

PEPPER MONEY

GENERAL MORTGAGE CONDITIONS

2017 (Version 1.0)

ENGLAND AND WALES

Table of Contents

A.	MEANING OF CERTAIN WORDS AND EXPRESSIONS.....	4
B.	MORTGAGE OFFER.....	11
C.	BORROWER'S COVENANTS.....	12
D.	OUR POWERS.....	16
E.	INTEREST	20
F.	VARIATION OF INTEREST.....	21
G.	THE MONTHLY PAYMENT.....	21
H.	ENDING YOUR MORTGAGE EARLY	23
I.	MISTAKES.....	23
J.	INSURANCE COVER.....	23
K.	INTEREST ONLY MORTGAGES.....	25
L.	LEASEHOLD PROPERTY	26
M.	GUARANTORS	26
N.	TRANSFER OF THE MORTGAGE	26
O.	OTHER RIGHTS.....	27
P.	BORROWERS WITH A MORTGAGE ON MORE THAN ONE PROPERTY	27
Q.	COSTS, EXPENSES AND FEES.....	28
R.	BUY TO LET MORTGAGES	28
S.	INFORMATION ABOUT YOU AND YOUR MORTGAGE ACCOUNT	30
T.	WHAT TO DO IF YOU ARE HAVING TROUBLE MAKING YOUR MORTGAGE PAYMENTS.....	31
U.	NOTICES.....	31
V.	ADDITIONAL LOANS.....	31
W.	LEGISLATION	31
X.	APPLICABLE LAW AND JURISDICTION.....	31
Y.	CHANGES TO TERMS AND CONDITIONS.....	31

PEPPER MONEY
GENERAL MORTGAGE CONDITIONS

2017 (Version 1.0)

England and Wales

This is an important legal document.

If **you** sign the **Mortgage Deed** you will be legally bound by these **Conditions** and the other **Mortgage Documents**.

These **Conditions** and the other **Mortgage Documents** comprise all the terms agreed between **you** and **us** in connection with the **Secured Liabilities**. Also, other information provided by **us** (including in previous discussions, illustrations, quotations or representations) is superseded by the **Mortgage Documents**. Therefore, **you** must not rely upon any of that superseded information.

You should not sign the **Mortgage Deed** unless: **you** have read and understood these **Conditions** and the other **Mortgage Documents**, and **you** have obtained legal advice from a solicitor or other legal adviser and then decided that **you** want to be legally bound by these **Conditions** and the other **Mortgage Documents**.

If you do not have a Buy to Let Mortgage:

This matter (including the **Loan** and the other **Mortgage Documents**) is regulated by the Financial Conduct Authority.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

If you do have a Buy to Let Mortgage:

This matter (including the **Loan** and the other **Mortgage Documents**) is not regulated by the Financial Conduct Authority.

IF YOU FAIL TO KEEP UP WITH PAYMENTS ON YOUR MORTGAGE A RECEIVER OF RENT MAY BE APPOINTED AND/OR YOUR RENTAL PROPERTY MAY BE REPOSSESSED.

A. MEANING OF CERTAIN WORDS AND EXPRESSIONS

Throughout these **Conditions**, we use some terms which have special meanings and we have used bold print for those words so they stand out. When **you** come across a word in bold print when reading these **Conditions** this will remind **you** to look here for the meaning of those words.

1. **Additional Borrowing** is any sum of money lent by **us** under the **Mortgage Deed** after the original **Loan**. It does not include any loan which is a **Regulated Credit Agreement**. Any **Additional Borrowing** is subject to these **Conditions** and any variation made at that time.
2. **Assured Shorthold Tenancy** means an assured shorthold tenancy as defined in the Housing Act 1988.
3. **Bank of England Base Rate** means the rate decided by the Monetary Policy Committee of the Bank of England from time to time as being the Bank of England base rate. If for any reason it is not possible to determine such rate the **Bank of England Base Rate** will be such other rate which **we** reasonably decide is a comparable rate at that time. If **we** decide that another rate of interest is to be **Bank of England Base Rate** for any period, **we** will tell **you** in writing within 14 days.
4. **Borrower** means the person or persons shown as **Borrower** in the **Mortgage Offer** and includes any person (or persons) entitled to act in **your** place should **you** die, become insolvent or become unable to manage **your** affairs and any person (or persons) who becomes a party to the **Mortgage Deed** after the **Completion Date** (following a transfer of equity, for example). If two or more persons are the **Borrower** then each one of them is responsible for the whole of the **Secured Liabilities**.
5. **Business Day** means any day other than Saturdays, Sundays or bank holidays in England and Wales.
6. **Buy to Let Mortgage** means a **Mortgage** which is stated in the **Mortgage Offer** to be a **Buy to Let Mortgage**. This will usually be where **we** have agreed with **you** on or before the date of the **Mortgage Offer** that the **Property** will be rented out to a third party (in accordance with the requirements of these **Conditions** and the **Mortgage Offer**) and will not be occupied by **you** or a member of **your** family.
7. **Capital Repayment** is an amount **you** pay to **us** in addition to **your Monthly Payment** and any other amounts then due and payable. **You** can make a **Capital Repayment** if **your Mortgage Offer** says that **you** can do so, but **you** might have to pay an early repayment charge.
8. **Completion Date** is the date on which **we** release the money for the **Loan**. That could be the day **we** post a cheque, or make an electronic transfer of money, to **you** or **your Solicitor** or any other person on **your** behalf.
9. **Conditions** means the conditions in each paragraph of this document.
10. **Covenant** is a promise by **you** or the **Guarantor** to **us** to do certain things under the **Mortgage**.
11. **Expenses** means all reasonable fees, costs and expenses which **we** reasonably incur in connection with the **Mortgage**:
 - (a) in relation to the creation of the **Mortgage**, including without limitation **our Solicitor's** or **Title Insurer's** costs and disbursements;
 - (b) in recovering all or part of the **Secured Liabilities**, including without limitation calculating and recovering any money in arrears under the **Mortgage**;

- (c) bringing or defending legal proceedings relating to the **Secured Liabilities**, the **Property** or any other security for the **Secured Liabilities** (this applies whether or not **you** are a party to the proceedings);
- (d) complying with a remediation notice in respect of the **Property** served on **you** or **us** under the Environmental Protection Act 1990 unless we knowingly caused or allowed the **Property** to become contaminated when in possession as mortgagee;
- (e) protecting, preserving or enforcing any security for the **Secured Liabilities**;
- (f) providing **our** consent or approval as required under these **Conditions**;
- (g) insuring the **Property** in accordance with these **Conditions**;
- (h) remedying any breach by **you** of any of **your** obligations under the **Mortgage** including **your** obligations to repair or insure the **Property**;
- (i) exercising any of the rights or powers given to **us** by statute or under these **Conditions**;
- (j) in complying with any request **you** make to **us** (including without limitation a request to supply or copy documents or deeds); and
- (k) in discharging the **Mortgage** and releasing the **Property** and/or other assets from **our** security.

Our Expenses include costs and expenses which **we** have to pay to third parties. **Our Expenses** also include those fees and charges set out in **our Tariff of Mortgage Charges** from time to time.

12. Financial Funding Rate means for a **Rate Period**:

- (a) (prior to a LIBOR Replacement Date under **Condition 18**) the rate at which deposits in Pounds Sterling are offered for a three month period in the London interbank market (commonly known as the London Interbank Offered Rate) at or about 11.00 a.m. on the **Quarter Day** for that **Rate Period**; or
- (b) (from and after a LIBOR Replacement Date under **Condition 18**) the tracked index rate details of which are included in the notice given by us to you under **Condition 18**.

13. Guarantor is any person who has agreed to guarantee all or part of the **Secured Liabilities**. The **Guarantor** will also include the personal representatives of the **Guarantor** if he or she should die. The **Guarantor** may or may not provide additional security by way of an additional **Property** which will be secured by a legal charge. **We** will provide details of **your Mortgage** to any **Guarantor**.

14. Interest means interest we charge on **your Mortgage** at the applicable **Interest Rate**.

15. Interest Period means the period from the **Completion Date** until 23:59 hours on the day before the first **Payment Day** indicated in the **Mortgage Offer**, and thereafter each period starting at 00:00 hours on a **Payment Day** and ending at 23:59 hours on the day before the next **Payment Day**.

16. Interest Rates means at any time in relation to a **Loan**, the interest rate applicable pursuant to the **Mortgage Documents** at that time to that **Loan**. Details of the applicable interest rate are set out in the relevant **Mortgage Offer** and, if it is a variable rate, it may vary from time to time in accordance with that **Mortgage Offer** or, as applicable, **Part F** of these **Conditions**.

17. **LIBOR** means, in relation to any **Rate Period**, the higher of 0% and:
- (a) the applicable **Financial Funding Rate** at or about 11.00 a.m. on the **Quarter Day** for that **Rate Period** as determined by **us** by reference to the appropriate page of the Bloomberg Screen or such other page or service that **we** determine (acting reasonably) is commonly used as a reference for the applicable **Financial Funding Rate**;
 - (b) if for any reason it is not reasonably possible for **us** to determine that **Financial Funding Rate** using the procedure in (a) above, the average of the rates notified to **us** by each **Reference Bank** as being the rate such **Reference Bank** quoted or, as applicable, would have quoted for the purposes of compiling that **Financial Funding Rate**; or
 - (c) if for any reason it is not reasonably possible for **us** to determine that **Financial Funding Rate** using the procedures in (a) or (b) above, the **Financial Funding Rate** will be such other rate which **we** reasonably decide is a comparable rate at that time. If **we** decide that another rate of interest is to be the **Financial Funding Rate** for any period, **we** will tell **you** in writing within 14 days,

in each case rounded to two decimal places using the ceiling rounding convention.

18. **LIBOR Replacement Date** means the date specified as such in notice, given by **us** to **you** not less than 30 days in advance of that date (a) stating that **we** have determined (acting reasonably) that the tracked index rate used in the majority of the number of tracked index rate mortgage products then available from the **Independent Mortgage Lenders** (by reference to their websites) would previously have been the London Interbank Offered Rate; and (b) providing details of that tracked index rate and how, from and after that date, it will be determined by **us** on the relevant **Quarter Day** for each **Rate Period** and apply to each relevant **Loan** as the applicable **Financial Funding Rate** instead of the London Interbank Offered Rate.

Please note that **we** are not obliged to give any such notice until such time as **we** decide in our absolute discretion to do so (and this may include **our** own commercial interests and position, such as which index rate(s) is/are used for funding for **our** mortgage lending business).

