you have indicated to us] and that the title will be registered with ~~[absolute title/good title]~~.

For the purposes of this Report on Title 'Appurtenant Rights' shall include but shall not be limited to the benefit of all necessary rights of access, all usual services and all necessary easements and wayleaves in respect of the Property and reasonably required for the Property in light of its current and proposed use including any rights over adjoining land needed by the Borrower and the Lenders for the use and enjoyment of the Property.

Insert any further notes.....

.....

2.3. We have ~~[not]~~ received satisfactory evidence that the buildings insurance is in place, or will be on completion.

~~OR~~

~~This is a development site. We have [not] received a copy of the Borrower's contractors insurance.~~

If the relevant policies have not been obtained, please confirm why below:

.....

2.4. We have ~~[not]~~ received a completed Security Property Request from the Borrower ~~[and this does not contain any adverse replies to enquiries]~~.

~~If no Security Property Request has been received, why?.....~~

~~If there are adverse entries, please detail below: .....~~

2.5. If the Property is to be purchased by the Borrower:

- 2.5.1. the contract for sale [~~provides for~~ /does not provide] vacant possession on completion;
- 2.5.2. the seller has owned or been the registered owner of the Property for [~~less than six months/more than six months~~]; and
- 2.5.3. we [~~are/~~ are not] acting on behalf of the seller.]

2.6. We are in possession of:

2.6.1. a local or personal search (being not more than 3 months old at completion) [Yes/No]

2.6.2. local search insurance; [Yes/No]

If answered Yes to 2.6.2, please detail the indemnity level and confirm that it is for the benefit of chargors/mortgagors and successors in title.

.....£450,000 For the holders of the charge.....

2.6.3. environmental search [Yes/No]

2.6.4. drainage and water search [Yes/No]

2.6.5. energy & infrastructure search [Yes/No]

2.6.6. mining search [Yes/No]

2.6.7. chancel repair search [Yes/No]

2.6.8. such other searches or search insurance as are appropriate to the Property. [Yes/None]

If answered Yes to 2.6.8, please confirm below the policy type and why it was obtained, and attach a copy to this report.

.....

2.7. Nothing has been revealed by our searches and enquiries which would prevent the Property being used for [Yoga Studio (Use ClassD2) and Juice Bar (Use Class A3)].

2.8. There are no subsisting material adverse entries affecting the Property revealed by the results of these searches.

OR

~~There are the following subsisting material adverse entries affecting the Property revealed by the results of these searches:~~

.....

- 2.9. If you have provided a valuation report OR other communication from the valuer we confirm that the assumptions stated by the valuer about the title are correct save as disclosed in the Schedule (Part 3).
3. We have made the following searches:
- 3.1. Bankruptcy [Yes/No]
  - 3.2. Land Registry [Yes/No]
  - 3.3. Land Charges Searches [Yes/No]
  - 3.4. Companies House [Yes/No]
4. We will not release the loan advance if it shall come to our notice prior to completion that the Property will at completion be occupied in whole or in part otherwise than in accordance with your instructions.
5. We will not accept instructions, except with your consent in writing, to prepare any lease or tenancy agreement relating to the Property or any part of it prior to despatch of the title information document to you.
6. We will not request authorisation to release the loan advance until satisfied that, ~~[prior to or contemporaneously with the transfer of the Property to the Borrower]~~, any existing charges or mortgages will be discharged.
7. We will notify you in writing if any matter comes to our attention before completion which would render this Report on Title as untrue or inaccurate and, in those circumstances, will defer completion pending your authority to proceed.
8. We confirm that we have satisfied ourselves that the company has the necessary authority and has passed the appropriate resolutions to enter into all relevant security documents.
9. We confirm that we have complied, or will comply, with your instructions in all other respects.
10. If the title to the Property is leasehold we give details of the Lease and current Landlord's name and address in the Schedule (Part 1) and confirm that except as disclosed in the Schedule (Part 1)
- 10.1. the consent of the Landlord to the creation and registration of the Legal Charge ~~[is not necessary]~~ [has been obtained];
  - 10.2. we have made all appropriate enquiries and confirm that ~~[they have not revealed any]~~ [there are the following] existing breach of the Lease;
 

Details of pertinent breaches

.....
  - 10.3. the Lease cannot be forfeited by the Landlord by reason of the tenant (being an individual) becoming bankrupt or (being a company) entering into liquidation, winding up, administration, receivership or any petition made for any such event or the tenant entering

into an arrangement for the benefit of its creditors, or has any distress or execution levied on its goods.

