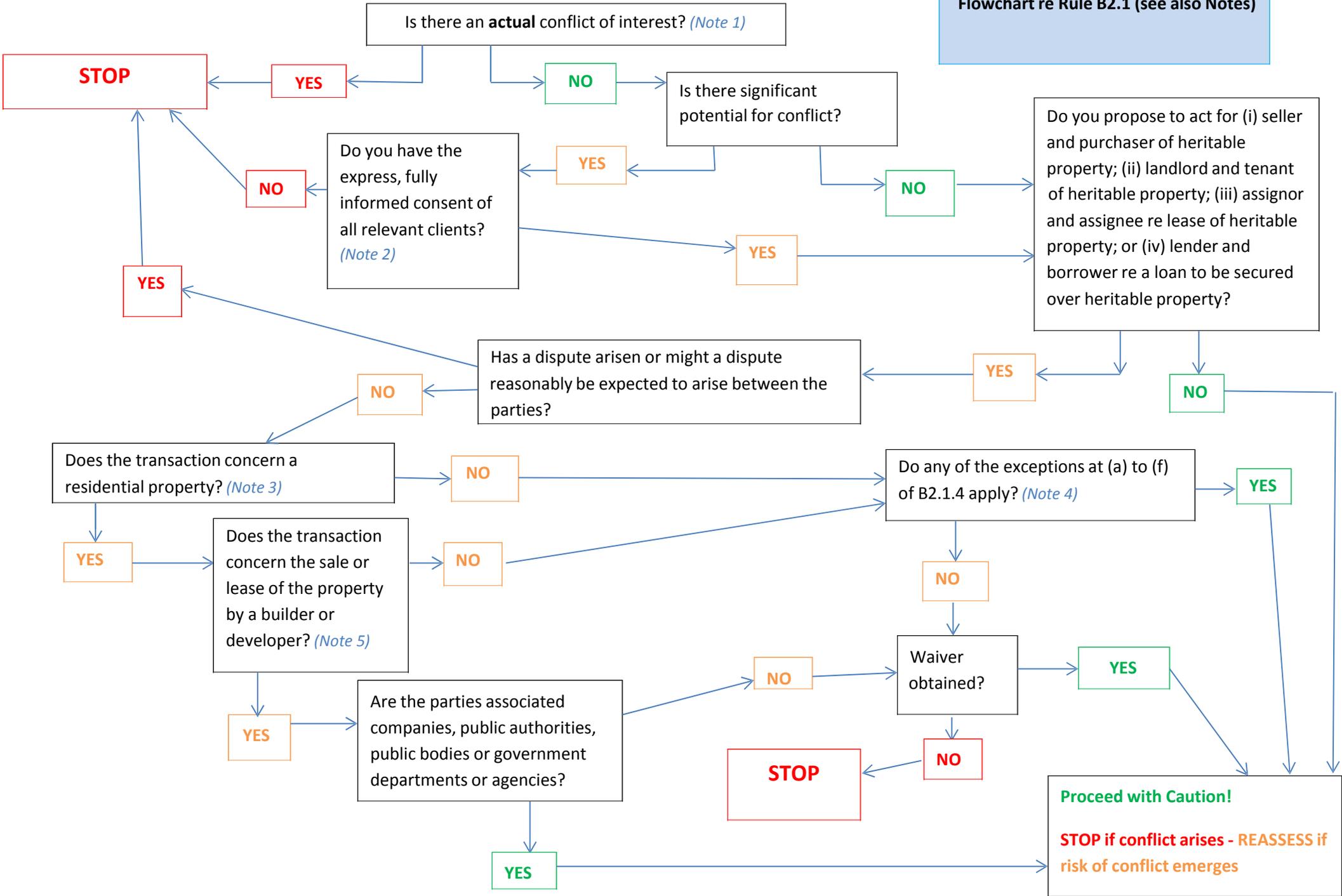


Flowchart re Rule B2.1 (see also Notes)



NOTES REFERRED TO IN FLOWCHART

Note 1: Conflict of Interest

Not defined in the practice rules as it would be impractical to attempt to do so. There is, however, extensive Guidance on identifying conflicts in the Rules and Guidance section of the Society's website which is linked to Rule B2. A conflict of interest can arise as between two or more clients – or between a client and the provider of the service. The practice rules of the Society have never permitted solicitors etc. to act where there is an actual conflict of interest. Requirements which arise from the Standards of Conduct are expressly not capable of waiver in terms of the practice rules.

Note 2: Informed Consent

Again, Guidance is available in the Rules and Guidance section of the Society's website which is linked to Rule B2.

Note 3: Residential Property

Plots and undeveloped land which are intended for residential development have been interpreted as residential property for the purposes of the conflict of interest rules in the past – so this term is wider than it may first appear. Again, this is covered in Guidance.

Note 4: Exceptions in B2.1.4

The exceptions apply where:

- (a) the parties are associated companies, public authorities, public bodies, or government departments or agencies;
- (b) the parties are connected¹;
- (c) the parties are related by blood, adoption or marriage or civil partnership, one to the other, or the purchaser, tenant, assignee or borrower is so related to an established client²; or
- (d) both parties are established clients or the prospective purchaser, tenant, assignee or borrower is an established client; or
- (e) there is no other regulated person³ in the vicinity whom the client could reasonably be expected to consult; or
- (f) in the case of a loan to be secured over heritable property, the terms of the loan have been agreed between the parties before the licensed provider has

¹ parties are connected if at least one of them is a body corporate and one is controlled by the other or both are controlled by the same third person;

² a person for whom the practice unit or individual has acted on at least one previous occasion

³ a solicitor, a registered European lawyer, a registered foreign lawyer or a licensed provider

been instructed to act for the lender, and the granting of the security is only to give effect to such agreement.

Note 5: Builder or Developer

This term includes not only those who are, by trade, obviously builders or developers (specifically including housing associations) but may also include persons or businesses ascribed temporary status as a developer in terms of the Guidance – e.g. a person who is selling individual plots or houses which are part of a larger development – such as a farmer selling residential plots in a field.