Independent Mortgage Lenders means at any time, the two lenders (excluding **us**) who **we** determine (acting reasonably): (a) by reference to the then most recent data published by UK Finance (or a similar body) covering a period of 12 months, advanced the most (by amount advanced) first charge residential mortgages secured on properties located in England and Wales; (b) had mortgage products similar in type to those offered by **us** during that period; and (c) had at least one tracked rate mortgage product linked to the London interbank offered rate available at any time during the previous 24 months.

19. **Loan** is any sum of money which **we** lend to **you** subject to the security created under the **Mortgage Deed**. It includes each Additional Borrowing and further loans or advances made after the date of the original loan. It does not include any loan which is a **Regulated Credit Agreement**.
20. **Month** is a calendar month.
21. **Monthly Payment** is the amount which **you** must pay each **Month** on the **Payment Day**. **Your** initial **Monthly Payment** will be shown on **your Welcome Letter**. **We** may change the **Monthly Payment** in accordance with **Condition 89**.
22. **Mortgage** is the entire legal transaction and terms contemplated by and including the **Mortgage Documents**. By signing the **Mortgage Deed** **you** promise **us** that **you** will comply with everything contained in the **Mortgage Documents**.

If there is any inconsistency between these **Conditions**, the **Mortgage Deed** and the **Mortgage Offer**, the following order of priority will apply:

- (a) the **Mortgage Offer**;
- (b) the **Mortgage Deed**; and
- (c) these **Conditions**.

The **Mortgage Deed** gives **us** certain rights over **your Property** and other assets. These rights may be exercised by **us** if **you** break the terms of the **Mortgage**. If, for example, **you** fail to pay **your Monthly Payments** in accordance with the terms of the **Mortgage**, **we** are entitled, among other things, to take over **your Property** to sell it in order to recover the money **you** owe **us**. Further details about **our** rights and when **we** may exercise them are set out in **Part D** of these **Conditions**. **Our** rights under the **Mortgage** continue until **you** have repaid all the money **you** owe **us**, including all **Interest** and any other charges.

There are different types of **Mortgage**. **Your Mortgage** may be made up of different elements, so that part of it is on a repayment basis, and part of it is on an interest only basis. **Your Mortgage Offer** will say if this is the case.

Repayment Mortgage

If **you** have a repayment **Mortgage** with **us**, the **Monthly Payments** made to **us** comprise both capital and **Interest**. The **Monthly Payment** is calculated so that **you** pay off the **Loan** and accrued **Interest** on the **Loan** by the end of the **Mortgage Term**, providing **you** make **your Monthly Payments** on time and in full and there are no additional interest, fees and charges added to **your Loan** as part of the **Total Debt**.

Interest Only Mortgage

If **you** have an interest only **Mortgage** with **us**, the **Monthly Payments** **you** make to **us** comprise only the **Interest** charged on the **Loan**. Unless agreed otherwise by **us** with **you**, interest charged on any fees, charges and **Expenses** is not included in **Monthly Payments** **you** make to **us**.

It is **your** responsibility to make certain that **you** can repay the **Total Debt** at the end of the **Mortgage Term**. In order to achieve this, **you** must ensure that **you** have an adequate repayment strategy in place and **you** should check this regularly. If an adequate repayment strategy is not in place **you** should contact **your** independent financial advisor as soon as possible to discuss the options available to **you**. If **your Mortgage** is not paid off at the end of the **Mortgage Term**, **you** or **we** may have to sell the **Property** to try to repay all or part of the **Loan**, and **Interest** may be charged (at **our** option) on the amount outstanding until it is fully paid off. (See also **Part K** of these **Conditions**).

Mortgage Deed is the legal document **you** sign to give **us** security over the **Property** and other assets, and to say **you** will comply with all of these **Conditions**. These **Conditions** have the same meaning in the **Mortgage Deed**.

23. Mortgage Documents means each of:

- (a) the documents containing terms and conditions of and/or applying to the **Mortgage Deed**, a **Mortgage Offer**, a **Mortgage** application form and any **Secured Liabilities** (including each mortgage deed, each mortgage offer, these **Conditions**, the **Tariff of Mortgage Charges**, each **Mortgage** application form and each declaration relating to such **Mortgage** application); and

- (b) each other contract, deed and certificate (including any guarantee) entered into with **us** or provided to **us** to satisfy a requirement under of such **Mortgage Offer**, **Mortgage Deed**, any **Mortgage** application or any **Condition**.
24. **Mortgage Offer** means **our** written offer of a **Loan** to **you**. **Your Mortgage Offer** may consist of more than one document. The **Conditions** related to the **Mortgage Offer** are discussed in more detail in **Part B** of these **Conditions** below.
25. **Mortgage Term** is, in relation to a **Loan**, the period of time during which **you** agree to repay the **Loan** to **us** and is shown on the relevant **Mortgage Offer**. This may be varied by agreement with **us**.
26. **Other Rights** mean:
- (a) any rights to which **you** may become entitled in respect of the **Property** for whatever reason. They may include:
- (i) compensation or other money received or receivable in respect of damage caused to the **Property** or because it (or any part of it) has reduced in value, or been compulsorily purchased;
 - (ii) any agreement, option or rights relating to the **Property** or its construction, state or condition;
 - (iii) any share in or rights of membership in a freehold company, management company, tenants' or residents' association relating to the **Property**;
 - (iv) the benefit of any right to obtain the improvement of, or any payment in connection with, any roads, sewers, drains and other services or amenities relating to the **Property**;
 - (v) any policy providing insurance against any of the following risks, including a defect in Title to the **Property**, an adverse right being enforced against the **Property** or revealed in a local authority search or an earlier dealing with the **Property** being set aside or varied by the Court; and
- (b) any other benefits which **you** may have or receive in respect of the **Property**, but not including money or grants payable to **you** in respect of maintenance or improvement of the **Property** or any money from an insurance policy which between **you** and **us** is dealt with in **Part J** of these **Conditions**.
27. **Payment Day** means the day specified as such in the **Mortgage Offer**. If the specified **Payment Day** in a given **Month** is on a weekend or a bank holiday, the **Monthly Payment** will be due on the next **Business Day** which day shall be treated as the **Payment Day** for that **Month**. The **Welcome Letter** will confirm **your** initial **Payment Day** and **your** initial **Monthly Payment**.
28. **Planning and Housing Acts** means Acts of Parliament or Statutory Instruments in force from time to time relating to town and country planning and housing matters.
29. **Power of Sale** is when **we** are, or a **Receiver** is, entitled to sell the **Property** (including by virtue of the powers conferred by the **Mortgage Documents** and by virtue of the Law of Property Act 1925). This may happen whether or not **we** are or a **Receiver** is in possession of the **Property**.
30. **Property** means all the **Property** (or any part of it) described in the **Mortgage Deed**. It includes all fixtures and buildings of any kind (including fixtures and buildings added after the **Completion Date**).

31. **Quarter Day** means the fourteenth day of every March, June, September and December or, if that day is not a **Business Day**, the next **Business Day** which follows it.
32. **Rate Period** means, where the **Interest Rate** is calculated by reference to **LIBOR** or the **Bank of England Base Rate**, a period beginning on a **Quarter Day** and finishing on the day immediately before the next **Quarter Day**. However, the first **Rate Period** of **your Loan** will start on the **Quarter Day** immediately before the **Completion Date** (unless the **Completion Date** occurs on a **Quarter Day** in which case it will commence on that **Quarter Day**).
33. **Receiver** is a person **we** have the right to appoint at any time to manage the **Property** and/or do the things referred to in **Condition 67**, if any of the circumstances in **Condition 65** occur. The appointment of a **Receiver** does not mean that the **Property** has been **Taken into Possession** unless **you** are specifically notified by the **Receiver** or **us** that the **Property** has been **Taken into Possession**. A **Receiver** acts as **your** agent and therefore it is **you** (and not **us**) who is responsible for the costs and actions of the **Receiver**. **You** are also bound by, and liable for, any agreements the **Receiver** enters into when acting as **your** agent. **We** have the right to appoint any person or persons to act as **Receiver** in the event that **you** have not fulfilled a **Covenant**, and to decide the **Receiver's** compensation and terms of engagement. **We** can change and appoint a replacement **Receiver** at any time if **we** think it is reasonable to do so in the circumstances. Any money the **Receiver** receives will be used to pay amounts owed in the following order: (1) the **Receiver's** expenses and fees and (2) other amounts **you** owe **us** (including, but not limited to, the **Total Debt**). The **Receiver** can apply the money he or she receives to pay the **Total Debt** and other amounts **you** owe in any order, and need not pay off **Interest** first. If there is any money which is left over once these other amounts have been satisfied, such money will be payable to **you**. A **Receiver** will have and be entitled to exercise all powers given by the Law of Property Act 1925 to a receiver and all powers given to **us** by the **Mortgage Documents**. The **Receiver** shall also be entitled to exercise in relation to the **Property** and any other security for the **Secured Liabilities** all the powers of an absolute beneficial owner. The **Receiver** does not have authority to do anything **we** specifically exclude in writing at the time he/she is appointed or afterwards.
34. **Reference Bank** means the principal London offices of Barclays Bank plc, HSBC Bank plc and National Westminster Bank plc or such other bank or banks as **we** may from time to time reasonably choose.
35. **Regulated Credit Agreement** means a regulated credit agreement as defined in article 60B(3) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
36. **Secured Liabilities** means the **Total Debt** and any other liabilities or obligations which **you** have to **us** from time to time, whether present or future, actual or potential (including, but not limited to, under any of the **Mortgage Documents**) except for any amount payable or liabilities or obligations under any **Regulated Credit Agreement**, unless that **Regulated Credit Agreement** states that it will be secured by the **Mortgage Deed**.
37. **Solicitor** means a solicitor holding a current Practising Certificate from the Solicitors Regulation Authority or a Fellow of the Institute of Legal Executives employed by such a solicitor.
38. **Standard Variable Rate** means a variable rate of interest set by **us** in relation to a **Loan** as indicated in the relevant **Mortgage Offer** and which can be changed by **us** at any time before and after the **Completion Date** under that **Mortgage Offer** and **Condition 82**. The **Standard Variable Rate** for one **Loan** may differ to the **Standard Variable Rate** for another **Loan** and may differ from a standard variable rate in relation to other loans to other customers or in relation to different **Loans** with **you**. In other words, in this context the word 'standard' is used to distinguish this type of variable rate of interest from a non-standard type of variable rate, such as a tracker rate; the word 'standard' does not mean or imply that the same variable rate applies to another Loan, another customer or another product even if the word 'standard' is also used in relation to them). If **we** enter into a **Transfer**, the **Standard Variable Rate** in relation to a **Loan** will be set by or on

behalf of the **Transferee**. The **Transferee** can set the **Standard Variable Rate** in relation to a **Loan** independently of any rate set by **us** or any other **Transferee**.