- 10.4. the Lease [~~permits/does not permit~~] the current use or intended use of the Property.
- 10.5. the terms of the Lease [~~accord / do not accord~~] with your instructions, including any requirements you have for covenants by the Landlord and / or the Management Company and / or by a deed of mutual covenant for the insurance repair and maintenance of the structure, exterior and common parts of any building of which the Property forms part.

Details of terms which do not accord with the instructions and/or details of the insurance and repair covenants:

.....

- 10.6. that we [~~have or will obtain~~] [~~have not and won't obtain~~] before completion a clear receipt for the last payment of rent and service charge
11. We have supplied in the Schedule (Part 2) the details for each lease, tenancy and let (whether oral or in writing) irrespective of whether we are or will be in receipt of funds from you, along with any disclosures that are pertinent in relation to your General Instructions on occupation and agricultural leases/tenancies/licence.
12. We have supplied all other information, which may affect the value or saleability of the Property, or which relates to the Borrower of which we believe you should be aware.
13. The Conditions Precedent in the Security Instructions [~~have / have not~~] been satisfied.

If they have not, please provide an explanation:

.....

#### **WE HEREBY UNDERTAKE:**

14. That we will within the period of protection afforded by the searches referred to in paragraph 3 above:
- 14.1. apply to register at the Land Registry [~~or have procured a suitable undertaking from the Borrower's solicitor to apply to register~~] [~~and at Companies House within the statutory 21-day timescale~~] the Legal Charge, Deed of Postponement/Deed of Priority and any other security documentation as a [~~first~~] [~~second~~] legal charge against the Property; and
- 14.2. send to you the original Legal Charge and all deeds and documents relating to the Property you within ten working days of receipt by us of the title information document from the Land Registry; and
15. We shall procure the noting of your interest on the Borrower's policy of insurance and send you confirmation of such noting.

SIGNED on behalf of the [.....]:

NAME of Authorised Signatory: .....

QUALIFICATION of Authorised Signatory: .....

DATE of Signature: .....

Documents Attached:

Legal Charge (executed by the Borrower)

Deed of Postponement

Deed of Priority

Financial Statement

Land Registry Priority Search

Land Charges Search

Bankruptcy Search

Companies House Search

Copy Local Authority Search insurance

Report on Searches

Ancillary Documentation listed below

.....

.....

## SCHEDULE

<b>Part I</b>	
If title to the Property is Leasehold, insert details of the lease followed by any disclosures – paragraph 10 of the report.	
Date:	
Parties and current lessee:	
Landlord's current address:	
Term:	
Years left to run:	
Permitted use:	
Ground Rent/Rent per annum:	
Rent Review as per clause 15 of your General Instructions. If no, please detail discrepancies:	[Yes/No]
Repair provisions are:	
Insurance provisions are:	
Option provisions as per clause 15 of your General Instructions. If no, please detail discrepancies:	[Yes/No]
Forfeiture provisions (if any) are:	
Lease is excluded from the Landlord and Tenant Act 1954:	[Yes/No]
Please insert any other disclosures relation to this lease (not already provided at clause 15):	

## Part 2

Supply the following details for each lease, tenancy and let (whether oral or in writing) irrespective of whether you are or will be in receipt of funds from us along with any disclosures which are pertinent in relation to our General Instructions on occupations and agricultural leases/tenancies/licences.

Date:	
Parties and current Tenant:	
Term:	
Details of Property Let:	
Permitted use stated in Lease:	
Rent per annum: Deductions/Set off allowed:	[Yes/No]
Lease requires Authorised Guarantee Agreements:	[Yes/No]
Rent Review:  Provisions Clear If term exceeds 5 years – upwards only review Independent Surveyor/Valuer in dispute	[Yes/No] [Yes/No] [Yes/No]
Alienation of whole <i>only</i> and with landlord's consent:	[Yes/No]
Express covenant to Repair:  Where applicable, lease provides at a minimum for interior/exterior to be maintained in condition at start of lease	[Yes/No] [Yes/No]
Insurance monies to belong to landlord absolutely:	[Yes/No]
The lease is free from any option or right of pre-emption:	[Yes/No]
The lease is forfeit for:  Non-payment of rent Breach of Covenant	[Yes/No] [Yes/No]

Insolvency/Bankruptcy	[Yes/No]
Tenant is to yield up at expiry or earlier termination:	[Yes/No]
Lease is excluded from the Landlord and Tenant Act 1954:	
Please insert any other disclosures relation to this lease (not already provided at clause 15):	

<b>Part 3</b>	
Have you had sight of the Valuers report or any communication from the Valuer.	[Yes/No]
If Yes, please detail any disclosures in relation to issues arising solely from the Valuer's report or communications	