39. **Taken into Possession** means that **we** or a **Receiver** has taken control of **your Property** from **you**. If **you** are in occupation **you** have to leave the **Property**, and if **you** do not leave, **you** will be considered to be occupying the **Property** wrongly, as a trespasser. **Your** rights, which might include receiving income produced from the **Property** such as rent paid by tenants (in the event that the **Property** is already let) are also taken over. If the **Property** is **Taken into Possession** this does not necessarily mean that **we** actually occupy it. **We** can also appoint a **Receiver** to take over these responsibilities.
40. **Tariff of Mortgage Charges** means a list of charges that apply to **your Mortgage**. A copy of the then current **Tariff of Mortgage Charges** will be included with the **Welcome Letter**.
41. **Title** is the documentary and other evidence that gives **you** proof of ownership of the **Property**.
42. **Title Insurer** means an insurance company instructed by **us** to provide title and related insurance cover for **our** benefit only in respect of the **Loan** and/or the **Property**.
43. **Total Debt** is the total amount **you** owe **us** under the **Mortgage**. It is explained in more detail in **Condition 60**.
44. **Transfer** includes a mortgage, agreement to sell, assignment (whether absolute or by way of security), transfer, charge, creation of trust over or other disposition (in each case, in law or in equity or beneficially) of some or all of **our** rights, title, interests, benefits and obligations in relation to the **Mortgage Documents**, the **Property** and/or any other related security. It is explained in more detail in **Condition 124**.
45. **Transferee** means anyone who is entitled to exercise any of **our** rights under the **Mortgage** and/or any other related security as a result of a **Transfer**. It is explained in more detail in **Condition 124**.
46. **Valuation Report** is a report obtained by **us** for **our** own purposes to assess the adequacy of the **Property** as security before releasing any **Loan**. If **you** are shown a copy of any **Valuation Report**, it is provided to **you** as a courtesy only and **you** must not rely on anything it says in connection with the **Property** for **your** own purposes. The fact that **we** may make any **Loan** does not mean that **we** or the valuer are making any promises or guarantees about: (a) the value of the **Property**, or the reasonableness of the price which **you** are paying for it (if **you** are buying the **Property**); or (b) its condition or state of repair or its permitted use. The valuer is not **our** agent for the purposes of any **Valuation Report** produced or otherwise. The valuer is an independent contractor and **we** do not make any representation that any **Valuation Report** is correct in any respect. **We** do not accept any responsibility whatsoever for any valuation of the **Property** obtained by **us**.
47. **We, our** and **us** means Pepper (UK) Limited, trading as Pepper Money, and anyone who at any time in the future is entitled (as legal, equitable or beneficial owner) to all or any of the lender's and/or mortgagee's and/or heritable creditor's rights under the **Mortgage Documents** (including as a result of a **Transfer**, a merger or consolidation with another person, a take-over and/or a group reorganisation).
48. **Welcome Letter** means the letter **we** will send **you** on or shortly after the **Completion Date**, which will confirm, among other things, **your** initial **Payment Day** and initial **Monthly Payment**. Please contact **us** if **you** have any questions about anything in the **Welcome Letter**.
49. **You** or **your** means the **Borrower** and anyone who takes over **your** responsibilities for the payment of the **Mortgage**. If there is more than one **Borrower** then all these **Conditions** and other **Mortgage Documents** apply equally and separately to each of **you**. That means each of **you** is responsible on **your** own for the whole of the **Secured Liabilities**.

B. MORTGAGE OFFER

50. If **we** provide **you** with a **Mortgage Offer**, it contains instructions on how to accept it. **You** must follow those instructions if **you** choose to accept the **Mortgage Offer**.
51. **Your Mortgage Offer** states the date on which the offer expires if not accepted by **you** before that date. **You** should check **your Mortgage Offer** to find out how long the offer is valid for, and if **you** wish to accept the **Mortgage Offer**, **you** must do so before its expiration date. **Your Mortgage Offer** will also state the latest date by which the **Completion Date** must occur. This means that the **Mortgage Offer** will expire if **we** have not completed the **Loan** and released the money for the **Loan** by that date. **You** should check **your Mortgage Offer** to find out how long **you** have to complete the **Loan**.
52. **You** must not alter the **Mortgage Offer**.
53. The **Mortgage Offer**, the **Mortgage Deed** and these **Conditions** are not legally binding between **you** and **us** until **we** make the **Loan** to **you**. This means that until **we** make the **Loan**:
- (a) **you** can decide not to go ahead with the **Loan** (either before or after acceptance), and **you** will not be responsible for any loss **we** suffer; and
 - (b) provided **we** do so for the reasons set out in **Condition 54**, **we** can change the terms of these **Conditions** or the **Mortgage Offer**, or withdraw the **Mortgage Offer** altogether and decide not to make the **Loan**, if **we** choose to.
- Your** obligation to pay fees and costs **we** have told **you** in the **Mortgage Offer** were non-refundable continues even if **you** decide not to go ahead with the **Loan** or if **we** decide to withdraw the **Mortgage Offer**. **We** will not refund any of these fees and/or costs that **you** may have already paid.
- We** will not release the funds for the **Loan** until **we** are satisfied that **you** have met all relevant terms of the **Mortgage Offer**.
54. While **we** may withdraw or vary a **Mortgage Offer** before advancing any funds to **you**, **we** will only do so:
- (a) in the event of fraud, misrepresentation or non-disclosure of material information by **you**;
 - (b) if there is a material change in **your** ability to meet **your** obligations to **us** since **you** made **your** application for a **Loan**;
 - (c) if **our Solicitors** tell **us** that they cannot comply with any of **our** instructions or cannot give a clear certificate of title;
 - (d) if there is a **Title** defect in relation to the **Property**;
 - (e) in the event that any other matter comes to light which in **our** reasonable opinion adversely affects the value of the **Property** as security for a **Loan**, or which is inconsistent with the basis on which **we** made the **Mortgage Offer**; or
 - (f) if changes in the terms or availability of **our** funding or if any other matter arises which reasonably leads **us** to consider it undesirable to make the **Loan**.
55. **We** will not be responsible to **you** for any loss **you** suffer if **we** withdraw the **Mortgage Offer**.

56. **We** can withdraw the **Mortgage Offer** with immediate effect. **We** will generally tell **you** about a withdrawal of the **Mortgage Offer** in advance if **we** reasonably can in the circumstances; however, there may be circumstances that do not allow **us** to do so. **We** will in any event seek to promptly notify **you** of a withdrawal.
57. **You** will be responsible for **your** own Solicitor's costs even if **you** do not go ahead with the **Mortgage** or if **we** withdraw the **Mortgage Offer**.
58. **You** must notify **us** immediately before **we** fund the **Loan** if **your** circumstances change or if there is a material change in the information **you** provided **us** in connection with the **Loan** in any application or otherwise. If at any time after **we** have advanced the **Loan** to **you** it becomes evident to **us** that **you** did not provide **us** with true and accurate information, and in circumstances where we would not have made the **Mortgage Offer** had **we** had been provided true and accurate information, **we** may without affecting **our** other rights under the **Mortgage**, demand **you** immediately repay the **Total Debt** in full.
59. When **we** release any **Loan** money to **you**, **we** do not guarantee that either the price or condition of the **Property** is reasonable. **You** may want to consider obtaining a full structural survey to satisfy yourself on these points before the **Loan** is made.

C. BORROWER'S COVENANTS

60. **You** Covenant to us:

- (a) To make **Monthly Payments** beginning with a payment on the first **Payment Day** and continuing on each **Payment Day** until **your Secured Liabilities** have been fully repaid and discharged, and to repay and discharge the **Secured Liabilities** on or before the end of the **Mortgage Term**.

The **Total Debt** is all the money **you** owe **us** under the **Mortgage**. It includes the following:

- (i) each **Loan** (less repayments made);
 - (ii) **Interest** on all **Loans**;
 - (iii) **Interest** on any arrears of payments, in accordance with these **Conditions**;
 - (iv) any money owing to **us** as a result of **your** repaying the **Loan** or part of the **Loan** early, such as an early repayment charge;
 - (v) all costs and expenses notified to **you** in respect of the arrangement, assessment and/or investigation of any **Loan** whether or not it is actually made;
 - (vi) all insurance premiums which **we** have paid on **your** behalf (whether or not **we** arranged the insurance) in the event that **you** fail to pay them in accordance with **Part J** of these **Conditions**;
 - (vii) any reasonable costs or **Expenses** **we** incur in taking or defending any court actions in order to protect **our** security for any **Loan**; and
 - (viii) any other money, costs, **Expenses**, fees, premiums or additional **Interest** that may become due and owing by **you** to **us** under these **Conditions**, the **Mortgage Offer** or by law whenever they fall due.
- (b) To ensure that the **Property** is adequately insured at all times and to pay all applicable insurance premiums. (See also **Part J** of these **Conditions**.)

- (c) To do whatever is required by the **Mortgage** for as long as any of the Secured Liabilities are unpaid or, as applicable, undischarged.
- (d) To do whatever is required by the deeds and documents affecting the **Property** and **Other Rights** and to comply with all covenants affecting the **Property** and **Other Rights** and all regulations of the local or other authority including planning conditions which affect the **Property** and **Other Rights**.
- (e) To complete (properly and without delay) any building work that is being carried out on the **Property** at the time **your Mortgage** is signed or at a later date as agreed with **us**.
- (f) To allow **us** or **our** agents to visit and inspect the **Property** at any reasonable time to ensure **you** have complied with the **Conditions** or to obtain an assessment of the **Property**. Except in an emergency, we will give **you** reasonable notice of any inspection **we** propose to make.
- (g) To keep the **Property** in good repair. If it is not in good repair **we** may require **you** to ensure that it is. **We** may also require **you** to complete any building works. **We** may also carry out works on the **Property** to ensure the **Property** is in good repair if **you** do not do so within a reasonable time of **us** requesting **you** to do so. **You** will be responsible for any reasonable costs and **Expenses we** reasonably incur in this respect. (See **Part Q** of these **Conditions**).
- (h) Unless the **Mortgage** is a **Buy to Let Mortgage**, to move into the **Property** as soon as is practicable from the **Completion Date**, and live in and use the **Property** as **your** primary home and not for any other use throughout the **Mortgage Term**.
- (i) Unless the **Mortgage** is a **Buy to Let Mortgage** or **you** have first obtained **our** written consent (which **we** will not unreasonably refuse) in advance, not to allow anyone to live in the **Property** or share occupation with **you** or grant any tenancy agreement or lease. If **you** do so, **we** are not bound by the conditions of such an agreement. Any consent that **we** may give may be subject to a fee or other charge, and will be consent for those people only and for a set period. It will not be consent for future occupiers or for any extended periods. Therefore, **you** must ensure that consent is given by **us** before any future occupiers live in the **Property** or any extensions of time are given. **We** shall require anyone who is or will be 17 or over as of the **Completion Date** who will be living in the **Property** with **you** (including relatives and (adult) children), to sign an agreement making, among other things, any interest he or she has in the **Property** subject to the **Mortgage Deed**. If at any time **you** have let the **Property** in violation of the **Mortgage**, **we** may without affecting **our** other rights under the **Mortgage**, demand **you** immediately repay and discharge the **Secured Liabilities** in full. Other than in connection with a re-mortgage, **you** must have vacant possession of the whole of the **Property** (i.e. **you** must ensure that the whole of the **Property** is occupied only by **you** and **your** immediate dependents) at the **Completion Date**. If **you** have a **Buy to Let Mortgage** and there is a tenant in the **Property** on the **Completion Date** **you** must have vacant possession except for occupation by that tenant.
- (j) To comply fully with Planning and Housing Acts or any other legislation in relation to the **Property**. **Your** local authority or another governmental entity may issue notices that relate to the **Property**. If that happens, **you** must promptly send **us** a copy of the notices, fully comply with the requirements of such notice, and keep **us** informed about **your** progress in complying with the requirements. If **you** fail to comply **we** may carry out any necessary work. **You** will be responsible for any reasonable costs and **Expenses we** reasonably incur in this respect. (See **Condition 133**.) If **you** receive any compensation arising from any notice **you** receive, **you** must pay this compensation to **us** and **we** will use it to reduce the outstanding balance of the **Loan**. **You** will hold on trust for **us** any such compensation **you** receive.

- (k) To immediately notify **us** of any increased or new interest **you** obtain in the **Property** and provide **us** with a new **Mortgage Deed** (if **we** require it any time after such notice) over any such new interest.
- (l) To obtain **our** written consent (which **we** will not unreasonably refuse) before making any alterations or additions to the **Property** or before changing its use. These works may require planning permission and/or building regulation consent, and **you** must ensure **you** comply with any Planning and Housing Acts.
- (m) Not to allow anything to be done to the **Property** which might increase **your** insurance premiums unless **you** obtain **our** written consent in advance (which **we** will not unreasonably refuse).
- (n) Not to damage the **Property** or do anything to lessen the value of the **Property** or **Other Rights** in any way.
- (o) To ensure that all taxes, service charges, rates and rents are paid promptly in respect of the **Property** and **Other Rights**, even if **you** are not personally responsible for paying them. If **we** require, **you** will promptly provide **us** with copies of all receipts and evidence of such payments within a reasonable time from the date of **our** request. **We** may have to pay some or all of these if they are not paid by **you**, to ensure that **your** and **our** rights in the **Property** are protected. **You** will be responsible for any reasonable costs and **Expenses we** reasonably incur in this respect. (See **Condition 133**.)
- (p) Not to apply for a grant on the **Property** without first writing to **us** to obtain **our** written consent (which **we** will not unreasonably refuse). The reason for this is that the grant may have to be paid back in certain circumstances prior to this **Mortgage** or otherwise affect **our** rights or the value of the **Property** as security for the **Mortgage**, and if so, it would be reasonable for **us** to withhold consent.
- (q) Not to take out any other loan secured on the **Property**, or otherwise create any charge over or grant any rights in the **Property**, without first getting **our** written consent in advance.
- (r) Not to sell or transfer the **Property** or any part of it to any other person (other than in connection with the paying off and discharging the **Secured Liabilities**), without first getting **our** written consent in advance (which **we** will not unreasonably refuse).
- (s) If the **Property** is leasehold, not to ask **your** landlord for an extension of the lease, or agree any alteration to it, without **our** written consent (which **we** will not unreasonably refuse). **You** must send **us** a copy of any notice **you** give or send to **your** landlord. If **we** give **our** consent **you** must comply with any conditions **we** may reasonably require as a condition of **our** consent.
- (t) If the **Property** is sold (either by **us** or by a **Receiver** after enforcement of **our** rights under these **Conditions** or otherwise) and the sale proceeds after payment of any costs and **Expenses** are less than the **Total Debt**, **you** will be responsible for paying the shortfall to **us** on demand with **Interest** (even if **we** have agreed to release the **Mortgage Deed** over the **Property** in connection with the sale). **Your** obligations under this **Condition 60(t)** will continue even after the **Mortgage Deed** has been released.
- (u) If the **Property** is a leasehold, **you** must:
 - (i) observe, perform and comply with all the tenant obligations and take all reasonable steps to ensure that the landlord complies with all obligations of the landlord under the lease;
 - (ii) obtain **our** prior written consent before **you** extend the term of the lease or acquire the whole or any part of the freehold or a commonhold unit or shares in any entity that holds such an interest, and immediately:

- a. deliver to **us** the extended lease, title deeds to the freehold or commonhold unit or the documents evidencing **your** interest in the freehold or commonhold unit; and
 - b. if **we** request, execute at **your** expense a first legal charge over such extended lease or interest in the freehold or commonhold in **our** favour to secure the **Secured Liabilities**; and
 - c. observe and perform all obligations imposed on **you** as a condition of the grant of the extended lease or such interest in the freehold or commonhold.
- (iii) inform **us** of any proposal to convert the leasehold title to commonhold;
 - (iv) not serve any notices under the Leasehold Reform Acts in respect of the Property without informing **us** first;
 - (v) keep **us** informed of any steps **you** take in connection with the Leasehold Reform Acts;
 - (vi) pay any compensation **you** receive under the Leasehold Reform Acts to **us** immediately on receipt, following which **we** will apply such compensation to reduce and/or discharge the **Secured Liabilities** in accordance with **Condition 76** and then pay any outstanding charges;
 - (vii) notify **us** within 5 **Business Days** of any notice **you** receive from the landlord related to the **Property**; and
 - (viii) get **our** prior written consent before **you** give up, waive any rights under or agree to amend the lease.
- (v) If **you** are a company, **you** warrant that you were established for the sole purpose of owning buy-to-let property and **you** shall ensure that throughout the period from the **Completion Date** to the end of the **Mortgage Term**:
 - (i) that the standard industrial classification of economic activities (SIC) in respect of **you** in the register maintained by the Registrar of Companies in relation to **you** is 68100, 68201, 68209 and/or 68320 (and not any other SIC);
 - (ii) that **you** have no employees;
 - (iii) that **you** have no liabilities other than the **Secured Liabilities**, other liabilities directly connected with **your** business of owning buy-to-let properties or liabilities required by law; and
 - (iv) that **you** have no other activities other than owning, administering and managing the **Property** and **Other Rights** in accordance with the **Mortgage Documents** (or such other activities as are reasonably incidental to those activities).
- 61.** If the **Property** is less than 10 years old or has been converted into its current use in the last 10 years, it must have the benefit of a home warranty indemnity insurance scheme acceptable to **us** and the construction must have taken place with full planning permission and with local authority supervision.
- 62.** If **you** fail to perform any of **your** obligations under these **Conditions** after a reasonable time of **us** requesting **you** to do so, **we** can perform them instead of **you** and pay any money which is necessary to perform them. **You** will be responsible for any reasonable **Expenses we** reasonably incur in this respect. (See **Condition 133.**)

63. If **you** fail to observe any of these obligations **we** have the right to sell **your Property** to recover the money **we** have lent **you** and other amounts **you** owe **us**. If that happens the sale may not produce enough money to repay and discharge all of the **Secured Liabilities**. In that case **you** will owe **us** the amount outstanding and **Interest** on that amount will be charged until full repayment has been made.

D. OUR POWERS

64. If **you** break any of **your** legal obligations under **your Mortgage**, **we** are entitled to do whatever may be reasonably necessary to fulfil those obligations on **your** behalf in order to protect the value of the **Property**. This may mean that **we** need to enter the **Property**. If **we** do so, that does not necessarily mean that **we** have taken the **Property** into possession. Except in an emergency, **we** will give **you** reasonable notice if **we** intend to enter the **Property**. **We** will act reasonably when **we** do use any of **our** rights.
65. The **Total Debt** will become immediately due and payable and the other **Secured Liabilities** shall become immediately due to be performed and discharged:-
- (a) if **you** do not pay, when due, and still owe **us**, at the time of **our** demand, an amount which equals or exceeds the total of the two most recent **Monthly Payments** that have become due prior to that demand;
 - (b) if a bankruptcy order is made against **you** or the **Guarantor** (if there is one) or **you** or the **Guarantor** otherwise becomes bankrupt or enters into any arrangement with or for the benefit of the creditors of **you** or **your Guarantor**;
 - (c) if **you** fail to observe any other material obligation under or requirement of **your Mortgage** (and, if the breach is capable of remedy, **you** have failed to remedy the breach within a reasonable time of **us** requesting **you** to do so); including, without limitation, any violation of **Condition 60(i)** regarding a lease or let of the **Property** or any violation of **Condition 60(q)** regarding creating rights or granting any interest in the **Property** that affects **our** ability to enforce the **Mortgage** satisfactorily or otherwise adversely affects **our** security under the **Mortgage**;
 - (d) if the **Property** becomes subject to a compulsory purchase order or if it is acquired or requisitioned by any authority legally entitled to do so;
 - (e) if the **Property** or any part of it is damaged and in **our** reasonable opinion or that of **our** agents the value of **our** security is materially lowered;
 - (f) if a mortgagee or other person interested in the **Property** takes proceedings for possession or to realise their interest in it or otherwise enforce their interest;
 - (g) **you** (or someone on **your** behalf) gave **us** incorrect, incomplete or misleading information or failed to give **us** true, accurate and complete information requested, and that information if properly provided when **you** applied for or obtained the **Loan** would have had a significant negative effect on **our** decision to lend to **you**;
 - (h) if **you** are the only borrower, **you** die or of there is more than one borrower, the last one of **you** dies (for purposes of this **Condition 65(h)**, the term "**you**" does not include **your** personal representative). Where there is a surviving joint borrower, such remaining borrower is individually responsible for ensuring that the **Monthly Payments** are paid when due and that the **Secured Liabilities** are paid, performed and discharged when due;
 - (i) if any material aspect of the **Mortgage Deed**, the **Mortgage Offer** and/or these **Conditions** is or is no longer valid or legally binding on **you** (including, without limitation, if **you** are a company, the

Mortgage Deed is not duly registered as a charge created by **you** by the Registrar of Companies on or before the 21st day following the date of the **Mortgage Deed**);

- (j) if the **Property** is a leasehold, **you** breach the terms of the lease and receive a notice under Section 146 of the Law of Property Act 1925 requiring **you** to cure the breach and **you** fail to do so in the time set out in the notice;
- (k) if **you** fail to pay any amount **you** owe **us** under any other agreement or mortgage that **you** have with **us** within two **Months** of such amount becoming due (where such amount equals or exceeds the total of the then two most recent **Monthly Payments** that have become due under this **Mortgage**) or if **you** break any of **your** other material obligations to **us** under any such agreement or mortgage (and, if the breach is capable of remedy, **you** have failed to remedy the breach within a reasonable time of **us** requesting **you** to do so); even if **you** have complied with **your** obligations under this **Mortgage**;
- (l) if **you** give the **Property** to **us** or if **you** abandon it;
- (m) if **you** or any **Guarantor** is a company (the **Company**) and:
 - (i) notice is given of intention to appoint an administrator of the **Company** or a receiver of its property;
 - (ii) an application to appoint an administrator or a petition is presented for the winding up or dissolution of the **Company**;
 - (iii) a liquidator or an administrator is appointed;
 - (iv) a receiver is appointed over all or a material part of the **Company's** assets;
 - (v) the **Company** is dissolved or struck off;
 - (vi) the **Company** ceases to carry on all or a material part of its business;
 - (vii) the **Company's** assets are distrained against;
 - (viii) there is any change in the directors or shareholders of the **Company** without **our** prior written consent;
 - (ix) the **Company** stops or suspends payment of any of its debts, or is unable to, or admits its inability to, pay its debts as they fall due; and/or
 - (x) the value of the **Company's** assets is less than its liabilities, taking into account contingent and prospective liabilities.

66. **We** have and a **Receiver** shall have the power to sell the **Property** given to **us** by Section 101 of the Law of Property Act 1925 free from the restrictions in Section 103 of that Act. That power will be available to **us** from the date of the **Mortgage Deed** (and for this purpose all the **Secured Liabilities** shall be due at such date). Under the Law of Property Act 1925 **we** have to tell **you** when the **Secured Liabilities** become due and payable and for this purpose, the **Secured Liabilities** will become due on the date of the **Mortgage Deed**. However, this does not mean that **we** will immediately require **you** to repay and discharge the **Secured Liabilities** or that **we** or a **Receiver** will immediately exercise the power to sell the **Property**; instead we or, as applicable, a Receiver will not do those things until the time indicated in **Condition 67** **We** will only do this if any of the circumstances described in **Condition 65** apply.

67. At any time or times after the **Total Debt** becomes immediately due and payable and/or the other **Secured Liabilities** become immediately due to be performed and discharged (including, without limitation, under **Condition 65** but other than under **Condition 66**), **we** (or a **Receiver** appointed by **us**) may do any of the following:
- (a) take possession of the **Property** and require **you** to leave it;
 - (b) require any tenants or workmen or others who may be in the possession of the **Property** to leave it unless they are there with **our** consent;
 - (c) carry out all the powers which are given to **us** and the **Receiver** by the Law of Property Act 1925 (except that the restrictions which are imposed by Section 103 of that Act will not apply) or the Insolvency Act 1986. (For example, these powers include the ability to take a surrender of leases and to insure the **Property**);
 - (d) appoint a **Receiver**;
 - (e) exercise all other powers conferred on **us** as a mortgagee under Law of Property Act 1925;
 - (f) vary the terms or accept surrenders of leases and grant or renew leases or tenancies of the **Property** free of the restrictions of Section 99 of the Law of Property Act 1925, or sell or otherwise dispose of it, as **we** reasonably think fit;
 - (g) arrange and carry out all repairs, works, alterations, demolition, change of use under **Planning and Housing Acts**, additions, road schemes and developments to the **Property** and generally to manage the **Property** as **we** reasonably think fit (without assuming any legal responsibilities associated with repossessing the **Property**, and, other than in emergency circumstances, will give **you** at least seven (7) days' notice of **our** intent to enter the **Property**);
 - (h) employ and also pay persons for carrying out any of these powers at a price or fee and upon any terms as **we** reasonably think fit;
 - (i) let and manage the **Property** (but this will be at **your** risk);
 - (j) put any money which **we** receive in exercising any of these powers towards any future **Monthly Payments** that become due or towards other money that may be due or become due from **you** under these **Conditions**;
 - (k) at the time that **we** take possession of the **Property**, or afterwards, remove, store, sell or deal with any furniture or goods that **you** may have in the **Property** and that **you** have failed or have refused to remove. In exercising this additional power **we** will be acting as **your** agent. Provided **we** have acted reasonably in exercising this right, **we** will not be responsible for any loss or damage that may occur and **you** will be responsible for **our** reasonable costs and **Expenses**. (See **Condition 133**.) In carrying out this power **we** will not have any right to keep any of these items as security under the **Mortgage**. **We** or a **Receiver** may, at **our** option, use the proceeds of any items we sell to pay **our** related costs and **Expenses** (or those of the **Receiver**). **You** would remain liable for any remaining costs and expenses if the proceeds of sale or insufficient, and otherwise entitled to be paid the net proceeds remaining, if any, if they are sufficient to pay all such related costs and expenses;
 - (l) after **we** have entered into possession of the **Property** or appointed a **Receiver** of it or any part of it, give up possession or remove a **Receiver** if **we** give notice to **you**;
 - (m) retain all sums allowed to **us** by way of commission or otherwise. Unless **we** are required to disclose or give **you** the commission, they will belong absolutely to **us**;

- (n) divide the **Property** as **we** reasonably see fit and sell any part of the **Property** separately. **We** may also sell the **Property** for a price to be paid in instalments over a period that **we** shall reasonably determine if **we** reasonably believe that **we** will be able to obtain a better price for the **Property**; and / or
- (o) sell, agree to sell or grant an option over all or part of the **Property** and any other security for the **Secured Liabilities** on any terms; and / or
- (p) if **you** are a company:
 - (i) by notice in writing to **you**, convert the floating charge contained in the **Mortgage Deed** into a fixed charge; and / or
 - (ii) appoint an administrator of the company.

In addition, if **you** are a company and the company tries to create security over its assets or any person seeks to distrain or seize the company's assets or take action to do so then the floating charge contained in the **Mortgage Deed** will automatically take effect as a fixed charge.

- 68. As the owner of the **Property**, **you** may be a member of a freehold company, a management company or a tenants' or residents' association. If **we** have no **Mortgage** over those membership rights when **we** exercise **our Power of Sale** of the **Property**, **you** give **us** an irrevocable power of attorney to transfer **your** membership rights to the purchaser and to keep any payment made for the transfer.
- 69. When the **Property** is sold, either by **you** or by **us** or by a **Receiver**, it may not realise enough money to repay and discharge the **Secured Liabilities**. If that happens, **you** will be responsible for paying **us** the difference and **Interest** will continue to be charged on the amount **you** owe **us** until **we** have received payment and discharge of the **Secured Liabilities** in full. **Your Guarantor** (if **you** have one) may also be asked to repay the outstanding amount. (See also **Part M** of these **Conditions**.)
- 70. The money that **we** receive after **we** have exercised any of the powers contained in these **Conditions** will be used as follows:
 - (a) first, **we** will pay all costs and **Expenses** which have been incurred by **us** or any **Receiver** in exercising, any of **our** rights under the **Mortgage** including the sale of the **Property** or any previous attempts to sell it;
 - (b) second, **we** will use any remaining money towards repaying and discharging the **Secured Liabilities**;
 - (c) third, if any money remains after the **Secured Liabilities** have been paid and discharged **we** will pay that surplus money to **you** or if **you** are not entitled to it to the persons who reasonably appear to **us** to be entitled to it (after making reasonable enquiries).

Section 109 of the Law of Property Act 1925 will apply as if the words "not exceeding five per centum on the gross amount of all monies received" were omitted from its subsection (6) and as if subsection (8)(iv) read "in payment of the money whether for interest or otherwise in arrear or accruing due under the mortgage". (This means a **Receiver's** remuneration is not limited and alters the method by which a **Receiver** can apply money received.)

- 71. If the **Property** has been mortgaged in a way that gives someone else a first claim on it or someone has been granted or has obtained an interest in the **Property** ahead of **our Mortgage Deed**, **we** have the right, at **our** option, and without an obligation to do so, to buy out the other person's rights; at any time:

- (a) after **you** fail to cure the problem in the time stated in any notice **we** give **you** demanding that **you** pay the debt secured by such person's interest and obtain a release of that interest; or
- (b) as soon as any powers under that claim or interest have come into force.

You will be bound by any agreement **we** reach with the other person; and **you** will have to pay **us** back any money **we** paid in buying out the other person's interest in the **Property**.

- 72. **Our** powers contained in the **Mortgage** are in addition to and are not instead of any other powers and remedies that **we** have by law. **We** will not be stopped from exercising any power given to **us** by law if **we** have already exercised any powers given in the **Mortgage**.
- 73. All costs and **Expenses** that **we** reasonably pay or incur (or a **Receiver** that **we** appoint pays or incurs) in connection with any rights or powers given to **us** under this **Mortgage** in relation to the **Property** must be repaid by **you** to **us**. (See **Condition 133**.)

E. INTEREST

- 74. **We** will charge and **you** will pay **Interest**:

- (a) on any **Loan we** make to **you** from the **Completion Date**; and
- (b) on each other amount included in the **Total Debt** (including costs, **Expenses**, premiums and fees) which become due from **you** during the **Interest Period**, in accordance with the **Mortgage**,

until the **Total Debt** is repaid in full.

This applies even if **we** obtain a court order against **you** for payment of some or all of the **Total Debt**.

- 75. **Interest** on the **Total Debt you** owe **us** will accrue on a daily basis and be calculated and charged based on the **Total Debt you** owe **us** at the end of the previous day.
- 76. **We** will use any payments **you** make to **us** under the **Mortgage** in the following way. First, **we** will use them to pay off the balance of any arrears (excluding any **Interest** or charges on that balance). Then **we** will use any balance to pay off any **Interest, Expenses** and charges **you** owe. **We** will apply any remaining balance to reduce the **Loan**, and therefore the **Total Debt**.
- 77. **Interest** which accrues in any **Interest Period** shall be due and payable on the next **Payment Day**, or, if earlier, when the **Total Debt** is repaid in full. **Interest** will be charged on any **Interest** which **you** do not pay on or before the next **Payment Day**, such that **Interest** will accrue as compound interest.
- 78. The **Interest Rate** is an annual rate. To calculate the amount of **Interest** accruing on a daily basis, **we** divide the amount of the annual **Interest** by 365, or 366 in a leap year.
- 79. **We** may change the method of calculating the **Interest** (including whether it is charged in arrear or advance) to reflect changes in **our** procedures or systems, where it is reasonable to do so. If **we** transfer any or all of **our** rights under the **Mortgage Documents** to another person, that person may change such method to reflect their procedures and systems where it is reasonable to do so. However, any change in the way in which **Interest** is calculated will not materially increase **your** obligations. **We** will give **you** not less than one month's notice in advance of any change in the method **we** calculate **Interest**.

F. VARIATION OF INTEREST

80. Where **we** have agreed in the **Mortgage Offer** a fixed rate of interest for any period in respect of any **Loan**, **we** will not vary the **Interest Rate** for that period.
81. Where **we** have agreed in the **Mortgage Offer** a rate of interest which is linked to an independently set rate, such as (but not limited to) **LIBOR** or the **Bank of England Base Rate**, the **Interest Rate** will change by reference to the independently set rate at the times, in the manner and on the terms set out in the **Mortgage Offer**. We will give **you** notice of any change of the **Interest Rate** under this under **Condition 81** within a reasonable time after that change.
82. Unless **Condition 80** or **Condition 81** applies, the **Interest Rate** will be a **Standard Variable Rate** and can be changed by **us** from time to time. The **Standard Variable Rate** (and, correspondingly, the **Interest Rate**) can be changed by **us** for any of the following reasons by giving **you** notice:
- (a) to respond proportionately to changes in **LIBOR** or the **Bank of England Base Rate**;
 - (b) to respond proportionately to changes in the law or the decisions of a court or ombudsman;
 - (c) to meet relevant regulatory requirements;
 - (d) to reflect new (or changes to) any statements or codes of practice or industry guidance designed to enhance consumer protection; or
 - (e) to proportionately reflect legitimate changes in the costs incurred by **us** in providing the **Mortgage** (including, without limitation, where **LIBOR** ceases to be the most common reference for **us** and other lenders similar to **us** for funding residential mortgage loans similar to the **Loan**).

Any change that **we** make to the **Standard Variable Rate** under this **Condition 82** will be proportionate to the circumstances giving rise to the change. **We** will write to **you** to tell **you** about a change under this **Condition 82**, and to notify **you** of **your** revised **Monthly Payment**, at least 10 **Business Days** before any change takes effect.

83. If the **Interest Rate** changes under **Condition 81** or **82** (as applicable), **we** will notify **you** and change **your Monthly Payment**.
- (a) If the **Interest Rate** increases under **Condition 81** or **82** (as applicable) and the increase is effective before the change in the **Monthly Payment**, the next **Monthly Payment** **you** are to make on the next **Payment Day** may not be sufficient to pay all of the **Interest** that accrued since the date the **Interest Rate** increase was effective. If this occurs, any unpaid **Interest** will be added to the **Total Debt** and **you** will pay **Interest** on it from that **Payment Date** until paid. **You** can contact **us** to pay any such unpaid **Interest** at any time to stop it from accruing further **Interest**.
 - (b) If the **Interest Rate** decreases under **Condition 81** or **82** (as applicable) and the decrease is effective before the change in the **Monthly Payment**, the next **Monthly Payment** **you** make on the **Payment Day** in the following **Month** may be more than the amount necessary to pay all of the **Interest** that accrued in the previous **Month**. If this occurs, **we** will apply the excess payment in accordance with **Condition 76**.

G. THE MONTHLY PAYMENT

84. **You** must pay **us** the **Monthly Payment** on each **Payment Day** as stated in the **Mortgage Offer** until such time as **you** have paid the **Total Debt**.

85. The initial **Monthly Payment** and initial **Payment Day** are stated in the **Welcome Letter**.
86. *Changes to the Payment Day*
- (a) **We** will also consider, and will not unreasonably withhold **our** consent for, any change to the **Payment Day** **you** request. If **we** consent to the change, **we** will write to **you** to tell **you** (i) when the changed **Payment Day** will first come into effect, (ii) whether the **Interest Period** **we** use to calculate the first **Monthly Payment** after the change will be longer or (if **we** agree) shorter than one **Month**, and (iii) how much **your Monthly Payment** will be for that **Month**.
- (b) For a particular **Interest Period** in which there is a **Payment Day** change:
- (i) if **you** pay **your Monthly Payment** by direct debit, **we** will change the amount payable under the direct debit for the relevant **Interest Period** so that **you** pay the **Monthly Payment** in full for that period; and
- (ii) if **you** pay **your Monthly Payment** by a standing order at **your** bank **your** usual standing order will not match the **Monthly Payment** **you** owe **us** for that **Interest Period**. **You** will need to pay **us** any shortfall. If there is a surplus, **we** will apply the surplus in accordance with **Condition 76**.
87. The amount of the **Monthly Payment** will be calculated by **us** based on the amount of the **Loan**, the **Interest Rate** and the **Mortgage Term** shown in the **Mortgage Offer**. It does not include, and will not be sufficient to repay, any fees, costs, **Expenses** or related **Interest** that has been added to the **Total Debt** pursuant to these **Conditions**.
88. **Your Monthly Payment** will be calculated assuming each month is an equal one-twelfth of the year.
89. The **Monthly Payment** may be changed by **us** from time to time by giving **you** notice in writing:
- (a) when there is a change in the **Interest Rate** or the **Mortgage Term**;
- (b) when **you** have taken any **Additional Borrowing**;
- (c) if **you** have made a **Capital Repayment**;
- (d) in order to recover costs or **Expenses** (including among other items, insurance premiums) payable by **you** under these **Conditions** where **you** have not paid them within a reasonable time of **us** requesting **you** to do so; or
- (e) by agreement with **you**.
- You** should note that if **you** pay more than **your Monthly Payment** due on any **Payment Day**, only that part of the excess amount over any outstanding arrears amounts, **Interest**, costs, **Expenses** or fees owing to **us** at the time, will be treated as a **Capital Repayment** which may result in a change to **your Monthly Payment**. **You** may not pay less than the **Monthly Payment** due on any **Payment Day**, or elect to suspend, delay or take a "payment holiday" as to any such **Monthly Payment**.
90. The **Monthly Payment** (and any excess amount paid) will be applied to the **Total Debt** in accordance with **Condition 76**.

H. ENDING YOUR MORTGAGE EARLY

91. If **you** wish, **you** may repay all or part of **your Loan** before the date on which **we** originally agreed that the **Mortgage** would end. If **you** wish to repay all of **your Loan** before that date **you** will need to pay the **Total Debt**.
92. **You** will also be required to pay to **us Interest** calculated up to the day of receipt by **us** of the repayment money. **We** may not release the whole or part of **your Mortgage** until all money has been received by **us** to clear **your Total Debt** and until each of the other **Secured Liabilities** that ought to have been performed and/or discharged by that time have been duly performed and/or discharged.
93. **There** may be additional **Interest** or other early repayment charges and fees to pay. **You** will find the early repayment charges, and the amount, if any, **you** can prepay in any year without incurring such early repayment charges), set out in **your Mortgage Offer**. It is important that **you** check the **Mortgage Offer** before redeeming the whole or repaying part of the **Mortgage** early. **You** must also pay any fees payable under the **Tariff of Mortgage Charges** in connection with any early repayment. **We** will not release **your Mortgage** in whole or in part until all money has been received by **us** to clear **your Total Debt**. **We** may also require **you** to pay any such early repayment charges and fees if **we** demand that **you** repay the **Total Debt** under **Condition 65**.
94. If **you** ask **us**, **we** will tell **you** how much **you** will need to pay on the date of an early repayment.

I. MISTAKES

95. If **we** miscalculate the amount payable by **you** to **us** or make any other mistake about the **Secured Liabilities** this will not affect any of **our** rights, including **our** ability to claim the correct amount from **you** (either before or, subject to **Condition 96**, after the **Mortgage** has been discharged) with interest at the **Interest Rate** until repayment. However, **we** will act reasonably in exercising **our** rights and **we** will seek to agree with **you** a repayment method which **you** are able to afford.
96. If **we** release **your Mortgage** in error (because, for example, **we** miscalculate the amount and/or extent of the **Secured Liabilities**) **we** may claim from **you** any amount still owing. However, **we** will not be entitled to do this if **we** do not give **you** notice in writing within 3 months of the date of release (unless **you** were, or **your Guarantor** was, aware of the mistake at the time of the release), or if **you** can show **you** have changed **your** financial position as a result of the error, at a time when **you** were not aware of it.
97. **Your** receipt of a letter from **us** saying the **Secured Liabilities** have been repaid and/or discharged in full will not prevent **you** from being personally liable if it is later found out that the amount and/or extent of the **Secured Liabilities** were understated by mistake. However, **we** will act reasonably in exercising **our** rights.
98. **Your** continued liability under **Conditions 95 to 97** does not affect any legal rights which **you** have as a result of the **Secured Liabilities** being understated.

J. INSURANCE COVER

99. The **Property** must be fully and adequately insured to cover the re-instatement value of the **Property** at all times.
100. **You** are responsible for ensuring that there is adequate insurance cover on **your Property** at all times.
101. **You** are responsible for paying the premiums and other insurance charges when due.
102. Unless the **Property** is leasehold and the terms of the lease require **your** landlord to insure the **Property**, **you** must arrange for the **Property** be insured and kept insured with a reputable insurance company against

loss or damage by any of the risks which comprehensive buildings insurance in the United Kingdom normally covers (including, without limitation, fire, landslip, subsidence and heave). The initial sum insured must not be less than the full re-instatement value of the **Property** (as recommended in a professional mortgage valuation) together with architects' surveyors' and other professional fees, demolition costs, debris removal costs, any costs associated with meeting any building or governmental regulations. The sum insured must be on an index-linked basis, so that the sum insured must track the full reinstatement value of the **Property** taking into account inflation. **You** will be responsible for paying any excess in the event **you** make any claim under the insurance.

103. The following terms apply if the **Property** is leasehold and the terms of the lease require that the landlord insure the **Property**:

- (a) **you** must make all reasonable efforts to ensure that the landlord insures the **Property** on terms consistent with **Condition 99**;
- (b) If the landlord does not insure the **Property** as required, **you** must inform **us** and put in place such insurance cover as **we** may reasonably require; and
- (c) **you** must, on request, show **us** such documentation relating to the insurance policies as **we** may reasonably require.

104. The insurance must be in force:

- (a) if **you** are getting the **Mortgage** in connection with **your** purchase of the **Property**, when contracts are exchanged; or
- (b) otherwise (such as if **you** are re-mortgaging), on or before the **Completion Date**.

You must provide to **our Solicitor**, at least 5 **Business Days** prior to the **Completion Date**, a copy of the buildings insurance policy complying with these **conditions** together with written evidence that the premium has been paid.

105. If:

- (a) **you** do not make and maintain the insurance arrangements required by **Conditions 99** to 104 (as applicable);
- (b) **you** do not make sure the required the insurance premiums are paid;
- (c) **you** do not provide **us** with written evidence on request that the required insurance arrangements are being maintained and the premiums are being paid, and with a copy of the insurance policies; or
- (d) any of the events set out in **Condition 65** has occurred,

then **we** may (but are not required to) insure the **Property** for such amount and on such terms as **we** may reasonably decide. Any such insurance premiums **we** pay will be treated as **Expenses** and shall be payable by **you**. If **you** fail to do so within a reasonable time of **us** requesting **you** to do so, the cost of the premiums will be added to **your Total Debt** together with any costs and **Expenses we** incur in administering the **Insurance**. Any **Insurance we** arrange under this provision shall be solely for **our** benefit and will not cover **your** interest in the **Property**. **We** may retain any sums **we** receive, whether as commission or otherwise, from the insurance company providing the **Insurance** and **we** shall not be required to account to **you** unless required by law to do so.

106. **You** must not do anything or omit to do anything which might prejudicially affect any insurance policy affecting the **Property** or breach any of its terms; or to allow any such action or omission to occur.
107. **You** are responsible for telling **your** insurers about any changes in circumstances which may affect **your** insurance cover.
108. **You** must tell **us** (as soon as possible and in any event within 10 **Business Days**) of any circumstances preventing or likely to prevent **you** (or **your** landlord (as applicable)) from being entitled to make a claim under any insurance policy related to the **Property**.
109. If a claim is made under any insurance policy **we** may acting reasonably negotiate all the details and settle claims with the insurers, and **you** must do anything reasonably necessary to enable **us** to do this.
110. Insurers will be entitled to pay any money receivable under any insurance policy **you** put in place to **us** instead of to **you** and when doing so, satisfy their obligations to **you**. **We** may use the proceeds to pay **our** related reasonable **Expenses**, and apply the balance pursuant to **Condition** 111.
111. Money paid as a result of any buildings insurance claim (paid to either **you** or **us**) must be used, at **your** option, either to repay part of **your Total Debt** or to repair or rebuild the **Property** unless it is not reasonably practicable to do so.
112. If payment is made directly to **you**, this money is held by **you** in trust for **us** (i.e. on **our** behalf) and kept separate from **your** own funds.
113. **You** must put in place, maintain and comply with all of the terms of any other insurance policies **we** require in the **Mortgage Offer** that **you** to take out. If **you** fail to pay the premiums for and maintain such insurance, **we** may do so and the amount of the premiums will be treated as **Expenses**, and any costs **we** reasonably incur shall be recoverable under the **Mortgage**. **We** will have the right to settle any insurance claim made under such **Insurance** policy on reasonable terms.
114. For the purpose of **Conditions** 99 to 113, to Section 108 (1) and (2) of the Law of Property Act 1925 shall not apply to this **Mortgage**. This means that the amount of any **Insurance** effected by **us** or **our** ability to effect any **Insurance** will not be restricted.

K. INTEREST ONLY MORTGAGES

115. If **you** have an interest only **Mortgage** or **we** allow **you** to pay **your Mortgage** (or any part of it) on an interest only basis, the **Monthly Payments you** make during the **Mortgage Term** as to that **Loan** or part of the **Loan** consist of and will pay accrued **Interest** only and will not reduce the **Total Debt**.
116. **You** will at the end of the **Mortgage Term** have to repay from **your** own resources the **Total Debt** owed to **us**.
117. It is **your** responsibility to make certain that **you** can repay the **Total Debt** at the end of the **Mortgage Term**. In order to achieve this **you** must ensure that **you** have an adequate repayment strategy in place. It is **your** responsibility to check that any repayment strategy is adequate to repay the **Total Debt** at the end of the **Mortgage Term**.
118. **You** should regularly review **your** chosen means of repayment to make sure it continues to be suitable and that it is on track and an appropriate means of repayment of the **Total Debt** at the end of the **Mortgage Term**.
119. If an adequate repayment strategy is not in place **you** should notify **us** as soon as possible and seek independent financial advice.

120. **You** must promptly provide **us** with evidence when requested, that **your** repayment vehicle remains suitable to repay the **Total Debt** at the end of the **Mortgage Term**. **We** may write to **you** from time to time to remind **you** to review the adequacy of **your** repayment strategy.
121. If **your Total Debt** is not paid off at the end of the **Mortgage Term**, **you** or **we** may have to sell the **Property** to try to repay all or part of the **Total Debt** and **Interest** will be charged on the amount outstanding until it is fully paid off.

L. LEASEHOLD PROPERTY

122. **You** must ensure **you** pay all service charges, ground rent and other amounts promptly to **your** landlord. If there is a dispute **you** must inform **us** immediately. **We** may pay **your** landlord any monies due and/or perform and/or discharge **your** obligations to **your** landlord to prevent **your** landlord from entering into possession of **your Property**. **You** will be responsible for paying **us** on demand any reasonable costs and **Expenses we** reasonably incur in this respect. (See **Part Q** of these **Conditions**.)

M. GUARANTORS

123. The **Mortgage Offer** may require **you** to provide one or more **Guarantors** for **your Mortgage**.

N. TRANSFER OF THE MORTGAGE

124. **We** may at any time and from time to time enter in into a **Transfer** to any person (a "**Transferee**"). A **Transfer** will not change the terms of the **Mortgage Documents** or reduce your guarantees under the **Mortgage Documents**.
125. **You** agree that any **Transfer** under **Condition 124** may be at law, in equity or beneficially and any assignment may be absolute or by way of security.
126. **You** agree to each **Transfer** under **Condition 124** that **we** may make, and **you** understand and agree that **we** may do so without giving notice to **you** and without **your** consent.
127. **You** understand that a **Transfer** under **Condition 124** typically involves **us** transferring all or some of **our** rights under the **Loan, Mortgage Documents** or the related security to another person or entity as **Transferee**.
128. In connection with such a **Transfer** **you** agree that:
- (a) **we** may disclose any information relating to **you**, the **Mortgage** or the related security, the **Property**, any supporting documentation, the history and conduct of **your** account, the results of any statistical, monitoring or quality analysis activity that **we** may have carried out on **your** account from time to time, and any other relevant information; to any person or entity that does, or **we** believe wishes to, (a) enter into a **Transfer**, with **us**, (b) fund or otherwise be involved in or evaluate a **Transfer**, (c) purchase or evaluate a purchase or funding of a purchase of all or part of **our** business, or otherwise be involved in any such purchase, and (d) any prior holder of the **Loan** or **Mortgage** or any rights therein. **We** may provide the information at any time and from time to time, on, prior to or after any actual or potential **Transfer**; and
 - (b) unless the terms of the **Transfer** state otherwise, the person to whom **we** transfer all or some of **our** rights under the **Mortgage Documents** will be able as **Transferee** to exercise the relevant transferred rights and powers that **we** could exercise before the **Transfer**; including, without limitation, the right to change the **Tariff of Mortgage Charges** and the setting of variable interest rates (if any) that may be different than those charged or set by **us** (or any previous **Transferee**).

O. OTHER RIGHTS

129. So far as **you** can (but only until the time when the Secured Liabilities are fully paid, performed and discharged):
- (a) to the extent that any of the **Other Rights** that **you** have or may be entitled to have are not effectively charged to **us** under the **Mortgage Deed**, **you** declare and agree that **you** hold the **Other Rights** on trust for **us** with full title guarantee as further continuing security for the payment and discharge of all the **Secured Liabilities**;
 - (b) **you** agree that **you** will hold all **Other Rights** on **our** behalf;
 - (c) **you** appoint **us** and any **Receiver** irrevocably to be **your** attorney to act for **you** to do the following:-
 - (i) to do all such things to assess, agree, obtain, enforce and recover **Other Rights**;
 - (ii) to give any notices or counter notices in relation to **Other Rights**;
 - (iii) to execute any document or do any anything which **you** are required to do under these **Conditions** and the **Mortgage**;
 - (iv) to carry out or enforce any right in respect of the **Property** which **you** may have by law or which **you** may have or become entitled to against any focal authority or other body.

Upon **our** request, **you** will promptly sign a document assigning the **Other Rights** absolutely to **us** with full title guarantee as further continuing security for the payment and discharge of all the **Secured Liabilities**. That document will be prepared by **us** and will, unless **we** indicate otherwise, incorporate these **Conditions**.

130. Any money received in respect of **Other Rights** must be used to reduce the **Secured Liabilities** unless **we** tell **you** in writing that it can be used to restore or improve the **Property**.

P. BORROWERS WITH A MORTGAGE ON MORE THAN ONE PROPERTY

131. If **you** have more than one **Property** mortgaged to **us** this **Condition** 131 applies to **you**.
- (a) If **you** wish to pay off the loan secured on any of **your** properties **you** may at the same time have to pay the total debt secured on all or any of **your** other properties if **we** require **you** to do so, before **we** release the **Property** from the **Mortgage**. Section 93 of the Law of Property Act 1925 will not apply to the **Mortgage**. **We** will only exercise this right if **we** reasonably believe that otherwise **our** security for the other money **you** owe **us** would or might be insufficient. (Section 93 of the Law of Property Act 1925 enables a borrower to redeem one mortgage without paying the money secured by another, unless the mortgage provides otherwise).
 - (b) This **Mortgage** will be security not only for the **Loan** but also for all money which may at any time be owing by **you** to **us** on any other mortgage with **us**. This means that if **you** fail to make any **Monthly Payments** on any mortgage with **us** and **we** sell the **Property** or **you** sell the **Property**, any surplus funds will be applied to any remaining mortgage with **us**. If money is still owing on any properties that have been sold that amount will be added to the amount owed on **your** other properties still remaining in mortgage to **us**. In these circumstances, **we** are still able to take legal action to recover **your Total Debt** on the properties not yet sold.
132. **Condition** 131 does not apply to money which is owing to **us** under a Regulated Credit Agreement, unless the appropriate requirements of the Consumer Credit Act 1974 have been complied with.

Q. COSTS, EXPENSES AND FEES

133. Where **we** are entitled under these **Conditions** to recover from **you** any costs or **Expenses** incurred by **us**, then:
- (a) **you** must pay them to **us** when **we** ask **you** to do so in the written notice **we** give **you**;
 - (b) **you** must pay them to **us** in full; and
 - (c) if **you** do not pay them to **us** within a reasonable time of **us** requesting **you** to do so, they will be added to the **Total Debt** and **Interest** may be charged on them from the date **we** asked **you** to make payment.
134. **We** may charge fees for items relating to the making of a mortgage loan, the operation of **your** account, the storage of title deeds or the **Property**. The fees will take account of the **Expenses** **we** incur and the cost of staff time and the use of **our** office and computer facilities. **You** must pay any fee **we** charge under this **Condition** 134 when **we** ask **you** to do so in the written notice **we** give **you**. If **you** do not pay it within a reasonable time of **us** requesting **you** to do so, **Interest** will be charged on it from the date **we** asked **you** to make payment.
135. **We** will tell **you** about **our** current fees in **our** **Tariff of Mortgage Charges**. **We** can change **our** fees as follows:
- (a) **We** can change the fees **we** charge at any time. Changes may include the abolition of, or amendment to existing fees, or the introduction of new fees and may be made if **we** reasonably believe that the change is needed for any of the following reasons:
 - (i) to proportionately reflect legitimate changes in the costs (including tax) **we** incur in providing the service, or carrying out the function, to which the fee relates;
 - (ii) to meet relevant regulatory requirements; or
 - (iii) to reflect new (or changes to) any statements or codes of practice designed to enhance consumer protection.
- Any change that **we** make to **our** fees will be proportionate to the circumstances giving rise to the change.
- (b) Where **we** introduce new fees, or increase existing fees, **we** will tell **you** about the change, not less than 30 days before it takes effect, as follows:
 - (i) by letter; and
 - (ii) by sending **you** a copy of **our** revised **Tariff of Mortgage Charges**.
 - (c) A change which abolishes a fee, or reduces the amount of an existing fee, may be introduced with immediate effect and **we** will tell **you** about the change by letter and by sending **you** a copy of **our** revised **Tariff of Mortgage Charges** as soon as practicable after the change is made.

R. BUY TO LET MORTGAGES

136. The terms of **Condition** 136 to **Condition** 142 which relate to a permitted letting of the **Property** only apply if **your** **Mortgage Offer** states that **you** have a **Buy to Let Mortgage**.

137. You must let the **Property** on a tenancy agreement to an acceptable tenant within three months of the **Completion Date** of the **Loan** and neither **you** nor any member of **your** family may occupy the **Property**. Each time the **Property** ceases to be let, **you** will re-let the **Property** on a tenancy agreement to an acceptable tenant as soon as possible.

138. Any tenancy agreement created must comply with the following:

- (a) any tenancy of the **Property** created before 1 March 1997 must be an Assured Shorthold Tenancy and be for a term of not less than six months (**your** Solicitor must produce to **us** or to **our** Solicitor valid notices served under Section 20 of the Housing Act 1988 before the tenancy was created together with a copy of the tenancy agreement);
- (b) any tenancy created after 28 February 1997 must either in all respects comply with the Housing Act 1996 as an Assured Shorthold Tenancy, or be a common law tenancy agreement (i.e. where the letting is to a company or the rent is more than £100,000 per year);
- (c) **you** must produce evidence to **our** Solicitor, before buying the Property, that all provisions of Part 1 of the Landlord and Tenant Act 1987 and the Housing Act 1988 have been complied with by the seller or **you** as appropriate;
- (d) the letting must be for residential purposes only and the letting must require use as a single residential property unless the **Mortgage Offer** expressly permits multiple occupation;
- (e) the letting must not confer any security of tenure on the tenant(s) beyond the end of the contractual term of the tenancy agreement and the tenancy agreement must prohibit sub-letting;
- (f) the tenancy agreement must not be for a term of more than twelve months;
- (g) references about ability to pay the rent and character must be obtained for each proposed tenant and must be made available when **we** ask for them;
- (h) any tenancy agreement must (1) be in a form normally used for residential agreements; and (2) contain no terms which can adversely affect **our** interest as mortgagee; and
- (i) any deposit must be held by a body approved by the applicable governmental entity in the United Kingdom pursuant to the requirements of the Housing Act 2004.

139. The following are unacceptable as tenants for the **Property**:

- (a) **you** or **your** family members or a **Guarantor** or a **Guarantor's** family members (in each case including, for example, **your** spouse, civil partner, parents, grandparents, siblings, children and grandchildren);
- (b) multiple tenancies (including for the avoidance of doubt houses in multiple occupation);
- (c) tenants in receipt of housing benefit;
- (d) **your** employee;
- (e) local authority tenants; and
- (f) people who could claim diplomatic immunity.

140. Other than as permitted in **Condition 136** to **Condition 142** you must not:
- (a) lease, rent sub-let or agree to lease, rent or sub-let the **Property** or any part of it (and any right you have under the Law of Property Act 1925 to grant leases is amended accordingly); or
 - (b) share or part with possession of the **Property** or allow other adults (aged 17 or over) to live in the **Property** or allow them to acquire any right or interest in the **Property** or the right to occupy it.
141. You must do whatever is legally necessary to ensure that your tenants carry out their obligations under the tenancy agreement.
- You must fully and punctually comply with your obligations under the tenancy agreement and you must not extend or end the lease or tenancy, or agree to any of the terms being changed in a way that is contrary to the requirements set out in these **Conditions**, unless you have our prior written consent.
142. If the **Property** is subject to the selective licensing scheme laid down by Part 3 of the Housing Act 2004 you must have and maintain a satisfactory licence under the selective licensing scheme in relation to the **Property** throughout the **Mortgage Term**.

S. INFORMATION ABOUT YOU AND YOUR MORTGAGE ACCOUNT

143. Without prejudice to the declaration in, or provided in connection with, any **Mortgage** application, by entering into the **Mortgage Deed**, you consent to us passing on any information or documents held by us or provided by you in relation to your application for any **Loan**, the **Mortgage**, the **Mortgage Documents**, the **Property** and any related security held by us or the conduct of your **Mortgage** to:
- (a) any actual or proposed **Transferee** under **Condition 128**;
 - (b) any actual or proposed provider of funds for any **Loan** or any person involved with such actual or proposed provision;
 - (c) any party with whom we or our agents have, or are considering entering into, a contractual agreement in relation to the **Mortgage**;
 - (d) credit reference and rating agencies;
 - (e) fraud prevention data sharing schemes and databases or other fraud prevention agencies and systems;
 - (f) any other party who it may be necessary to inform in connection with any contemplated litigation against you or professionals employed in relation to the **Mortgage**;
 - (g) any of our subsidiary, holding, or associated companies or agents;
 - (h) any professional advisors of any persons referred to in paragraphs (a) to (g) above; and
 - (i) any other person we are required or permitted to provide such information to by law.
144. If you instruct a **Solicitor**, you allow him to tell us about anything he knows or learns about you or your affairs which may be relevant to our decision to lend to you. This applies to any information, whether learnt before or while acting for you on the **Mortgage**.

T. WHAT TO DO IF YOU ARE HAVING TROUBLE MAKING YOUR MORTGAGE PAYMENTS

145. If **you** are having problems making **your Monthly Payments** **we** may be able to help **you**. Whenever **you** think **you** may have a problem now or in the future it is important to contact **us**. **We** can sometimes defer a **Monthly Payment**. This means that **your Total Debt** (including the amount of **Interest you** pay) may increase. **We** may be able to make special arrangements allowing **you** to alter the amount and timing of **your Monthly Payments** or make other agreed variations.
146. **You** must remember that if any help is given to **you** this does not release **you** from any of the **Mortgage Documents**. It is particularly important to realise that any special arrangement that **we** might make does not affect **our** rights over the **Property** including the right to exercise **our Power of Sale** together with the right to collect from **you** the **Total Debt** and enforce the other **Secured Liabilities**. If **you** have a **Guarantor** any special arrangement made by **us** will not alter the **Guarantor's** legal responsibility to pay and discharge the **Secured Liabilities** should **you** fail to do so.
147. It is **your** responsibility to satisfy yourself as to the effect of any special arrangement on **your Mortgage Term**, the **Total Debt** and/or the amount of **your Monthly Payment**.

U. NOTICES

148. If **we** have to serve on **you** a letter or personal notice or other document under this **Mortgage** it will be in writing and sent to **your** registered address or other last known address by second class post (or if we choose by first class post or by private delivery).
149. If **we** send a notice in the post **you** are deemed to have received it 3 Business Days after **we** have posted it.
150. If there is more than one of **you**, then if **you** share the same address, **we** will send a single copy of the notice addressed to each of **you**. If **you** have different addresses, **we** will send a copy of the notice to each address.
151. **You** must promptly provide **us** with an updated address which **we** can use to contact **you** in the event **you** change **your** registered address, whether as a result of **us** taking possession of the **Property** or otherwise.

V. ADDITIONAL LOANS

152. Although **we** are not obliged to make any additional loans to **you** the **Mortgage** secures any **Additional Borrowing**.

W. LEGISLATION

153. Any reference to an Act of Parliament includes reference to that Act as amended or replaced.

X. APPLICABLE LAW AND JURISDICTION

154. The **Mortgage** and any non-contractual obligations arising out of or in connection with it, is governed by English law and **you** submit to the exclusive jurisdiction of the Courts of England and Wales.

Y. CHANGES TO TERMS AND CONDITIONS

155. **We** may change the terms and conditions applying to **your Mortgage** if **we** give **you** not less than one **Month's** written notice, as long as the change does not work to **your** disadvantage. **We** will only make such a change to reflect current market practice, the requirements of any law or regulation, or to clarify any existing term or condition or make it fairer (provided that this does not change the meaning of the original term).